

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF
CITY OF SALINA, KANSAS

**300 West Ash Street
P.O. Box 736
Salina, Kansas 67402-0736**

**For the Fiscal Year Ended
December 31, 2008**

**Prepared by Department of Finance and Administration
of City of Salina, Kansas**

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Comprehensive Annual Financial Report
For the year ended December 31, 2008

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INTRODUCTORY SECTION

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DEPARTMENT OF FINANCE
AND ADMINISTRATION
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December 17, 2009

To the Citizens of the City of Salina, Kansas:

The Comprehensive Annual Financial Report of the City of Salina, Kansas (the "City") for the year ended December 31, 2008, is hereby submitted. The City's Finance Department prepared the report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of all various funds and account groups of the City. We believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Report Format

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The introductory section includes a description of the City, including services provided, and explanation of the City's accounting system and budgetary controls, and a brief discussion of the City's economic condition and outlook. The City's organizational chart is also included to assist the reader in understanding the structure of the City. The financial section includes the Independent auditor's report, Management's discussion & analysis, Government wide financial statements, Fund financial statements, Notes to the financial statements, and Individual and combining statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The reader is specifically directed to Management's Discussion and Analysis (MD&A) which immediately follows the independent auditor's report. MD&A provides a narrative explanation and overview of significant features and trends reflected by data in the financial statements.

Accounting Systems and Internal Controls

A critical part of the control system is the City's comprehensive Budgetary and Financial Policies, which establish guidelines for budgetary and financial practices. The Budgetary and Financial Policies are reviewed by the City Commission and updated each year as a part of the budget process.

City staff is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgment by

management.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. The legal level of budgetary control is maintained at the Fund level, in accordance with State Statutes. However, management control is maintained at the department level. The City uses an encumbrance accounting system, in which estimated purchase amounts are recorded prior to the release of purchase orders to vendors. Open encumbrances are reported as reservations of fund balance at December 31, 2008 in the general fund and the special revenue funds. Various internal compliance procedures are implemented to insure proper implementation of the budget as well as to maintain a degree of accountability for both revenues and expenditures.

Independent Audit

Kansas Statutes Annotated 75-1122 requires an annual audit of the books of account, financial records and transactions of all administrative departments of the City by independent certified public accountants selected by the City Commission. This requirement has been complied with and the auditor's opinion has been included in this report.

Profile of the Community

The Town of Salina was organized in 1858 under the Town and Village Act in the State of Kansas, and became a City of the First Class on July 9, 1920. The City has had a Commission-City Manager form of government since 1921. The Commission is comprised of five members elected at large. Each year the commission chooses one member to act as Mayor. The City Manager is appointed by the Commission, and acts as it's primary agent in accordance with state statute. Other city officers and employees are appointed by the City Manager. The current population of the City is 46,483.

The reporting entity includes the City of Salina as well as two discretely presented component units, both proprietary fund types. The Salina Airport Authority operates the Salina Municipal Airport and Airport Industrial Center, and the Salina Housing Authority administers public housing programs within the City of Salina. In addition, the City of Salina participates in two joint ventures with Saline County, the Salina - Saline County Board of Health and the City-County Building Authority. This report includes all funds and account groups of the City.

The City provides a full range of services including police and fire protection, development services, construction and maintenance of streets, drainage facilities and other infrastructure; recreational activities and cultural events; emergency medical services and convention facilities. In addition to general government activities, the City also provides water, wastewater, sanitation, and solid waste services; therefore, these activities are included in the reporting entity.

Economic Outlook and Strength

The City benefits from its location at the junction of Interstate Highways 70 and 135. This convenient location has drawn numerous national and regional companies to open manufacturing or distribution centers in or adjacent to the community. Such companies include Raytheon Aircraft, Pepsi-cola, Exide Battery, Philips Lighting, ElDorado Bus and lock/line. Currently manufacturing, retail trade, and service industries rank as the three primary employers in the City. No single industry is dominant.

The City of Salina retains its position near the top of a list of first class cities with respect to 'trade pull factor.' The pull factor measures the degree to which a city or county area captures retail trade from outside the jurisdiction. A pull factor of greater than 1 indicates that a city is attracting more retail trade from outside the city/county than it is losing to other counties. It is apparent from this that Salina continues to serve as a regional economic hub in 2008.

Major Initiatives

In November, 2008, voters elected to increase the ¼ cent tax to .40 cent, and extend the sunset for an additional ten years, until March 31, 2018. Eighty-five percent (85%) of the tax is to be used for capital improvements and tax stabilization. The remaining 15% is to be used for economic development programs.

In 2008, in conjunction with the Special Sales Tax, the City of Salina began planning for the construction of a new Aquatics facility to replace the 1930's era City pool. The new \$12 million facility will have modern features such as a zero depth entry wave pool, a lazy river, multiple water slides, and a competitive lap pool. Completion is anticipated before the summer season of 2010.

Solid Waste disposal is becoming a stable operation, with 80,000 to 90,000 tons being disposed of each year. The community remains committed to recycling and resource conservation, with several initiatives that began in 1997, including a yard waste recycling and composting program in addition to continuing a mulching mower rebate program. The community currently has about 4,700 yard carts placed to encourage recycling of yard waste as an alternative to disposal. A Pilot residential recycling program was continued in 2004. The curbside recycling program was converted to a permanent service in 2005, with 900 households participating.

Capital Improvement Planning

The City's Capital Improvement Plan (CIP) consists of two components. One component consists of "routine" capital—including vehicle and equipment replacement, technology replacement, building repair and improvement, routine pavement maintenance activity, utility system enhancements and similar items. The amount of funding for these projects may fluctuate based on needs and funding availability, however, planned amounts are allocated over a multi-year period. Source of funding for routine capital is current cash resources from the fund appropriate to the nature of the purchase.

The second component of the CIP includes major projects that typically require issuance of bonds or notes, although these projects may also be supplemented with available cash and grant financing. The plan is updated each year after an extensive evaluation of the demands on future financial resources. The Capital Improvement program is scheduled for a major revision as the result of the sales tax to be used for that purpose.

Construction Initiated*:	2009	2010	2011	2012	2013
General Fund	\$ 750,000	\$ 780,000	\$ 780,000	\$ 780,000	\$ 780,000
Sales Tax*	\$ 1,420,000	\$ 1,570,000	\$ 1,570,000	\$ 1,570,000	\$ 1,570,000
Flood and Drainage Fund	\$ 250,000	\$ 250,000	\$ 250,000	\$ 100,000	\$ 100,000
Special Park Fund	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Gas Tax Fund	\$ 1,160,000	\$ 1,766,000	\$ 1,366,000	\$ 1,366,000	\$ 1,366,000
Solid Waste Fund	\$ 53,250	\$ 853,250	\$ 103,250	\$ 53,250	\$ 53,250
Sanitation Fund	\$ 136,300	\$ 136,300	\$ 136,300	\$ 136,300	\$ 136,300
Water & Wastewater Fund	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000
General Obligation Bonds	\$ 9,150,000	\$ 2,300,000	\$ 5,500,000	\$ -	\$ -
Revenue Bonds	\$ 2,150,000	\$ -	\$ -	\$ -	\$ -
Other Sources	\$ 3,707,000	\$ 57,000	\$ 57,000	\$ 57,000	\$ 57,000
Total	\$ 21,576,550	\$ 10,512,550	\$ 12,562,550	\$ 6,862,550	\$ 6,862,550

*The year a project is scheduled reflects the year that construction is initiated. Preliminary work (design, acquisition) may precede this date by one or more years, and permanent financing may not occur until one (or more years depending on project magnitude) subsequent to this date.

Financial Policies

The City has adopted a formal set of Budgetary and Financial Policies, addressing such items as fund balances, capital improvements, operating budgets, long term debt management, accounting, auditing and financial reporting, revenues, cash management and investments. Financial policies contribute to financial stability by:

1. Providing consistent guidance in decision making
2. Establishing appropriate levels of fund balances
3. Governing the use of one time or unanticipated resources
4. Providing a multi-year capital improvements process
5. Establishing responsibilities and deadlines for budget preparation
6. Providing for a balanced annual operating budget
7. Providing guidelines on the use of debt, including appropriate purposes and terms
8. Provide a linkage between capital improvement scheduling and long term debt management planning
9. Require annual audits and financial reporting in conformance with Generally Accepted Accounting Procedures
10. Require timely and regular interim financial reporting to the Governing body
11. Insure the safety of cash and near cash resources (timely collection of Accounts Receivable, etc.).

Acknowledgments

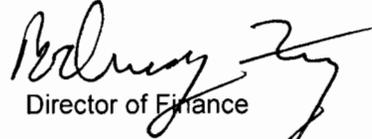
The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated, professional advice and effort of the Lowenthal, Webb, and Odermann auditing team. A special thank you needs to be given to Valerie Gebhardt, City Accountant, who is responsible for much of the data assembly and reconciliation, and to Shandi Wicks, Deputy City Clerk, who has been largely responsible for document assembly and production. Finally, preparation of this report would not have been possible without the support of the City Commission.

Sincerely,

Jason A. Gage


City Manager

Rodney Franz


Director of Finance

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City of Salina

CITIZENS

CITY COMMISSION
M. Luci Larson, Mayor
Samantha P. Angell
Thomas K. Arpke
Norman M. Jennings
Aaron G. Peck

City Manager
Jason Gage

Municipal Court Administration
 Municipal Court Judge
Brenda Stoss

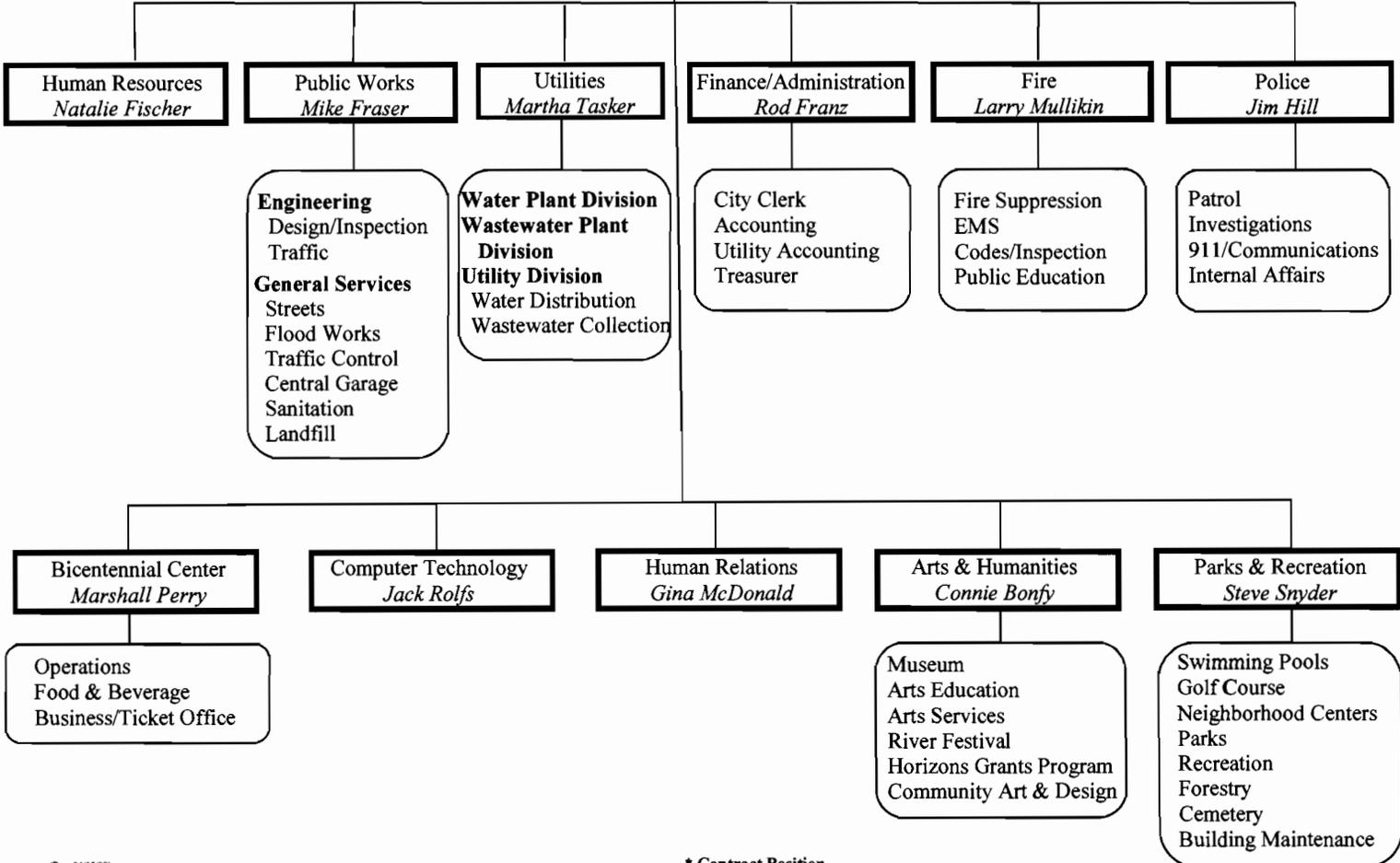
Risk Management

Legal Services
*Greg Bengtson**

Deputy City Manager
Michael Schrage

Development Services
Gary Hobbie

Building Services
 Planning/Comm. Dev.
 Neighborhood Services



City of Salina, Kansas

List of Principal Officials

City Commission

M. Luci Larson, Mayor

Aaron G. Peck Vice Mayor

Samantha P. Angell, Commissioner

Norman M. Jennings, Commissioner

Thomas K. Arpke Commissioner

City Staff

Jason A. Gage, City Manager

Michael Schrage, Deputy City Manager

Rodney Franz, Director of Finance and Administration

Jim Hill, Chief of Police

Larry Mullikin, Fire Chief

Mike Fraser, Director of Public Works

Marshall Perry, Bicentennial Center Manager

Steve Snyder, Parks and Recreation Director

Gary Hobbie, Planning and Community Development Director

Connie Bonfy, Director of Arts and Humanities

Gina McDonald, Human Relations Director

Natalie Fischer, Director of Human Resources

Jack Rolfs, Director of Computer Technology

Greg Bengston, City Attorney

FINANCIAL SECTION

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LOWENTHAL, WEBB & ODERMANN, P.A.

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
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INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS

Mayor and City Commissioners
City of Salina, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salina, Kansas, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Salina Airport Authority which statements reflect total assets of \$46,315,776 as of December 31, 2008 and total revenues of \$5,244,442 for the year then ended, and the Housing Authority of the City of Salina which statements reflect total assets of \$7,979,789 as of June 30, 2008 and total revenues of \$2,359,284 for the year then ended, which are discretely presented component units in the accompanying financial statements. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Salina Airport Authority and the Housing Authority of the City of Salina is based solely on the reports of the other auditors.

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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, 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 aggregate remaining fund information of the City of Salina, Kansas, at December 31, 2008, and the respective changes in financial position and cash flows, where applicable, 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 on pages 3 through 13 and the major fund budgetary comparisons on pages 49 through 57 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement

and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with "Government Auditing Standards," we have also issued our report dated December 8, 2009, on our consideration of City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards and the combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. We did not audit the data included in the introductory and statistical sections of this report and therefore, we express no opinion thereon.

Lowenthal, Wett & Odenmann, P.A.

December 8, 2009

Management Discussion and Analysis

This section of the report contains an overview and analysis of the City of Salina's financial statements for the fiscal year ended December 31, 2008. The information contained here, as well as the information contained in the letter of transmittal, are intended to provide the reader of the financial statements with a well rounded picture of the City's financial condition.

Financial Highlights

- ◆ Net Assets increased by \$1,270,000. This amount is entirely attributable to Business type activities of the City. Assets related to Governmental Activities declined by about \$71,000.
- ◆ On the whole, fund balances related to operations declined modestly. The General Fund Balance declined by about \$1.3 million (17%).
- ◆ Investment revenues dropped precipitously by \$791,000. This is a reduction of 42%.
- ◆ Revenues increased in 2008, but expenditures increased more, particularly in the Governmental Funds
- ◆ A new comprehensive pay plan was adopted in mid-2007. The initial impact of that change continued into 2008.
- ◆ The City experienced a major ice storm in December 2007. Disaster recovery costs continued well into 2008.
- ◆ The City engaged in a tax increment district financing at the close of 2008.

The Basic Financial Statements

The basic financial statements of the City include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the basic financial statements, and are essential for the reader's understanding of the financial statements. Other supplementary information, including the combining schedules for non-major funds and the budgetary comparison reports, are at the end of this report to provide additional information for the reader.

Government-wide Financial Statements

The government-wide financial statements present the results of the City's operations using the accrual basis of accounting, the same basis as is used by private sector businesses. These statements focus on the long-term financial picture of the City as a whole

The Statement of Net Assets reports all of the City's assets and liabilities. Net assets, the difference between assets and liabilities, are an important measure of the City's overall financial health. Net assets represent the total accumulated and unused resources available to the City for the purpose of providing services. Over time, the increases and decreases in net assets can be monitored to determine if the City's financial position is improving or deteriorating.

The Statement of Activities shows how the net assets have changed during the fiscal year. One unique feature of this statement is how it shows the revenues and expenses related to specific programs and how much of those programs were supported by the general taxes of the City. Since this statement is prepared on the accrual basis of accounting, all revenues and expenses are included, regardless of when cash is actually received. Both statements show the operations of the City broken down between governmental and business type activities. Governmental activities are the operations of the City generally supported by taxes, such as Public Safety (Police, Fire, and EMS), Public Works, Public Health, and Culture & Recreation. Business-type Activities are operations of the City that are intended to recover a significant portion of their costs through user fees and charges. These include Water and Sewer, Refuse collection, the Golf Course, and operation of the City Solid Waste Facility.

The government-wide financial statements include the Salina Airport Authority and Salina Housing Authority as discretely presented component units of the City. Note 1, item A in the Notes to the Financial Statements provides a more complete explanation of the relationship between these entities and the City of Salina.

Fund Financial Statements

The City uses three types of funds to manage its resources: governmental funds, proprietary funds, and fiduciary funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources together with all related liabilities and residual equities and balances, and the changes therein. These accounting entities are

separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations.

Governmental fund financial statements are prepared on a modified accrual basis. Under this basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred with the exception of long term debt and similar items which are recorded when due. The focus is on the short-term financial picture of the operations of the individual fund, rather than long-term citywide view provided by the government-wide statements. Major Governmental Funds are presented in individual columns, while Non-major Governmental Funds are aggregated into an "Other Governmental Funds" column. A combining statement for the Non-major funds is presented as supplementary information in the back of the report. The information presented in these statements can be compared to the governmental activities information in the government-wide statements. The reconciliation at the end of the fund financial statements details the relationship between the two types of financial statements.

Proprietary funds fall into two categories: enterprise funds and internal service funds. All proprietary funds are prepared on the accrual basis of accounting, and are used to account for business-type activities. Enterprise fund statements present the same information that is in the government-wide statements for business-type activities, but in greater detail. The City of Salina currently operates four enterprise funds: Sanitation Collection, Solid Waste Disposal, Golf Course, and Water and Sewer. Internal Service funds are used to account for the cost of operations shared by various departments of the City. The city operates five internal service funds. Three of these are for self-insurance activity: Risk Management, Workers Compensation Reserve, and Health Insurance. The remaining two account for our Information Services activity and for the Central Garage operation. A combining statement for these internal service funds can be found in the supplementary information following the notes to the financial statements.

Fiduciary funds are used by the City to account for resources held by the City for a third party. Agency funds are a special class of Fiduciary Fund in which liabilities always equal assets, and thus there are no net assets. The City of Salina operates nine Agency funds. Schedules for these funds may be viewed in the supplementary section of this report.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used. Permanent funds operated by the City include the Citizenship Trust, Cemetery and Mausoleum Endowments, and the Tri-centennial Commission fund.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the basic financial statements since they contain valuable additional information necessary for gaining a complete understanding of the City's financial statements.

Other Information

In addition to the basic financial statements and the notes described above, this report also presents the general fund and major special revenue fund's budgetary statements as required supplementary information directly following the notes to the basic financial statements. The combining statements for the non-major funds are shown after the required supplementary information. Finally, the statistical section includes selected statistical data about the City's operations and economy.

The City as a Whole

This section will identify, discuss, and analyze significant differences and trends that will enhance the reader's understanding of the City's financial position.

Tax Base and Economy

The City of Salina relies on three major groups of revenues to support its operations. Each of these revenue streams has a different revenue base. In declining order of magnitude, they are charges for service, sales taxes, and property taxes. Sales taxes and property taxes apply primarily to Governmental Activities, while charges for services apply to both Governmental (35%) and Business-type (65%) activities.

Charges for Services account for about 45% (\$30,447,000) of the City's revenue stream. Charges for Service depend on both the rate that is set for the activity, as well as the volume of services provided. The following table

illustrates service volume and rate adjustments for some of the more significant services for the year ending December 31, 2008.

Description	2007 Volume	2008 Volume	Change	Rate Comments
Monthly Ave Water Accounts Billed	19,908	19,971	63	Water Rates Increased 5.0%
Water Metered (In Billion Gallons)	1.94	1.85	-0.09	Wastewater Increased by 5.0%
Sanitation Customers	15,267	15,397	130	Sanitation rates increased bt 4.0%
Golf Rounds (18 Hole)	33,518	27,301	(6,217)	The rate structure and options were significantly modified
Golf Rounds (Par 3)	5,083	3,962	(1,121)	
Golf Annual Memberships	287	299	12	
Solid Waste Tonnage	100,626	99,818	(808)	\$1 (3.5%) per ton increase

The number of Water accounts billed grew by about .1%, while the volume of water sold declined by 4%. The number of sanitation customers increased by about .2%. Golf activity shows a decrease (12.3%) in 18 hole rounds, as well as a decrease in annual patronage. Solid Waste tonnage showed a slight decrease.

Sales taxes are the next largest component of the revenue mix, providing 22% (\$14,575,000) of the total revenues. The City receives a .75% City-wide sales tax, and also a portion of the County-wide 1% sales tax. One-third (.25%) of the City-wide sales tax is required to be used for special purposes. The remaining .5% along with the City portion of the Countywide tax is available for general purposes. Total revenue from the sales tax in 2008 was \$ 14,575,000, up from \$13,955,000 in 2007. This represents an increase of 4.4% in tax proceeds distributed to the City.

A number of factors affect the sales tax. First are the regional and local economic conditions and relationships. These are reflected in the proceeds of the City-wide tax, which grew by about 4.3%.

However, the City was favorably affected by the formula used to distribute the County-wide sales tax among participating jurisdictions (only Cities and the County participate, School and other special districts do not). The formula is based, in part, on the property tax efforts of each jurisdiction. Because the portion of the overlapping levy attributable to the City of Salina was increased for 2007, the City's allocated portion of the County-wide sales tax was increased from 61.9% in 2007 to 62.3% in 2008. As a result, the City share of the County-wide tax grew by 4.7%.

On November 4, 2008, Salina voters approved an increase of the special purpose .25% tax to a .40% tax. The extended tax is to sunset March 31, 2018. The tax was also modestly re-purposed, for Capital and Economic Development purposes only.

Property Taxes are the third major component of the revenue mix, accounting for 16% (\$10,467,000) of total revenues. Property taxes consist of two components: Real estate and personal property taxes which are determined by the mill levy set by the city and the assessed value of the property; and motor vehicle taxes, which are established by a countywide average tax rate, and the assessed value of the vehicle.

Real estate and personal property assessed value grew by 6.5%. The total City mill levy was increased slightly, by .7%, while the overlapping levy was nearly stable. Tax delinquency decreased from 3.7% to 3.5%.

Motor Vehicle value increased by 1.6%. Motor vehicle taxes are distributed based on a formula using prior year's tax effort (similar to the Countywide Sales Tax Distribution).

The following table summarizes the comparative property assessed values and tax levy rates:

Fiscal (Budget) Year	2007	2008	Change
Real Estate and Personal Property Assessed Valuation	377,917,187	392,728,487	14,811,300
City Mill Levy (\$ per \$1,000)			
Operating (General Fund, Employee Benefits, Flood and Drainage Fund)	19.835	19.571	(0.264)
Debt Service Millage	3.954	3.912	(0.042)
Total City Levy Rate	23.789	23.959	0.170
Total Overlapping Levy	117.722	117.159	(0.563)
Percent of Current Taxes Collected	96.3%	96.5%	0.002
Ratio of Total Taxes (including delinquent tax collections) to Taxes Levied	98.4%	99.3%	0.009
Motor Vehicle Valuation	50,548,706	51,351,656	802,950

The unemployment rate in Saline County decreased slightly from 3.3% in 2007 to 3.9% in 2008, reflecting general economic conditions. This is below the statewide and national unemployment rate. The total labor force decreased to 29,222, a change of 5%.

In 2008, the top ten property taxpayers accounted for 11.79% of total assessed value. This is slightly less concentrated than ten years ago (at 12.2%)

Statement of Net Assets

Net assets may, over time, provide an indicator of a government's financial position. In the case of the City of Salina, assets exceeded liabilities by \$186,282,000 at December 31, 2008. This represents an increase in net assets of \$1,290,000 over 2007. A comparative condensed Statement of Net Assets at December 31, 2006 and 2007:

Comparative Condensed Statement of Net Assets, 2007 and 2008
(In \$000)

	Governmental Activities		Business Type Activities		Total Primary Government		% of Total	% of Total	2006 - 2007 Change
	2007	2008	2007	2008	2007	2008			
Cash and Investments	\$ 20,370	\$ 16,500	\$ 12,357	\$ 12,266	\$ 32,727	13%	\$ 28,766	11%	\$ (3,961)
Other Current Assets	\$ 12,526	\$ 13,467	\$ 2,352	\$ 3,280	\$ 14,879	6%	\$ 16,750	7%	\$ 1,871
Noncurrent (Capital) Assets	\$ 142,265	\$ 148,836	\$ 59,821	\$ 58,170	\$ 202,086	81%	\$ 207,005	82%	\$ 4,919
Total Assets	\$ 175,161	\$ 178,804	\$ 74,530	\$ 73,716	\$ 249,691	100%	\$ 252,520	100%	\$ 2,829
Current Liabilities	\$ 20,921	\$ 20,868	\$ 3,274	\$ 2,731	\$ 24,195	37%	\$ 23,598	36%	\$ (597)
Noncurrent Liabilities	\$ 26,245	\$ 30,013	\$ 14,259	\$ 12,646	\$ 40,505	63%	\$ 42,860	65%	\$ 2,355
Total Liabilities	\$ 47,167	\$ 50,881	\$ 17,533	\$ 15,377	\$ 64,699	100%	\$ 66,258	100%	\$ 1,559
Net Assets:									
Invested in capital assets, net of related debt	\$ 115,029	\$ 118,986	\$ 45,435	\$ 45,931	\$ 160,464	87%	\$ 164,897	89%	\$ 4,433
Restricted for Permanent Funds	\$ 399	\$ 419			\$ 399	0%	\$ 419	0%	\$ 20
Restricted for Debt Service	\$ 1,210	\$ 793	\$ 1,151	\$ 1,211	\$ 2,362	1%	\$ 2,004	1%	\$ (358)
Unrestricted	\$ 11,356	\$ 7,745	\$ 10,412	\$ 11,199	\$ 21,768	12%	\$ 18,942	10%	\$ (2,826)
Total Net Assets	\$ 127,994	\$ 127,923	\$ 56,998	\$ 58,339	\$ 184,992	100%	\$ 186,282	100%	\$ 1,290
Percent of Total Assets	69%	69%	31%	31%	100%		100%		
Cash and Investments as a percentage of current liabilities	97%	79%	377%	449%	135%		122%		

The largest segment of the City's net assets (89%) reflects its investment in capital assets (land, buildings, streets and drainage facilities, utility plant, vehicles, equipment, etc.), less any debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens. As a result, resources required to retire related debt can not come from liquidation of the asset. Such resources generally must be provided from other sources, such as future taxes or user charges.

A small portion of net assets (1%) is restricted for debt service. The remainder of net assets (10%) may be used to meet the City's obligations to citizens and creditors.

In 2008, the amount invested in capital assets net of related debt increased by \$4,523,000. Unrestricted net assets decreased by \$2,826,000. This reflects a decline in cash and investments of \$3,961,000.

Total liabilities increased, with all of the increase attributable to non-current liabilities. Long term liabilities increased, reflecting primarily an increase in bonds payable. Total assets increased. This increase was primarily attributable to increases in capital assets.

During the year ended December 31, 2008, there were several significant events that changed the balance of net assets.

Governmental Activities. 2008 saw a decrease in cash and investments in Governmental funds. This is due largely to increases in expenditures for both capital and operating requirements. Significant contributors to this trend are the impacts of the pay plan and an aggressive street maintenance program.

Business-type Activities: Business Type activities were engaged largely in maintenance type activities. Scheduled debt paydowns resulted in a slight increase in net capital assets.

Statement of Activities

A condensed statement of activities is shown below.

	Governmental Activities		Business-Type Activities		Total Primary Government				
	2007	2008	2007	2008	2007	%	2008	%	2007-2008 Change
Program Revenues:									
Charges for Services	\$ 10,490	\$ 10,703	\$ 19,678	\$ 19,744	\$ 30,168	46%	\$ 30,447	45%	\$ 279
Operating Grants and Contributions	\$ 3,381	\$ 3,752			\$ 3,381	5%	\$ 3,752	6%	\$ 371
Capital Grants and Contributions	\$ -				\$ -	0%	\$ -	0%	\$ -
General Revenues:									
Property Taxes	\$ 9,978	\$ 10,467			\$ 9,978	15%	\$ 10,467	16%	\$ 489
Sales Taxes	\$ 13,955	\$ 14,575			\$ 13,955	21%	\$ 14,575	22%	\$ 620
Other Taxes	\$ 5,445	\$ 5,747			\$ 5,445	8%	\$ 5,747	9%	\$ 302
Investment Revenue	\$ 1,255	\$ 805	\$ 641	\$ 300	\$ 1,896	3%	\$ 1,105	2%	\$ (791)
Other Miscellaneous	\$ 890	\$ 812	\$ 201	\$ 118	\$ 1,091	2%	\$ 930	1%	\$ (161)
Total Revenues:	\$ 45,394	\$ 46,861	\$ 20,520	\$ 20,162	\$ 65,914	100%	\$ 67,023	100%	\$ 1,109
Expenses:									
General Government	\$ 6,732	\$ 6,791			\$ 6,732	11%	\$ 6,791	10%	\$ 59
Public Safety	\$ 16,877	\$ 18,440			\$ 16,877	28%	\$ 18,440	28%	\$ 1,563
Public Works	\$ 9,258	\$ 9,706			\$ 9,258	15%	\$ 9,706	15%	\$ 448
Public Health and Sanitation	\$ 1,281	\$ 1,310			\$ 1,281	2%	\$ 1,310	2%	\$ 29
Culture and Recreation	\$ 5,658	\$ 5,582			\$ 5,658	9%	\$ 5,582	9%	\$ (76)
Planning and Development	\$ 2,814	\$ 3,480			\$ 2,814	5%	\$ 3,480	5%	\$ 666
Solid Waste Disposal			\$ 2,088	\$ 2,008	\$ 2,088	3%	\$ 2,008	3%	\$ (80)
Water and Sewer			\$ 12,227	\$ 13,284	\$ 12,227	20%	\$ 13,284	20%	\$ 1,057
Sanitation			\$ 2,038	\$ 2,194	\$ 2,038	3%	\$ 2,194	3%	\$ 156
Golf Course			\$ 884	\$ 884	\$ 884	1%	\$ 884	1%	\$ -
Interest on Long Term Debt	\$ 1,295	\$ 1,454	\$ -	\$ -	\$ 1,295	2%	\$ 1,454	2%	\$ 159
Total Expenses	\$ 43,915	\$ 46,763	\$ 17,237	\$ 18,370	\$ 61,152	100%	\$ 65,133	100%	\$ 3,981
Increase in net assets before transfers	\$ 1,479	\$ 98	\$ 3,283	\$ 1,792	\$ 4,762		\$ 1,890		\$ (2,872)
Transfers and other extraordinary items	\$ 672	\$ 60	\$ (672)	\$ (60)	\$ -		\$ -		\$ -
Increase in Net Assets	\$ 2,150	\$ (46)	\$ 2,612	\$ 1,752	\$ 4,762		\$ 1,706		\$ (3,056)
Net Assets, January 1	\$ 126,594	\$ 127,994	\$ 53,933	\$ 59,998	\$ 180,527		\$ 187,992		\$ 7,465
Prior Period Adjustment	\$ (750)	\$ (26)	\$ 453	\$ (411)	\$ (297)		\$ (437)		\$ (140)
Net Assets, January 1, restated	\$ 125,845	\$ 127,968	\$ 54,386	\$ 58,587	\$ 180,231		\$ 186,555		\$ 6,324
Net Assets December 31	\$ 127,994	\$ 127,922	\$ 56,998	\$ 58,339	\$ 184,992		\$ 186,261		\$ 1,269

Governmental Activities. Total expenses for Governmental Activities for the year ending December 31, 2008 were \$46,861,000 compared to \$45,394,000 in 2007. Governmental activities represent 70% of the City's total expenses. The largest element of Governmental Activity expense was Public Safety, at 28% of the City total, followed by Public Works at 15% of the total.

Charges for service attributable to Governmental Activities totaled \$10,703,000 and operating grants for those purposes were \$3,752,000. The balance of \$32,406,000 was funded by general revenues. Sales taxes accounted for \$14,575,000 of the general revenues, with property taxes providing \$10,467,000. Net assets decreased by \$46,000 as a result of Governmental Activities.

Business Type Activities. Total expenses for Business-type Activities for the year were \$18,370,000, or 30% of the City's total expense. The majority of this expense (\$13,284,000) is attributable to Water and Sewer operations, with the other activities (Solid Waste Disposal, Sanitation, and Golf Course) costing a combined total of \$5,086,000. These activities are primarily supported by user charges, with only \$418,000 coming from general revenues, representing largely the interest earned on fund balances held by the City. Net assets increased by \$1,752,000 as a result of Business-type Activity operations.

Fund Financial Analysis

Governmental Funds

Fund Balances:

The table below shows the Governmental Fund balances for major funds for the years ended December 31, 2007 and December 31, 2008.

Fund	2007	2008	Change
General	\$ 7,330,631	\$ 6,029,523	\$ (1,301,108)
Employee Benefits	\$ 845,846	\$ 789,647	\$ (56,199)
Flood and Drainage	\$ 548,952	\$ 507,183	\$ (41,769)
Tourism and Convention	\$ 278,921	\$ 274,668	\$ (4,253)
Special Gas	\$ 1,785,911	\$ 1,793,378	\$ 7,467
Bicentennial Center	\$ 226,930	\$ 135,931	\$ (90,999)
Debt Service	\$ 1,210,457	\$ 792,744	\$ (417,713)
Capital Projects	\$ (3,607,071)	\$ (3,666,332)	\$ (59,261)
Other Governmental Funds	\$ 4,451,923	\$ 5,166,176	\$ 714,253
Total	\$ 13,072,500	\$ 11,822,918	\$ (1,249,582)

Total Governmental Fund balances decreased by \$1,249,582. The reasons for these changes are varied. The most significant change is in the General Fund. This is due to multiple issue, including pay plan impacts, disaster recovery impacts, and anemic revenue growth.

Revenues and Expenditures:

The following table shows a comparison of revenues and expenditures (including other sources and uses) for major funds for the years ending December 31, 2007 and 2008.

Fund	2007	2008	Change
Revenues (Including Other Financing Sources)			
General	\$ 25,597,011	\$ 27,730,274	\$ 2,133,263
Employee Benefits	\$ 5,902,024	\$ 6,033,103	\$ 131,079
Flood and Drainage Improvement	\$ 207,235	\$ 209,926	\$ 2,691
Tourism and Convention	\$ 1,000,624	\$ 1,062,276	\$ 61,652
Special Gas	\$ 1,653,747	\$ 1,667,515	\$ 13,768
Bicentennial Center	\$ 1,703,115	\$ 1,570,828	\$ (132,287)
Debt Service	\$ 3,932,905	\$ 3,483,312	\$ (449,593)
Capital Projects	\$ 7,632,226	\$ 4,243,108	\$ (3,389,118)
Other Governmental Funds*	\$ 4,520,206	\$ 8,405,750	\$ 3,885,544
Total Revenues	\$ 52,149,093	\$ 54,406,092	\$ 2,256,999
Less Other Sources	\$ 8,984,951	\$ 10,147,955	\$ 1,163,004
Revenues, net of other sources	\$ 43,164,142	\$ 44,258,137	\$ 1,093,995
Expenditures (Including Other Financing Uses)			
General	\$ 26,491,109	\$ 29,031,382	\$ 2,540,273
Employee Benefits	\$ 5,774,011	\$ 6,089,312	\$ 315,301
Flood and Drainage Improvement	\$ 44,408	\$ 251,695	\$ 207,287
Tourism and Convention	\$ 954,077	\$ 1,066,529	\$ 112,452
Special Gas	\$ 993,593	\$ 1,660,048	\$ 666,455
Bicentennial Center	\$ 1,586,717	\$ 1,661,827	\$ 75,110
Debt Service	\$ 3,457,680	\$ 3,901,025	\$ 443,345
Capital Projects	\$ 6,898,471	\$ 4,302,369	\$ (2,596,102)
Other Governmental Funds*	\$ 3,567,333	\$ 7,691,497	\$ 4,124,164
Total Expenditures	\$ 49,767,399	\$ 55,655,684	\$ 5,888,285
Less Other Uses	\$ 2,054,924	\$ 2,763,222	\$ 708,298
Expenditures, net of other uses	\$ 47,712,475	\$ 52,892,462	\$ 5,179,987

Total revenues and other sources increased by \$2,256,999 from 2007 to 2008. The largest component of this change was in Other Governmental fund, resulting from the impacts of accounting for the settlement of the Tax Increment financing project. Other changes include an increased General supplement for the Bi-Centennial Center, changes in temporary note activity, and reimbursements received from FEMA. A noticeable decline was also apparent in the capital projects funds, and is due to changes in financing activities for those

Expenditure changes reflect transfers from the General Fund to the Bi-Centennial Center Fund as well as the Special Sales Tax Transfer (included in "Other Funds"). Implementation of the new pay plan at mid-year in 2007 had significant effects on the General and Employee Benefits fund expenditures for 2008. Special Gas Tax fund expenditures reflect an aggressive street maintenance program.

Proprietary Funds

The City of Salina operates four Enterprise Funds as well as five Internal Service Funds.

A summarized comparative Statement of Net Assets follows for each Enterprise Fund:

Summary Statement of Net Assets
(in \$000's)

	Solid Waste Disposal			Water and Sewer		
	2007	2008	Change	2007	2008	Change
Current Assets	\$ 3,486	\$ 3,369	\$ (117)	\$ 10,307	\$ 11,435	\$ 1,128
Capital Assets	\$ 3,439	\$ 3,225	\$ (214)	\$ 55,459	\$ 53,905	\$ (1,554)
Total Assets	\$ 6,925	\$ 6,595	\$ (330)	\$ 65,766	\$ 65,340	\$ (426)
Current Liabilities	\$ 628	\$ 506	\$ (122)	\$ 2,442	\$ 2,116	\$ (326)
Noncurrent Liabilities	\$ 2,957	\$ 2,485	\$ (472)	\$ 11,184	\$ 9,973	\$ (1,211)
Total Liabilities	\$ 3,585	\$ 2,991	\$ (594)	\$ 13,626		\$ (13,626)
Assets Invested in Capital, net of related debt	\$ 1,823	\$ 1,982	\$ 159	\$ 42,690	\$ 42,909	\$ 219
Restricted Net Assets			\$ -	\$ 1,151	\$ 1,211	\$ 60
Unrestricted Net Assets	\$ 1,517	\$ 1,621	\$ 104	\$ 8,300	\$ 9,131	\$ 831
Total Net Assets	\$ 3,340	\$ 3,603	\$ 263	\$ 52,141	\$ 53,251	\$ 1,110
Current Assets as a percentage of current liabilities	555%	666%		422%	540%	

	Sanitation			Golf Course		
	2007	2008	Change	2007	2008	Change
Current Assets	\$ 865	\$ 647	\$ (218)	\$ 51	\$ 95	\$ 44
Capital Assets	\$ 471	\$ 613	\$ 142	\$ 452	\$ 427	\$ (25)
Total Assets	\$ 1,336	\$ 1,260	\$ (76)	\$ 503	\$ 522	\$ 19
Current Liabilities	\$ 158	\$ 64	\$ (94)	\$ 45	\$ 45	\$ -
Noncurrent Liabilities	\$ 71	\$ 115	\$ 44	\$ 47	\$ 74	\$ 27
Total Liabilities	\$ 229	\$ 179	\$ (50)	\$ 92	\$ 118	\$ 26
Assets Invested in Capital, net of related debt	\$ 471	\$ 613	\$ 142	\$ 452	\$ 427	\$ (25)
Restricted Net Assets						
Unrestricted Net Assets	\$ 636	\$ 488	\$ (148)	\$ (41)	\$ (23)	\$ 18
Total Net Assets	\$ 1,106	\$ 1,081	\$ (25)	\$ 410	\$ 404	\$ (6)
Current Assets as a percentage of current liabilities	547%	1011%		113%	211%	

The Golf Course Fund shows declines in total net assets, due primarily to a reduction in current assets, however, capital assets also decline. Unrestricted net assets in this fund reflect a \$23,000 deficit balance, which is an improvement over the prior year. The other enterprise funds all show modest improvement in net assets.

Revenues, Expenses, and Changes in Net Assets

The Solid Waste and Water and Wastewater Funds, showed healthy results from operations, with net assets increasing in both of those funds. The Golf Course, however, experienced significant losses on the year. Operating Revenues were down, while operating expenses continued to grow. Operating losses for the course was \$104,000, compared to a \$132,000 loss in 2007. The Sanitation Fund is stable.

Summary of Revenues, Expenses and Changes in Net Assets
(In \$000's)

	Solid Waste Disposal			Water and Sewer		
	2007	2008	Change	2007	2008	Change
Operating Revenues	\$ 2,819	\$ 2,760	\$ (59)	\$ 14,198	\$ 14,151	\$ (47)
Operating Expenses	\$ 2,033	\$ 1,972	\$ (61)	\$ 11,546	\$ 12,754	\$ 1,208
Operating Income	\$ 786	\$ 788	\$ 2	\$ 2,652	\$ 1,397	\$ (1,255)
Non-operating revenues (expenses)	\$ 125	\$ 39	\$ (86)	\$ (259)	\$ (301)	\$ (42)
Income (Loss) before Transfers	\$ 911	\$ 826	\$ (85)	\$ 2,394	\$ 1,096	\$ (1,298)
Transfers in (out)	\$ (692)	\$ (180)	\$ 512	\$ (30)	\$ 38	\$ 68
Capital Contributions						
Change in Net Assets	\$ 219	\$ 646	\$ 427	\$ 2,364	\$ 1,134	\$ (1,230)
Net Assets, January 1	\$ 3,170	\$ 3,340	\$ 170	\$ 49,275	\$ 52,141	\$ 2,866
Restatement	\$ (48)	\$ (383)	\$ (335)	\$ 501	\$ (23)	\$ (524)
Net Assets, January 1, restated	\$ 3,121	\$ 2,957	\$ (164)	\$ 49,777	\$ 52,117	\$ 2,340
Net Assets, December 31	\$ 3,340	\$ 3,603	\$ 263	\$ 52,141	\$ 53,251	\$ 1,110

	Sanitation			Golf Course		
	2007	2008	Change	2007	2008	Change
Operating Revenues	\$ 2,112	\$ 2,172	\$ 60	\$ 749	\$ 779	\$ 30
Operating Expenses	\$ 1,999	\$ 2,209	\$ 210	\$ 883	\$ 884	\$ 1
Operating Income	\$ 114	\$ (37)	\$ (151)	\$ (133)	\$ (105)	\$ 28
Non-operating revenues (expenses)	\$ (3)	\$ 31	\$ 34	\$ 2	\$ 1	\$ (1)
Income (Loss) before Transfers	\$ 110	\$ (6)	\$ (116)	\$ (132)	\$ (104)	\$ 28
Transfers in (out)			\$ -	\$ 50	\$ 82	\$ 32
Change in Net Assets	\$ 110	\$ (6)	\$ (116)	\$ (82)	\$ (21)	\$ 61
Net Assets, January 1	\$ 996	\$ 1,106	\$ 110	\$ 492	\$ 410	\$ (82)
Restatement		\$ (20)	\$ (20)		\$ 15	\$ 15
Net Assets, January 1, restated	\$ 996	\$ 1,086	\$ 90	\$ 492	\$ 425	\$ (67)
Net Assets, December 31	\$ 1,106	\$ 1,081	\$ (25)	\$ 410	\$ 404	\$ (6)

Budgetary Highlights

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. The legal level of budgetary control is maintained at the Fund level, in accordance with State Statutes. Management control is maintained at the departmental level. Within the departments, considerable discretion is permitted. The City uses an encumbrance accounting system, in which estimated purchase orders are recorded prior to the release of purchase orders to vendors. Open purchase orders are reported as reservations of budgetary basis fund balances at December 31, 2008. Formal budgetary amendments are limited to those circumstances in which the need is perceived to alter the total fund budget. Re-allocation among departments or line items are not typically recorded as budgetary amendments.

However, in addition to formal amendments, departments within the City are allowed to transfer budget between line items within a department. Budgets may also be transferred from department to department within each fund. As a

result of these transfers, the original budget and the final budgets may not be the same for departments within a fund.

The General Fund budget was formally amended during the year to accommodate a change in contingencies.

The City experienced a number of significant variances from budgeted items in the General Fund, however, the total fund was well with budget. Most revenue classes fell short of budget. This was offset by increased an increased level of transfers from other funds, in particular the Special Sales Tax fund

Several expenditure items were also significantly over or under budget. Several Departments exceeded budgeted expenditures, most notably the Public Safety Departments, which exceeded budgeted levels by an aggregate of \$422,000. The budget variations are due to two factors. First, the pay plan had much more significant effects on pay levels in Public Safety. Second, the revised pay schedules placed the City in a more competitive position with respect to the market, and as a result vacancy levels were much lower than anticipated.

Capital Assets and Debt Administration

Capital Assets

The total amount invested in Capital Assets for the City at December 31, 2008 was \$202,708,000 net of accumulated depreciation.

The following table illustrates the Capital Asset balance by various classes of assets at December 31, 2008:

Capital Asset Balances Net of Depreciation, 12/31/2007 and 12/31/2008
(In 000's)

	Governmental Activity		Business-type Activity		Total	
	2007	2008	2007	2008	2007	2008
Equipment, Furniture and Fixtures	\$ 1,142	\$ 1,397	\$ 1,554	\$ 2,065	\$ 2,696	\$ 3,462
Vehicles	\$ 2,082	\$ 1,614	\$ 1,085	\$ 973	\$ 3,167	\$ 2,587
Buildings and Improvements	\$ 13,255	\$ 12,630	\$ 13,647	\$ 13,218	\$ 26,902	\$ 25,848
Land	\$ 22,689	\$ 22,477	\$ 1,542	\$ 1,541	\$ 24,231	\$ 24,018
Infrastructure	\$ 80,413	\$ 77,889	\$ 41,953	\$ 40,173	\$ 122,366	\$ 118,062
Construction in Progress	\$ 22,686	\$ 32,531	\$ 40	\$ 200	\$ 22,726	\$ 32,731
Total	\$ 142,267	\$ 148,538	\$ 59,821	\$ 58,170	\$ 202,088	\$ 206,708

* Net of Accumulated Depreciation

Changes to capital assets may be summarized as follows:

	Governmental Activity	Business-Type Activity	Total
Additions	\$ 10,820	\$ 161	\$ 10,981
Retirements	\$ 258	\$ 441	\$ 699
Adjustments	\$ 580	\$ 19	\$ 599
Net Additions	\$ 11,658	\$ 621	\$ 12,279
Depreciation Expense Applied	\$ 3,973	\$ 2,310	\$ 6,283

Additional information on the City's capital assets can be found in Note 4.D. of the notes to the basic financial statements.

Debt Management

The City's general policy for General Obligation Bonds is to issue them for no more than 10 years for the City at Large portion, with some exceptions permitted for extraordinary projects. On special assessment bonds, the maturity may extend to 15 years.

The outstanding General Obligation Bonds at 12/31/2008 totaled \$32,649,999. Temporary notes outstanding total \$5,005,000. Total General Debt is thus \$37,654,999.

In addition, Business-type activities had \$3,030,000 in Revenue Bonds outstanding, as well as \$6,428,759 in loans provided through the Kansas Development Finance Authority. Revenues generated by user fees are pledged to retire all of the Bonds issued by Business-type activities.

The City engaged in several debt transactions during 2008. One General Obligation Bond issues, Series 2008A was sold in the total principal amount of \$3,720,000. A second issue, 2008-B was issued in the amount of \$3,525,000 for the purposes of financing an economic development project. While this is a General Obligation issue, property and sales tax increments from the project are pledged to repay the debt, and are anticipated to be sufficient to do so. Moody's rating service extended a rating of Aa-3 to both issues.

Additional information on the City's debt can be found in Note 4, E. of the notes to the basic financial statements.

Requests for Information

This financial report is intended to give the reader a general overview of the City's finances. Questions about information in this report or requests for additional information should be directed to the Director of Finance, Room 206, 300 West Ash Street, Salina, Kansas, 67401.

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BASIC FINANCIAL STATEMENTS

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

	Primary Government			Component Units	
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Salina Housing Authority	Salina Airport Authority
ASSETS					
Current assets:					
Cash and investments	\$ 16,500,373	\$ 12,265,626	\$ 28,765,999	\$ 1,348,109	\$ 1,871,999
Receivables (net of allowance for uncollectibles)					
Accounts	2,031,150	1,195,203	3,226,353	43,646	69,326
Taxes	10,658,825	-	10,658,825	-	1,281,413
Interest	159,657	-	159,657	-	-
Notes	-	-	-	2,293	-
Inventory	276,130	659,946	936,076	15,330	-
Restricted cash and investments	-	1,211,221	1,211,221	363,044	-
Prepaid expenses	-	-	-	52,874	5,247
Net investment in financing leases	-	-	-	-	443,123
Deferred charges	341,445	214,241	555,686	-	81,888
Total current assets	29,967,580	15,546,237	45,513,817	1,825,296	3,752,996
Noncurrent assets:					
Notes receivable	-	-	-	10,895	-
Capital assets, nondepreciable					
Construction in progress	32,531,277	200,461	32,731,738	346,606	8,821,320
Land	22,477,191	1,541,002	24,018,193	1,481,891	9,675,910
Capital assets, depreciable	168,684,152	95,611,282	264,295,434	6,844,553	44,202,916
Less: Accumulated depreciation	74,856,692	39,182,522	114,039,214	2,529,452	20,137,366
Total noncurrent assets	148,835,928	58,170,223	207,006,151	6,154,493	42,562,780
Total assets	\$ 178,803,508	\$ 73,716,460	\$ 252,519,968	\$ 7,979,789	\$ 46,315,776
Liabilities:					
Current liabilities:					
Accounts payable	\$ 489,084	\$ 475,864	\$ 964,948	\$ 21,933	\$ 603,249
Retainage payable	12,706	-	12,706	-	-
Accrued liabilities	501,050	-	501,050	40,254	114,129
Matured bond principal and interest	10,145	-	10,145	-	-
Accrued interest payable	297,679	168,482	466,161	-	320,591
Deposits payable	-	102,497	102,497	73,347	-
Unearned revenue	10,354,161	-	10,354,161	177,495	1,410,104
Due to other governments	-	-	-	26,614	-
Current portion of compensated absences	1,331,007	276,789	1,607,796	2,269	-
Current portion of temporary notes payable	5,005,000	-	5,005,000	-	-
Current portion of loans payable	-	373,962	373,962	-	-
Current portion of revenue bonds payable	-	710,000	710,000	-	-
Current portion of financing leases payable	-	-	-	-	35,331
Current portion of special assessment debt payable	-	-	-	-	24,106
Current portion of general obligation bonds payable	2,866,701	623,299	3,490,000	-	755,000
Total current liabilities	20,867,533	2,730,893	23,598,426	341,912	3,262,510
Noncurrent liabilities:					
Accrued liabilities	305,284	-	305,284	9,475	-
Compensated absences	1,895,284	394,133	2,289,417	20,421	-
Net OPEB obligation	687,608	126,138	813,746	-	-
Temporary notes payable	-	-	-	-	10,975,000
Loans payable	-	6,054,797	6,054,797	-	-
Revenue bonds payable	-	2,320,000	2,320,000	-	-
Financing leases payable	-	-	-	-	323,500
Special assessment debt payable	-	-	-	-	207,948
General obligation bonds payable	27,003,229	2,156,770	29,159,999	-	5,770,000
Landfill post-closure care liabilities	-	1,566,636	1,566,636	-	-
Total noncurrent liabilities	29,891,405	12,618,474	42,509,879	29,896	17,276,448
Total liabilities	\$ 50,758,938	\$ 15,349,367	\$ 66,108,305	\$ 371,808	\$ 20,538,958
Net Assets					
Invested in capital assets, net of related debt	\$ 118,965,998	\$ 45,931,395	\$ 164,897,393	\$ 6,143,598	\$ 24,471,896
Restricted for:					
Permanent funds:					
Expendable	418,585	-	418,585	280,222	-
Debt service	792,744	1,211,221	2,003,965	-	-
Unrestricted	7,867,243	11,224,477	19,091,720	1,184,161	1,304,922
Total net assets	\$ 128,044,570	\$ 58,367,093	\$ 186,411,663	\$ 7,607,981	\$ 25,776,818

The notes to the basic financial statements are an integral part of this statement.

CITY OF SALINA, KANSAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

	Program Revenues				Net [Expenses] Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Salina Housing Authority	Salina Airport Authority
					Total Governmental Activities	Total Business-type Activities	Total Primary Government		
Governmental activities:									
General government	\$ 6,669,320	\$ 4,580,529	\$ 1,179,162	\$ -	\$ [909,629]	\$ -	\$ [909,629]	\$ -	\$ -
Public safety	18,439,889	3,586,107	702,313	-	[14,151,469]	-	[14,151,469]	-	-
Public works	9,705,916	120,280	1,435,739	-	[8,149,897]	-	[8,149,897]	-	-
Public health and sanitation	1,310,109	36,817	162,593	-	[1,110,699]	-	[1,110,699]	-	-
Culture and recreation	5,582,100	2,139,006	162,593	-	[3,280,501]	-	[3,280,501]	-	-
Planning and development	3,480,799	239,978	109,100	-	[3,131,721]	-	[3,131,721]	-	-
Interest on long-term debt	1,453,793	-	-	-	[1,453,793]	-	[1,453,793]	-	-
Total governmental activities	46,641,926	10,702,717	3,751,500	-	[32,187,709]	-	[32,187,709]	-	-
Business-type activities:									
Solid Waste Disposal	2,005,070	2,748,519	-	-	-	743,449	743,449	-	-
Water and Sewer	13,247,432	14,072,513	-	-	-	825,081	825,081	-	-
Sanitation	2,189,005	2,171,938	-	-	-	[17,067]	[17,067]	-	-
Golf Course	880,869	751,252	-	-	-	[129,617]	[129,617]	-	-
Total business-type activities	18,322,376	19,744,222	-	-	-	1,421,846	1,421,846	-	-
Total primary government	\$ 64,964,302	\$ 30,446,939	\$ 3,751,500	\$ -	[32,187,709]	1,421,846	[30,765,863]	-	-
Component units:									
Salina Housing Authority	\$ 2,235,215	\$ 470,777	\$ 1,697,736	\$ 137,892	-	-	-	71,190	-
Salina Airport Authority	4,874,650	2,088,458	-	1,650,041	-	-	-	-	[1,136,151]
Total component units	\$ 7,109,865	\$ 2,559,235	\$ 1,697,736	\$ 1,787,933	-	-	-	71,190	[1,136,151]
General Revenues:									
Property taxes levied for									
General purposes					7,817,834	-	7,817,834	-	1,256,816
Debt service					1,528,594	-	1,528,594	-	-
Motor vehicle tax									
General purposes					1,119,504	-	1,119,504	-	-
Sales tax									
General purposes					11,985,856	-	11,985,856	-	-
Selective purposes					2,588,731	-	2,588,731	-	-
Other taxes									
General purposes					5,747,176	-	5,747,176	-	185,215
Investment revenues					604,934	299,888	904,822	52,879	16,321
Miscellaneous					811,610	118,142	929,752	-	47,591
Transfers, net					59,696	[59,696]	-	-	-
Subtotal general revenues					32,263,935	358,334	32,622,269	52,879	1,505,943
Change in net assets					76,226	1,780,180	1,856,406	124,069	369,792
Net assets - beginning					127,994,368	56,997,724	180,527,280	7,483,912	25,407,026
Prior period adjustment					[26,024]	[410,811]	[436,835]	-	-
Net assets - beginning, restated					127,968,344	56,586,913	184,555,257	7,483,912	25,407,026
Net assets - ending					\$ 128,044,570	\$ 58,367,093	\$ 186,411,663	\$ 7,607,981	\$ 25,776,818

The notes to the basic financial statements are an integral part of this statement.

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CITY OF SALINA, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	<u>General</u>	<u>Employee Benefits</u>	<u>Flood & Drainage Improvement</u>	<u>Tourism and Convention</u>
ASSETS				
Cash and investments	\$ 3,926,341	\$ 789,647	\$ 507,183	\$ 1,572
Receivables (net)				
Accounts	1,643,142	-	-	273,096
Taxes	3,495,907	5,203,488	-	-
Interest	159,657	-	-	-
Inventory	126,429	-	-	-
Due from other funds	460,667	-	-	-
Cash with fiscal agent	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 9,812,143</u>	<u>\$ 5,993,135</u>	<u>\$ 507,183</u>	<u>\$ 274,668</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 286,713	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Deferred revenue	3,495,907	5,203,488	-	-
Due to other funds	-	-	-	-
Matured principal and interest	-	-	-	-
Temporary notes payable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>3,782,620</u>	<u>5,203,488</u>	<u>-</u>	<u>-</u>
Fund balance:				
Reserved for encumbrances	273,594	-	4,029	-
Reserved for debt service	-	-	-	-
Unreserved, undesignated				
General fund	5,755,929	-	-	-
Special revenue funds	-	789,647	503,154	274,668
Permanent funds	-	-	-	-
Capital project funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>6,029,523</u>	<u>789,647</u>	<u>507,183</u>	<u>274,668</u>
Total liabilities and fund balance	<u>\$ 9,812,143</u>	<u>\$ 5,993,135</u>	<u>\$ 507,183</u>	<u>\$ 274,668</u>

<u>Special Gas</u>	<u>Bicentennial Center</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,498,635	\$ 96,904	\$ 792,744	\$ -	\$ 5,190,678	\$ 12,803,704
-	62,354	-	-	52,558	2,031,150
304,664	-	1,654,766	-	-	10,658,825
-	-	-	-	-	159,657
-	-	-	-	-	126,429
-	-	-	-	-	460,667
-	-	10,145	-	-	10,145
<u>\$ 1,803,299</u>	<u>\$ 159,258</u>	<u>\$ 2,457,655</u>	<u>\$ -</u>	<u>\$ 5,243,236</u>	<u>\$ 26,250,577</u>
\$ 9,921	\$ 23,327	\$ -	\$ 52,521	\$ 12,498	\$ 384,980
-	-	-	12,706	-	12,706
-	-	1,654,766	-	-	10,354,161
-	-	-	396,105	64,562	460,667
-	-	10,145	-	-	10,145
-	-	-	3,205,000	-	3,205,000
<u>9,921</u>	<u>23,327</u>	<u>1,664,911</u>	<u>3,666,332</u>	<u>77,060</u>	<u>14,427,659</u>
301,063	-	-	1,876,469	1,769,860	4,225,015
-	-	792,744	-	694,887	1,487,631
-	-	-	-	-	5,755,929
1,492,315	135,931	-	-	2,282,844	5,478,559
-	-	-	-	418,585	418,585
-	-	-	[5,542,801]	-	[5,542,801]
<u>1,793,378</u>	<u>135,931</u>	<u>792,744</u>	<u>[3,666,332]</u>	<u>5,166,176</u>	<u>11,822,918</u>
<u>\$ 1,803,299</u>	<u>\$ 159,258</u>	<u>\$ 2,457,655</u>	<u>\$ -</u>	<u>\$ 5,243,236</u>	<u>\$ 26,250,577</u>

The notes to the basic financial statements are an integral part of this statement.

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CITY OF SALINA, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES

December 31, 2008

Total Governmental Fund Balances \$ 11,822,918

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

Bond issuance costs are shown as current year expenditures in the funds.

Bond issuance costs 341,445

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds

The cost of capital assets is	222,831,746	
Accumulated depreciation is	<u>74,101,264</u>	148,730,482

An internal service fund is used by the City's management to charge the
costs of the worker's compensation program. The assets and liabilities
of the internal service fund are included with governmental activities. 2,943,808

The following liabilities, including bonds payable, are not due and payable
in the current period and therefore are not reported as liabilities in the funds.
These liabilities at year end consist of:

Compensated absences	3,138,866	
Net OPEB obligation	687,608	
Temporary notes payable	1,800,000	
Bonds payable	29,869,930	
Accrued interest on the bonds	<u>297,679</u>	<u>[35,794,083]</u>

Net Assets of Governmental Activities \$ 128,044,570

CITY OF SALINA, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2008

	<u>General</u>	<u>Employee Benefits</u>	<u>Flood & Drainage Improvement</u>	<u>Tourism and Convention</u>
REVENUES:				
Taxes				
Real estate taxes	\$ 2,240,701	\$ 5,177,657	\$ 181,056	\$ -
Delinquent taxes	64,306	148,538	5,576	-
Motor vehicle taxes	241,931	668,205	23,294	-
General sales taxes	11,985,856	-	-	-
Selective sales taxes	-	-	-	-
Other taxes	4,685,105	-	-	1,062,071
Intergovernmental	911,305	-	-	-
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	5,793,253	-	-	-
Investment revenue	244,769	-	-	205
Reimbursements	-	38,703	-	-
Miscellaneous	496,742	-	-	-
Total revenues	<u>26,663,968</u>	<u>6,033,103</u>	<u>209,926</u>	<u>1,062,276</u>
EXPENDITURES:				
Current				
General government	3,336,261	263,444	-	-
Public safety	14,070,189	3,874,688	-	-
Public works	5,239,844	1,000,874	5,214	-
Public health and sanitation	1,109,794	33,191	-	-
Culture and recreation	2,297,431	585,935	-	-
Planning and development	2,087,685	331,180	-	639,917
Miscellaneous	-	-	-	-
Capital outlay	630,178	-	246,481	-
Debt service				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>28,771,382</u>	<u>6,089,312</u>	<u>251,695</u>	<u>639,917</u>
Excess [deficiency] of revenue and other sources over [under] expenditures and other [uses]	<u>[2,107,414]</u>	<u>[56,209]</u>	<u>[41,769]</u>	<u>422,359</u>
OTHER FINANCING SOURCES [USES]				
Issuance of bonds	-	-	-	-
Bond premium	-	-	-	-
Temporary note premium	-	-	-	-
Transfers in	1,066,306	-	-	-
Transfers [out]	<u>[260,000]</u>	<u>-</u>	<u>-</u>	<u>[426,612]</u>
Total other financing sources [uses]	<u>806,306</u>	<u>-</u>	<u>-</u>	<u>[426,612]</u>
Net change in fund balance	<u>[1,301,108]</u>	<u>[56,209]</u>	<u>[41,769]</u>	<u>[4,253]</u>
Fund balance - Beginning of year	<u>7,330,631</u>	<u>845,856</u>	<u>548,952</u>	<u>278,921</u>
Fund balance - End of year	<u>\$ 6,029,523</u>	<u>\$ 789,647</u>	<u>\$ 507,183</u>	<u>\$ 274,668</u>

Special Gas	Bicentennial Center	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 1,484,503	\$ -	\$ -	\$ 9,083,917
-	-	44,091	-	-	262,511
-	-	186,074	-	-	1,119,504
-	-	-	-	-	11,985,856
-	-	-	-	2,588,731	2,588,731
-	-	-	-	-	5,747,176
1,425,090	-	-	-	1,404,956	3,741,351
-	-	1,178,122	-	-	1,178,122
-	-	-	-	10,149	10,149
-	934,216	-	-	687,804	7,415,273
37,257	-	54,017	39,574	113,994	489,816
-	-	-	2	-	38,705
25,168	-	-	-	75,116	597,026
<u>1,487,515</u>	<u>934,216</u>	<u>2,946,807</u>	<u>39,576</u>	<u>4,880,750</u>	<u>44,258,137</u>
-	-	-	-	-	3,599,705
-	-	-	-	-	17,944,877
346,786	-	-	-	-	6,592,718
-	-	-	-	132,851	1,275,836
-	1,649,483	-	-	608,734	5,141,583
-	-	-	-	318,524	3,377,306
-	-	-	-	45	45
1,313,262	12,344	-	3,889,829	4,489,253	10,581,347
-	-	2,786,702	-	25,000	2,811,702
-	-	1,114,323	412,540	40,480	1,567,343
<u>1,660,048</u>	<u>1,661,827</u>	<u>3,901,025</u>	<u>4,302,369</u>	<u>5,614,887</u>	<u>52,892,462</u>
<u>[172,533]</u>	<u>[727,611]</u>	<u>[954,218]</u>	<u>[4,262,793]</u>	<u>[734,137]</u>	<u>[8,634,325]</u>
-	-	-	3,720,000	3,525,000	7,245,000
-	-	-	43,532	-	43,532
-	-	36,505	-	-	36,505
180,000	636,612	500,000	440,000	-	2,822,918
-	-	-	-	[2,076,610]	[2,763,222]
<u>180,000</u>	<u>636,612</u>	<u>536,505</u>	<u>4,203,532</u>	<u>1,448,390</u>	<u>7,384,733</u>
7,467	[90,999]	[417,713]	[59,261]	714,253	[1,249,592]
<u>1,785,911</u>	<u>226,930</u>	<u>1,210,457</u>	<u>[3,607,071]</u>	<u>4,451,923</u>	<u>13,072,510</u>
<u>\$ 1,793,378</u>	<u>\$ 135,931</u>	<u>\$ 792,744</u>	<u>\$ [3,666,332]</u>	<u>\$ 5,166,176</u>	<u>\$ 11,822,918</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SALINA, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2008

Total Net Change In Fund Balances - Governmental Funds \$ [1,249,592]

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

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.

Gain on sale of assets	11,756	
Proceeds from sale of assets	[29,695]	
Capital outlays	10,587,951	
Depreciation expense	<u>[3,957,053]</u>	6,612,959

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest increased. 14,100

An internal service fund is used by the city's management to charge the costs of certain activities to the individual funds. The revenues and expenses of certain internal service fund is reported with governmental activities. 77,120

Some expenses reported in the statement of activities, such as compensated absences and other post employment benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. [957,609]

Bond and temporary note proceeds are other financing sources in the governmental funds, but they increase long-term liabilities in the statement of net assets and do not affect the statement of activities. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. [7,232,454]

Repayment of bond principal and bond issuance costs is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 2,811,702

Changes In Net Assets of Governmental Activities \$ 76,226

CITY OF SALINA, KANSAS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 December 31, 2008

	Business-Type Activities: Enterprise Funds				Total Enterprise Funds	Internal Service Funds
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course		
ASSETS						
Current assets:						
Cash and investments	\$ 3,091,303	\$ 8,577,929	\$ 519,520	\$ 76,874	\$ 12,265,626	\$ 3,686,524
Receivables (net of allowance for uncollectibles)						
Accounts	266,293	801,892	127,018	-	1,195,203	-
Inventory and prepaid supplies	-	641,538	-	18,408	659,946	149,701
Restricted cash and investments	-	1,211,221	-	-	1,211,221	-
Deferred charges	11,715	202,526	-	-	214,241	-
Total current assets	<u>3,369,311</u>	<u>11,435,106</u>	<u>646,538</u>	<u>95,282</u>	<u>15,546,237</u>	<u>3,836,225</u>
Capital assets:						
Nondepreciable capital assets:						
Construction in progress	-	200,461	-	-	200,461	-
Land	682,000	844,002	-	15,000	1,541,002	-
Depreciable capital assets:						
Capital assets	6,510,833	86,756,884	1,351,466	992,099	95,611,282	860,874
Less: accumulated depreciation	<u>3,967,500</u>	<u>33,896,667</u>	<u>738,305</u>	<u>580,050</u>	<u>39,182,522</u>	<u>755,428</u>
Total capital assets	<u>3,225,333</u>	<u>53,904,680</u>	<u>613,161</u>	<u>427,049</u>	<u>58,170,223</u>	<u>105,446</u>
Total assets	<u>\$ 6,594,644</u>	<u>\$ 65,339,786</u>	<u>\$ 1,259,699</u>	<u>\$ 522,331</u>	<u>\$ 73,716,460</u>	<u>\$ 3,941,671</u>
Liabilities:						
Current liabilities						
Accounts payable	\$ 99,009	\$ 368,964	\$ 3,351	\$ 4,540	\$ 475,864	\$ 104,104
Interest payable	10,587	157,895	-	-	168,482	-
Meter deposits payable	-	102,497	-	-	102,497	-
Current portion of compensated absences payable	23,147	152,670	60,913	40,059	276,789	36,067
Current portion of accrued claims payable	-	-	-	-	-	501,050
Current portion of loans payable	-	373,962	-	-	373,962	-
Current portion of general obligation bonds payable	373,000	250,299	-	-	623,299	-
Current portion of revenue bonds payable	-	710,000	-	-	710,000	-
Total current liabilities	<u>505,743</u>	<u>2,116,287</u>	<u>64,264</u>	<u>44,599</u>	<u>2,730,893</u>	<u>641,221</u>
Noncurrent liabilities:						
Compensated absences payable	32,960	217,395	86,737	57,041	394,133	51,358
Accrued claims payable	-	-	-	-	-	305,284
Net OPEB Obligation	12,988	76,913	22,666	13,571	126,138	-
Payable from restricted assets						
Loans payable	-	6,054,797	-	-	6,054,797	-
General obligation bonds payable	870,000	1,286,770	-	-	2,156,770	-
Revenue bonds payable	-	2,320,000	-	-	2,320,000	-
Landfill post-closure care liabilities	<u>1,566,636</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,566,636</u>	<u>-</u>
Total noncurrent liabilities	<u>2,482,584</u>	<u>9,955,875</u>	<u>109,403</u>	<u>70,612</u>	<u>12,618,474</u>	<u>356,642</u>
Total liabilities	<u>\$ 2,988,327</u>	<u>\$ 12,072,162</u>	<u>\$ 173,667</u>	<u>\$ 115,211</u>	<u>\$ 15,349,367</u>	<u>\$ 997,863</u>
Net Assets						
Invested in capital assets, net of related debt	\$ 1,982,333	\$ 42,908,852	\$ 613,161	\$ 427,049	\$ 45,931,395	\$ 105,446
Restricted						
Restricted for bond retirement	-	1,211,221	-	-	1,211,221	-
Unrestricted	<u>1,623,984</u>	<u>9,147,551</u>	<u>472,871</u>	<u>[19,929]</u>	<u>11,224,477</u>	<u>2,838,362</u>
Total net assets	<u>\$ 3,606,317</u>	<u>\$ 53,267,624</u>	<u>\$ 1,086,032</u>	<u>\$ 407,120</u>	<u>\$ 58,367,093</u>	<u>\$ 2,943,808</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SALINA, KANSAS

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008

	Business-Type Activities: Enterprise Funds				Total Enterprise Funds	Internal Service Funds
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course		
Operating revenues						
Charges for services	\$ 2,748,519	\$ 14,072,513	\$ 2,171,938	\$ 751,252	\$ 19,744,222	\$ 9,379,116
Reimbursed revenues	-	8,670	-	-	8,670	-
Miscellaneous	11,430	69,803	492	27,747	109,472	205,574
Total operating revenues	<u>2,759,949</u>	<u>14,150,986</u>	<u>2,172,430</u>	<u>778,999</u>	<u>19,862,364</u>	<u>9,584,690</u>
Operating expenses						
General government	-	-	-	-	-	9,570,649
Public works	1,599,591	10,943,488	2,097,557	-	14,640,636	-
Recreation	-	-	-	841,004	841,004	-
Depreciation	369,940	1,793,908	106,448	39,865	2,310,161	16,184
Total operating expenses	<u>1,969,531</u>	<u>12,737,396</u>	<u>2,204,005</u>	<u>880,869</u>	<u>17,791,801</u>	<u>9,586,833</u>
Operating income [loss]	<u>790,418</u>	<u>1,413,590</u>	<u>[31,575]</u>	<u>[101,870]</u>	<u>2,070,563</u>	<u>[2,143]</u>
Nonoperating revenues [expenses]						
Investment revenue	74,118	208,641	15,935	1,194	299,888	78,613
Debt service	[44,520]	[492,805]	-	-	[537,325]	-
Gain/[loss] on disposal of fixed assets	14,840	2,500	15,000	-	32,340	650
Amortization of bond issuance costs	[5,859]	[19,731]	-	-	[25,590]	-
Total nonoperating revenues [expenses]	<u>38,579</u>	<u>[301,395]</u>	<u>30,935</u>	<u>1,194</u>	<u>[230,687]</u>	<u>79,263</u>
Income [loss] before transfers	<u>828,997</u>	<u>1,112,195</u>	<u>[640]</u>	<u>[100,676]</u>	<u>1,839,876</u>	<u>77,120</u>
Transfers from [to] other funds						
Transfers in	-	38,179	-	82,125	120,304	-
Transfers [out]	[180,000]	-	-	-	[180,000]	-
Total transfers	<u>[180,000]</u>	<u>38,179</u>	<u>-</u>	<u>82,125</u>	<u>[59,696]</u>	<u>-</u>
Change in net assets	<u>648,997</u>	<u>1,150,374</u>	<u>[640]</u>	<u>[18,551]</u>	<u>1,780,180</u>	<u>77,120</u>
Net assets, January 1	3,340,342	52,140,537	1,106,441	410,404	56,997,724	2,887,333
Restatement	[383,022]	[23,287]	[19,769]	15,267	[410,811]	[20,645]
Net assets, January 1, restated	<u>2,957,320</u>	<u>52,117,250</u>	<u>1,086,672</u>	<u>425,671</u>	<u>56,586,913</u>	<u>2,866,688</u>
Net assets, December 31	<u>\$ 3,606,317</u>	<u>\$ 53,267,624</u>	<u>\$ 1,086,032</u>	<u>\$ 407,120</u>	<u>\$ 58,367,093</u>	<u>\$ 2,943,808</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SALINA, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008

	Business-Type Activities:				Total Enterprise Funds	Internal Service Funds
	Enterprise Funds					
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course		
Cash flows from operating activities						
Cash received from customers and users	\$ 2,677,896	\$ 14,046,652	\$ 2,165,515	\$ 751,251	\$ 19,641,314	\$ 9,468,137
Cash paid to suppliers of goods or services	[1,360,476]	[7,879,527]	[1,390,660]	[400,942]	[11,031,605]	[8,971,083]
Cash paid to employees	[459,735]	[2,846,766]	[762,435]	[410,650]	[4,479,586]	[638,861]
Other operating receipts	11,430	78,473	492	27,747	118,142	205,574
Net cash provided by [used in] operating activities	<u>869,115</u>	<u>3,398,832</u>	<u>12,912</u>	<u>[32,594]</u>	<u>4,248,265</u>	<u>63,767</u>
Cash flows from capital and related financing activities						
Purchase and construction of capital assets	[630,000]	[262,742]	[268,596]	-	[1,161,338]	-
Proceeds from sale of capital assets	105,600	2,500	15,000	-	123,100	650
Principal payments - general obligation bonds	[373,000]	[735,299]	-	-	[1,108,299]	-
Principal payments - revenue bonds	-	[680,000]	-	-	[680,000]	-
Interest paid	[47,587]	[515,459]	-	-	[563,046]	-
Principal payments - loans payable	-	[358,344]	-	-	[358,344]	-
Net cash provided by [used in] capital and related financing activities	<u>[944,987]</u>	<u>[2,549,344]</u>	<u>[253,596]</u>	<u>-</u>	<u>[3,747,927]</u>	<u>650</u>
Cash flows from investing activities						
Interest received	74,118	208,642	15,935	1,195	299,890	78,612
Cash flows from noncapital financing activities						
Transfers in	-	38,179	-	82,125	120,304	-
Transfers [out]	[180,000]	-	-	-	[180,000]	-
Net cash provided by [used in] noncapital financing activities	<u>[180,000]</u>	<u>38,179</u>	<u>-</u>	<u>82,125</u>	<u>[59,696]</u>	<u>-</u>
Net increase [decrease] in cash and cash equivalents	[181,754]	1,096,309	[224,749]	50,726	740,532	143,029
Cash and cash equivalents, January 1	<u>3,273,057</u>	<u>8,692,841</u>	<u>744,269</u>	<u>26,148</u>	<u>12,736,315</u>	<u>3,543,495</u>
Cash and cash equivalents, December 31	<u>\$ 3,091,303</u>	<u>\$ 9,789,150</u>	<u>\$ 519,520</u>	<u>\$ 76,874</u>	<u>\$ 13,476,847</u>	<u>\$ 3,686,524</u>
Cash and investments	\$ 3,091,303	\$ 8,577,929	\$ 519,520	\$ 76,874	\$ 12,265,626	\$ 3,686,524
Restricted cash and investments	-	1,211,221	-	-	1,211,221	-
Total cash and cash equivalents	<u>\$ 3,091,303</u>	<u>\$ 9,789,150</u>	<u>\$ 519,520</u>	<u>\$ 76,874</u>	<u>\$ 13,476,847</u>	<u>\$ 3,686,524</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SALINA, KANSAS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Continued)
 For the Year Ended December 31, 2008

	Business-Type Activities:				Total Enterprise Funds	Internal Service Funds
	Enterprise Funds					
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course		
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities						
Operating income [loss]	\$ 790,418	\$ 1,413,590	\$ [31,575]	\$ [101,870]	\$ 2,070,563	\$ [2,143]
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities						
Depreciation expense	369,940	1,793,908	106,448	39,865	2,310,161	16,184
[Increase] decrease in accounts receivable	[70,623]	[28,319]	[6,423]	-	[105,365]	-
[Increase] decrease in inventory	-	[22,856]	-	6,606	[16,250]	[23,132]
Increase [decrease] in accounts payable	[122,729]	138,569	[96,217]	[743]	[81,120]	[16,772]
Increase [decrease] in accrued compensated absences	11,837	24,568	18,013	9,977	64,395	609
Increase [decrease] in claims payable	-	-	-	-	-	89,021
Increase [decrease] in landfill postclosure liabilities	[122,716]	-	-	-	[122,716]	-
Increase [decrease] in net OBEB obligation	12,988	76,913	22,666	13,571	126,138	-
Increase [decrease] in meter deposits payable	-	2,459	-	-	2,459	-
Net cash provided by [used in] operating activities	<u>\$ 869,115</u>	<u>\$ 3,398,832</u>	<u>\$ 12,912</u>	<u>\$ [32,594]</u>	<u>\$ 4,248,265</u>	<u>\$ 63,767</u>

CITY OF SALINA, KANSAS
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2008

ASSETS

Cash and investments	<u>\$ 496,887</u>
Total assets	<u>\$ 496,887</u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	<u>\$ 496,887</u>
Total liabilities	<u>\$ 496,887</u>

The notes to the basic financial statements are an integral part of this statement.

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CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Salina, Kansas (the City) is a municipal corporation governed by a mayor and a five-member commission. These financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government wide statements to emphasize that it is legally separated from the government.

Discretely Presented Component Units

City of Salina Airport Authority - The Salina Airport Authority was created for the purpose of accepting as surplus property portions of the former Schilling A.F.B that was closed by the United States Department of Defense in June 1965. One of the primary functions of the Airport Authority is to facilitate the continued growth of jobs and payroll at the Airport Industrial Center. The Airport Authority is managed and controlled by a five-member Board of Directors appointed by the Salina City Commission. Any director may be removed by a majority vote of the Salina City Commission. The Airport Authority's basic mill levy (up to 3 mills) requires the approval of the City Commission. The Commission must also approve the issuance of general obligation debt by the Airport Authority. The Airport Authority has a December 31 fiscal year end.

Housing Authority of the City of Salina - The purpose of the Housing Authority of the City of Salina (Housing Authority) is to administer Public Housing Programs authorized by the United States Housing Act of 1937. The Mayor of the City of Salina appoints the governing board. The City Commission may remove commissioners of the Housing Authority. The City must issue revenue bonds for the Housing Authority. The financial liability of the Housing Authority is essentially supported by the operating and debt service subsidies received under contract from the Federal government. The Housing Authority has a June 30 fiscal year end. Information in the accompanying financial statements covers the fiscal year ended June 30, 2008.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices.

Salina Airport Authority	Housing Authority of
3237 Arnold Ave.	the City of Salina
Salina, KS	469 S. 5th
	Salina, KS

Joint Ventures

The City of Salina also participates with Saline County in two joint ventures. The Salina-Saline County Board of Health was organized by the City and County to promote public health. The City and County organized the Salina County-City Building Authority to acquire, operate and maintain facilities for the administrative offices of both governments. The primary governments each have an ongoing financial responsibility for the joint ventures. Separate financial statements are available from the governing boards of each joint venture.

	Board of Health (Unaudited)	Building Authority (Audited)
Total net assets, December 31, 2008	\$ 1,468,260	\$ 3,083,977
Total change in net assets, December 31, 2008	214,145	35,828
Total revenues, year ended December 31, 2008	4,123,794	826,564
Total revenues from City of Salina	988,390	290,329

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Joint Ventures (Continued)

Complete financial statements for each of the joint ventures may be obtained at the entity's administrative offices.

Salina-Saline County Board of Health	Salina County-City
125 West Elm Street	Building Authority
Salina, KS	300 West Ash Street
	Salina, KS

B. Government-wide and fund financial statements

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items, which are not classified as program revenues, are presented as general revenues of the city.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

CITY OF SALINA, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions, and ARBs.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The internal service funds account for risk management, worker's compensation, health insurance, central garage and information services that are provided to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do however use the accrual basis of accounting. Agency funds are used to account for assets held as an agent for individuals, other governmental units, private organizations and/or other funds.

The City reports the following major governmental funds:

The general fund is used to account for resources traditionally associated with government, which are not required legally, or by sound financial management to be accounted for in another fund.

Employee benefits fund - To account for the costs of various benefits provided to governmental employees.

Flood and drainage improvement fund - To account for property tax revenues to be used for capital improvements to the flood control and stormwater drainage systems.

Tourism and convention fund - To account for transient guest tax revenues, which are specifically restricted to promotion and tourism activities.

Special gas fund - To account for the City's share of motor fuel tax revenues, which are legally restricted to the maintenance, or improvement of streets within the City.

Bicentennial Center fund - To account for the activities of the City's convention center.

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

CITY OF SALINA, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The City reports the following major proprietary funds:

Sanitation fund - To account for the operations of the City's refuse collection service.

Solid waste disposal fund - To account for the activities of the City's landfill.

Golf course fund - To account for the operations of the municipal golf course.

Water and sewer fund - To account for the activities of the City's water and sewer operations.

D. Assets, Liabilities and Equity

1. Pooled cash and investments

The City maintains a cash and investment pool that is available for use by all funds managed by the city. Each fund type's portion of this pool is displayed in the financial statements as "Cash and Investments." The city's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments in the Kansas Municipal Pool are carried at fair value.

Cash balances from all funds are invested to the extent available in certificates of deposit and other authorized investments. Investments with maturity dates greater than three months are stated separately. Earnings from these investments, unless specifically designated, are allocated monthly to the investing fund based on the percentage of funds invested to total investments. All investments are carried at fair value.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Accounts Receivable. The City records revenues when services are provided. All receivables are shown net of an allowance for doubtful accounts.

Property taxes receivable. Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and, therefore, are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2009. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the accounting period, and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

CITY OF SALINA, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

2. Receivables and Payables (Continued)

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the County. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due November 1, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. This procedure eliminates the need to issue tax anticipation notes since funds will be on hand prior to the beginning of each fiscal year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. Restricted Assets

Certain proceeds of the City's business-type fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "Water and Sewer Principal and Interest" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "Debt Service Reserve" account is used to report resources set aside to make up potential future deficiencies in the "Water and Sewer Principal and Interest Account."

5. 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. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Equity (Continued)

5. Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Other equipment	5 -15
Vehicles	6 -10
Infrastructure	30 -50

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All employees of the City, except temporary and part time employees, may accumulate sick leave at a rate of 8 or 11 hours per month depending on their work duty schedule. There is no limit on the amount of sick leave that can be accumulated. Employees with more than five years of service with the City are paid for one-third of their accumulated sick leave at their current wage scale upon termination of employment in good standing. In 2001, a limited buy back policy was instituted.

All regular employees are entitled to paid vacation time. Such leave is granted each year of employment and unused leave may accumulate without limit. Employees are paid for all accumulated vacation leave at their current wage scale upon termination of employment.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the government fund financial statements that will pay it. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees. A liability is recorded for accumulated rights to receive sick pay benefits that are payable upon termination of employment.

The General Fund, Bicentennial Center Fund, Central Garage Fund, Information Systems Fund, Sanitation Fund, Solid Waste Fund, Golf Course Fund, and Water and Sewer Fund have been used in prior years to liquidate the liability for compensated absences.

7. Temporary Notes

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

CITY OF SALINA, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of business-type net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

10. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

11. 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, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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 fund, and enterprise funds.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
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 25.

The statutes allow 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. The 2008 budget was amended for the General Fund, Tourism and Convention Fund, Bicentennial Fund, Business Improvement District Fund, and the Central Garage Fund.

The statutes permit management to transfer 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 statutory basis of accounting, in which, revenues are recognized when cash is received, and 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 the following special revenue funds: Bicentennial Center Event, HUD Community Development, Community Development Revolving, Heritage Commission, CDBG-ED, HOME V, Special Law Enforcement, Police Grants, Dare Donations, War Memorial Maintenance and Disaster Recovery. A legal operating budget is not required for the following Enterprise funds: Solid Waste Construction, Water and Sewer Principal and Interest, Water and Sewer Bond Reserve, Water and Sewer Construction and Reserve funds. A legal operating budget is also not required for the Internal Service funds. Actual to budget comparisons for these funds that present budgets to the Commissioners are shown strictly for informational purposes.

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.

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

B. Statutory Violations

Actual exceeded budgeted expenditures at December 31, 2008 in the Business Improvement City Fund and in the Special Alcohol Fund, which violates KSA 79-2935.

C. Compliance With Bond Reserve Requirements

Water & Sewer Bond Reserve Requirements

The bond reserve requirement is to establish and maintain a reserve account. The Water & Sewer fund met this requirement for 2008.

Reserve requirement	<u>\$1,055,531</u>
Actual reserves	
Bond reserve account	<u>\$1,211,221</u>
Total actual reserves	<u>\$1,211,221</u>

The City was in compliance with the reserve account balance requirements at December 31, 2008.

D. Legal Debt Margin

The City is subject to the municipal finance law of the state of Kansas which limits the bonded debt (exclusive of revenue bonds and special assessment bonds) the city may have outstanding to 30 percent of the assessed value of all tangible taxable property within the city, as certified to the county clerk on the proceeding August 25. At December 31, 2008, the statutory limit for the City was \$132,983,158, providing a debt margin of \$98,900,971.

Note 3. RESTATEMENT OF EQUITY

Following the close of the previous fiscal year, it was discovered that several capital assets were misclassified or recorded incorrectly. Accordingly, the beginning net assets balances were restated, the effects of which are as follows:

	Governmental Activities	Solid Waste Disposal Fund	Water and Sewer Fund	Sanitation Fund	Golf Course Fund	Central Garage Fund	Information Systems Fund
Net Assets, December 31, 2007	\$ 127,994,368	\$3,340,342	\$52,140,537	\$ 1,106,441	\$410,404	\$245,281	\$ 287,712
Capital Asset Adjustment	[26,024]	[383,022]	[23,287]	[19,769]	15,267	13,374	[34,019]
Net Assets,							
December 31, 2007, Restated	<u>\$ 127,968,344</u>	<u>\$2,957,320</u>	<u>\$52,117,250</u>	<u>\$1,086,672</u>	<u>\$425,671</u>	<u>\$258,655</u>	<u>\$ 253,693</u>

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The City's cash is considered to be active funds by management and is invested according to KSA 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county in which the City is located or in a county adjacent to the City and the banks provide an acceptable rate for active funds.

Various City investments are considered to be idle funds by management and are invested according to KSA 12-1675. The statute requires that the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes or the Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to KSA 10-131. This statute allows additional investment authority beyond that of KSA 12-1675. Investments of bond proceeds may follow KSA 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in KSA 10-131.

At December 31, 2008, the City has the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	\$ 24,636,622	S&P AAA/S1+
Total fair value	\$ 24,636,622	

The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the U.S. government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

The City's investment policy provides direction on concentration risk. The City policy states that funds shall be diversified to reduce the extent of losses due to having an unbalanced portfolio in terms of maturities, instrument type, and issuers. Therefore, portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. Liquidity, free of market risk, shall be assured through practices insuring that the next disbursement date and payroll date are covered through maturing investments, marketable U.S. Treasury Bills, the Municipal Investment Pool, or money market accounts.

Default risk shall be minimized by requiring that all security purchases occur on a delivery vs. payment basis, and that all securities are adequately collateralized.

Risk of market price volatility shall be controlled through the adoption of a "buy and hold" strategy whereby the City holds each investment to maturity, coupled with maintenance of an adequate liquidity position to insure the ability to meet normal anticipated cash flow needs.

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

When advantageous, it is allowable to sell investments to realize a gain due to price fluctuations; however, such transactions shall not be a part of the normal course of business.

The City recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk due to issuer default. In the event of a default by a specific issuer, the Director of Finance and Administration shall review, and, if appropriate, proceed to liquidate securities having comparable credit risks.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402.

B. Receivables

Receivables as of year end, including the applicable allowances for doubtful accounts, are as follows:

	General	Employee Benefits	Tourism and Convention	Special Gas	Bicentennial Center	Subtotal
Primary Government Receivables:						
Accounts	\$ 2,429,349	\$ -	\$ 273,096	\$ -	\$ 62,354	\$ 2,764,799
Taxes	3,495,907	5,203,488	-	304,664	-	9,004,059
Interest	59,657	-	-	-	-	59,657
Gross receivables	6,084,913	5,203,488	273,096	304,664	62,354	11,928,515
Less: allowance for uncollectibles	[786,207]	-	-	-	-	[786,207]
Total	\$ 5,298,706	\$ 5,203,488	\$ 273,096	\$ 304,664	\$ 62,354	\$ 11,142,308
	Debt Service	Other Governmental	Sanitation	Solid Waste Disposal	Water and Sewer	Total
Primary Government Receivables:						
Accounts	\$ -	\$ 53,022	\$ 148,030	\$ 266,293	\$ 934,544	\$ 4,166,688
Taxes	1,654,766	-	-	-	-	10,658,825
Interest	-	-	-	-	-	59,657
Gross receivables	1,654,766	53,022	148,030	266,293	934,544	14,985,170
Less: allowance for uncollectibles	-	[464]	[210]	-	[132,652]	[940,335]
Total	\$ 1,654,766	\$ 52,558	\$ 127,018	\$ 266,293	\$ 801,892	\$ 14,044,835
Component Units						
Salina Airport Authority						
Accounts						\$ 69,410
Less: allowance for uncollectibles						[84]
Taxes						69,326
Total Salina Airport Authority						128,143
Salina Housing Authority						
Accounts						37,622
Other						6,024
Total Salina Housing Authority						43,646
Total						\$ 1394,385

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2008, is as follows:

<u>Fund Types</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 460,667	\$ -
Capital Projects Fund	-	396,105
Other Government Funds	-	64,562
	<u>\$ 460,667</u>	<u>\$ 460,667</u>

The City uses interfund receivables and payables as needed when pooled cash is negative within a fund until investments mature or grant proceeds are received. All payables are cleared in less than one year.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance 12/31/2007	Adjustments	Adj. Bal. 12/31/2007	Additions	Retirements	Balance 12/31/2008
City governmental activities:						
Governmental activities:						
Capital assets, not being depreciated						
Construction in progress	\$ 22,685,858	\$ [1,697]	\$ 22,684,161	\$ 9,879,150	\$ 32,034	\$ 32,531,277
Land	22,688,817	[211,626]	22,477,191	-	-	22,477,191
Capital assets, being depreciated						
Infrastructure	132,967,790	366,816	133,334,606	-	-	133,334,606
Buildings and improvements	23,548,952	-	23,548,952	-	-	23,548,952
Vehicles	6,778,742	[393,529]	6,385,213	272,700	171,379	6,486,534
Equipment, furniture and fixtures	4,100,746	800,576	4,901,322	468,135	55,397	5,314,060
Total capital assets	212,770,905	560,540	213,331,445	10,619,985	258,810	223,692,620
Less accumulated depreciation for:						
Infrastructure	52,555,114	206,348	52,761,462	2,684,798	-	55,446,260
Buildings and improvements	10,293,918	[6,029]	10,287,889	630,047	-	10,917,936
Vehicles	4,697,490	[12,497]	4,684,993	386,312	196,238	4,875,067
Equipment, furniture and fixtures	2,959,206	398,742	3,357,948	272,080	12,599	3,617,429
Total accumulated depreciation	70,505,728	586,564	71,092,292	3,973,237	208,837	74,856,692
Governmental activities capital assets, net	\$ 142,265,177	\$ [26,024]	\$ 142,239,153	\$ 6,646,748	\$ 49,973	\$ 148,835,928
Business-type activities:						
Capital assets, not being depreciated						
Construction in progress	\$ 39,763	\$ [30,132]	\$ 9,631	\$ 190,830	\$ -	\$ 200,461
Land	1,544,110	[3,108]	1,541,002	-	-	1,541,002
Capital assets, being depreciated						
Infrastructure	65,991,880	[2]	65,991,878	-	-	65,991,878
Buildings and improvements	22,550,537	19,099	22,569,636	-	-	22,569,636
Vehicles	2,903,406	[467,638]	2,435,768	332,111	100,277	2,667,602
Equipment, furniture and fixtures	3,583,282	500,837	4,084,119	638,397	340,350	4,382,166
Total capital assets	96,612,978	19,056	96,632,034	1,161,338	440,627	97,352,745
Less accumulated depreciation for:						
Infrastructure	24,039,412	373,396	24,412,808	1,406,103	-	25,818,911
Buildings and improvements	8,904,370	2,006	8,906,376	445,478	-	9,351,854
Vehicles	1,819,710	20,580	1,840,290	204,658	349,867	1,695,081
Equipment, furniture and fixtures	2,028,869	33,885	2,062,754	253,922	-	2,316,676
Total accumulated depreciation	36,792,361	429,867	37,222,228	2,310,161	349,867	39,182,522
Business-type activities capital assets, net	\$ 59,820,617	\$ [410,811]	\$ 59,409,806	\$ [1,148,823]	\$ 90,760	\$ 58,170,223

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

The City's depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	\$ 62,440
Public safety	319,069
Public works	3,037,172
Public health	34,273
Culture and recreation	416,790
Planning and development	103,493
Total depreciation	<u>\$ 3,973,237</u>
Business-type Activities:	
Solid Waste Disposal	\$ 369,940
Water and Sewer	1,793,908
Sanitation	106,448
Golf Course Division	39,865
Total depreciation	<u>\$ 2,310,161</u>

E. Long-Term Debt

Following is a summary of changes in long-term debt for fiscal year 2008:

	Balance January 1, 2008	Additions	Deletions	Balance December 31, 2008	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$25,436,632	\$ 7,245,000	\$ 2,811,702	\$29,869,930	\$ 2,866,701
Accrued compensation	2,955,682	1,601,615	1,331,006	3,226,291	1,331,007
Temporary notes	7,625,000	3,205,000	5,825,000	5,005,000	5,005,000
Total	<u>\$36,017,314</u>	<u>\$12,051,615</u>	<u>\$ 9,967,708</u>	<u>\$38,101,221</u>	<u>\$ 9,202,708</u>
Business-type activities:					
General obligation bonds	\$ 3,888,368	\$ -	\$ 1,108,299	\$ 2,780,069	\$ 623,299
Revenue bonds	3,710,000	-	680,000	3,030,000	710,000
Loans payable	6,787,103	-	358,344	6,428,759	373,962
Accrued compensation	606,525	341,186	276,789	670,922	276,789
Total	<u>\$14,991,996</u>	<u>\$ 341,186</u>	<u>\$ 2,423,432</u>	<u>\$12,909,750</u>	<u>\$ 1,984,050</u>
Component Units:					
General obligation bonds	\$ 7,490,000	\$ -	\$ 965,000	\$ 6,525,000	\$ 755,000
Financing lease	391,932	-	33,101	358,831	35,331
Temporary notes	13,900,000	-	2,925,000	10,975,000	-
Special assessment debt	255,270	-	23,216	232,054	24,106
Total component units	<u>\$22,037,202</u>	<u>\$ -</u>	<u>\$ 3,946,317</u>	<u>\$18,090,885</u>	<u>\$ 814,437</u>

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

The following is a detailed listing of the city's long-term debt including general obligation bonds, revenue bonds, temporary notes and loans payable:

<i>Primary Government</i>	Original	Interest	Bonds
General Obligation Bonds	Issue	Rates	Outstanding
Internal Improvements 2000, due 10/1/2015	\$ 3,885,000	4.625% to 6.50%	\$ 330,000
Internal Improvements 2001, due 10/1/2016	5,350,000	4.00% to 4.90%	2,840,000
Water/sewer refunding 2002A, due 10/1/2013	2,045,000	3.00% to 4.50%	1,005,000
Internal Improvements 2002B, due 10/1/2017	1,980,000	2.70% to 4.50%	985,000
Internal Improvements 2003A, due 10/1/2018	4,350,000	2.13% to 3.85%	2,725,000
Refunding 2004A, due 8/1/2015	5,585,000	2.10% to 4.00%	2,880,000
Internal Improvements 2004B, due 10/1/2019	4,053,000	3.00% to 4.00%	2,530,000
Internal Improvements 2005A, due 10/1/2020	4,210,000	2.95% to 4.25%	3,205,000
Internal Improvements 2006A, due 10/1/2026	2,200,000	3.55% to 5.50%	1,980,000
Internal Improvements 2006B, due 10/1/2021	885,000	4.00% to 4.50%	745,000
Internal Improvements 2007A, due 10/1/2027	6,545,000	4.25% to 4.625%	6,180,000
Internal Improvements 2008A, due 10/1/2023	3,720,000	3.25% to 4.00%	3,720,000
Internal Improvements 2008B, due 7/1/2028	3,525,000	3.65% to 5.00%	3,525,000
Total general obligation bonds			<u>\$ 32,650,000</u>
Revenue Bonds			
Revenue Refunding 2002A, due 9/1/2012	\$ 6,790,000	2.20% to 4.25%	\$ 3,030,000
Total revenue bonds			<u>\$ 3,030,000</u>
Loans Payable			
Kansas Public Water Supply, due 2/1/2020	\$ 3,600,000	4.29%	\$ 2,430,462
Kansas Public Water Supply, due 2/1/2023	5,000,000	4.13%	3,998,298
Total loans payable			<u>\$ 6,428,760</u>
Temporary Notes			
Series 2006-1, due 8/1/2009	\$ 1,800,000	3.49%	\$ 1,800,000
Series 2008-1, due 8/1/2009	3,205,000	2.75%	3,205,000
Total temporary notes			<u>\$ 5,005,000</u>

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

<i>Component Unit</i>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Bonds Outstanding</u>
<i>Salina Airport Authority</i>			
General Obligation Bonds			
General Obligation 1999B, due 2010	\$ 555,000	3.90% to 5.20%	\$ 135,000
General Obligation 2001A, due 2012	1,385,000	4.45% to 5.60%	650,000
General Obligation 2002A, due 2012	2,635,000	2.45% to 3.70%	1,160,000
General Obligation 2005A, due 2020	3,635,000	4.75% to 5.25%	3,635,000
General Obligation 2007A, due 2022	1,005,000	4.60% to 6.00%	945,000
Total general obligation bonds			6,525,000
Temporary Notes			
Series 2007-1, due 2010	10,975,000	5.600%	10,975,000
Total temporary notes			10,975,000
Special Assessment Debt			
Airport Industrial Center, due 2016	565,235	3.79%	207,177
Hangar 600 Sanitary Sewer, due 2021	27,599	4.47%	24,877
Total special assessment debt			232,054
Financing Lease, due 2015	425,000	6.609%	358,831
Total			\$ 18,090,885

Annual debt service requirements to maturity for general obligation bonds to be paid with tax levies:

<u>Year</u>	<u>General Obligation - Primary Government</u>		
	<u>Bonds Outstanding</u>	<u>Interest Due</u>	<u>Total</u>
2009	\$ 3,490,000	\$ 1,256,003	\$ 4,746,003
2010	3,180,000	1,169,384	4,349,384
2011	3,075,000	1,052,710	4,127,710
2012	3,085,000	938,351	4,023,351
2013	2,990,000	821,063	3,811,063
2014-2018	9,295,000	2,670,088	11,965,088
2019-2023	4,935,000	1,196,816	6,131,816
2024-2028	2,600,000	340,647	2,940,647
Total	\$ 32,650,000	\$ 9,445,060	\$ 42,095,060

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Year	General Obligation - Component Units		
	Bonds	Interest	Total
	Outstanding	Due	
2009	\$ 755,000	\$ 316,316	\$ 1,071,316
2010	800,000	282,148	1,082,148
2011	755,000	244,799	999,799
2012	795,000	209,501	1,004,501
2013	330,000	171,878	501,878
2014-2018	1,955,000	587,057	2,542,057
2019-2022	1,135,000	107,025	1,242,025
Total	\$ 6,525,000	\$ 1,918,724	\$ 8,443,724

Annual debt service requirements to maturity for revenue bonds to be paid with utility revenues:

Year	Revenue Bonds - Primary Government		
	Bonds	Interest	Total
	Outstanding	Due	
2009	\$ 710,000	\$ 116,300	\$ 826,300
2010	740,000	91,450	831,450
2011	770,000	64,070	834,070
2012	810,000	34,425	844,425
Total	\$ 3,030,000	\$ 306,245	\$ 3,336,245

Annual debt service requirements to maturity for temporary notes - to be paid through the issuance of general obligation bonds:

Year	Temporary Notes - Primary Government		
	Notes	Interest	Total
	Outstanding	Due	
2009	\$ 5,005,000	\$ 154,875	\$ 5,159,875
Total	\$ 5,005,000	\$ 154,875	\$ 5,159,875

Year	Temporary Notes - Component Units		
	Notes	Interest	Total
	Outstanding	Due	
2009	\$ -	\$ 614,600	\$ 614,600
2010	10,975,000	614,600	11,589,600
Total	\$ 10,975,000	\$ 1,229,200	\$ 12,204,200

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Annual debt service requirements to maturity for financing lease - to be paid from rental revenue:

Year	Financing Lease - Component Units		
	Lease	Interest	Total
	Outstanding	Due	
2009	\$ 35,331	\$ 23,141	\$ 58,472
2010	37,705	20,767	58,472
2011	40,238	18,234	58,472
2012	42,941	15,531	58,472
2013	45,826	12,646	58,472
2014-2016	156,790	18,625	175,415
Total	\$ 358,831	\$ 108,944	\$ 467,775

The City has engaged in loans with the Kansas Public Water Supply Fund. The following displays annual debt service requirements to maturity for loans payable to be paid from service revenues, for the full proceeds amount:

Year	Loans - Primary Government		
	Loans	Interest	Total
	Outstanding	Due	
2009	\$ 373,962	\$ 243,521	\$ 617,483
2010	389,840	228,966	618,806
2011	406,392	213,795	620,187
2012	423,646	197,976	621,622
2013	441,634	181,485	623,119
2014-2018	2,505,896	634,503	3,140,399
2019-2023	1,887,390	161,427	2,048,817
Total	\$ 6,428,760	\$ 1,861,673	\$ 8,290,433

Annual debt service requirement to maturity for Special Assessment Debt to be paid from rental revenue:

Year	Special Assessment Debt - Component Units		
	Assessment	Interest	Total
	Outstanding	Due	
2009	\$ 24,106	\$ 8,964	\$ 33,070
2010	25,029	8,041	33,070
2011	25,988	7,082	33,070
2012	26,984	6,086	33,070
2013	28,018	5,052	33,070
2014-2018	94,876	9,463	104,339
2019-2021	7,053	639	7,692
Total	\$ 232,054	\$ 45,327	\$ 277,381

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Special assessments. As provided by Kansas statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the debt service fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the debt service fund. The special assessments are not recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent obligation of the City to the extent of property owner defaults, which have historically been immaterial.

Conduit debt. The City has entered into several conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the City. The City is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payments schedule related to the original debt. At December 31, 2008, total outstanding conduit debt was \$106,413,033.

Defeased debt. In prior years the City has defeased certain other outstanding debt obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements. At December 31, 2008, the total outstanding defeased debt for all issues was \$905,000.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

F. Reconciliation of Transfers

A reconciliation of interfund transfers follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General fund	\$1,066,306	\$ 260,000
Tourism and convention fund	-	426,612
Special gas fund	180,000	-
Bicentennial center fund	636,612	-
Debt service	500,000	-
Capital project fund	440,000	-
Other governmental funds	-	2,076,610
Water and sewer fund	38,179	-
Solid waste disposal fund	-	180,000
Golf course fund	82,125	-
Total Transfers	<u>\$2,943,222</u>	<u>\$2,943,222</u>

The City uses interfund transfers to share administrative costs between funds.

Note 5. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by Kansas statutes (KSA 74-4901 et seq). KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law established and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to 611 South Kansas, Suite 100; Topeka, Kansas 66603 or by calling 1-888-275-5737.

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 the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee 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 was 6.09% from January 1 to December 31, 2008. The City employer contributions to KPERS for the years ending December 31, 2008, 2007, and 2006 were \$789,277, \$647,231 and \$530,939, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2008 is 17.01%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2008, 2007, and 2006 were \$1,722,988, \$1,474,558 and \$1,229,837, respectively, equal to the required contributions for each year.

B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust and are not available to the claims of the City's general creditors.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2008

Note 5. OTHER INFORMATION (Continued)

C. Flexible Benefit Plan (I.R.C. Section 125)

The City Commission has adopted by resolution a salary reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All City employees working more than 20 hours per week are eligible to participate in the Plan beginning after two full months of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Benefits offered through the Plan include various insurance and disability benefits.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the City carries commercial insurance. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the past three years.

The City has established a limited risk management program for workers' compensation. The program covers all City employees. Premiums are paid into the Workers' Compensation Reserve Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$250,000 (\$350,000 for claims involving employees classified as policemen or firemen). Incurred claims, including incurred but not reported claims, have been accrued based primarily upon subsequent payments. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors. The liability for claims and judgments is reported in the Workers' Compensation Reserve Fund because it is expected to be liquidated with expendable available financial resources. Of the liability, \$125,335 is considered to be due within one year. Changes in the balances of claims liabilities during the past two years are as follows:

	2008	2007
Unpaid claims, January 1	\$ 238,229	\$ 196,285
Incurred claims (including IBNRs)	399,042	248,596
Claim payments	[206,652]	[206,652]
Unpaid claims, December 31	<u>\$ 430,619</u>	<u>\$ 238,229</u>

The City established a limited risk management program for employee health and dental insurance in 1997. The program covers eligible City employees. Premiums are paid into the health insurance fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$50,000. Incurred claims, including incurred but not reported claims, have been accrued based primarily upon subsequent payments. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors. The liability for claims and judgments in the Health Insurance Fund because it is expected to be liquidated with expendable available financial resources. Therefore, all of the liability is considered to be due within one year. Changes in the balances of claims liabilities during the past two years are as follows:

	2008	2007
Unpaid claims, January 1	\$ 479,084	\$ 361,791
Incurred claims (including IBNRs)	4,775,317	4,177,100
Claim payments	[4,879,317]	[4,059,807]
Unpaid claims, December 31	<u>\$ 375,084</u>	<u>\$ 479,084</u>

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 5. OTHER INFORMATION (Continued)

E. Capital Projects

Capital projects often extend over two or more fiscal years. The following is a schedule, which compares the project authorization including allowable interest revenue to total project expenditures from project inception to December 31, 2008.

<u>Project</u>	<u>Authorization</u>	<u>Expenditures</u>
N Ohio Grade Separation	\$ 6,200,000	\$ 6,099,814
South Ohio Corridor	1,250,000	1,206,370
North Broadway Corridor	2,260,000	2,209,606
Fire Station #2 Renovation	1,200,000	1,303,069
Pacific Avenue	300,000	71,678
Downtown Signals	692,042	816,664
Library Addition Sewer	570,584	467,674
Lakeside Addition	860,859	646,820
West Diamond Drive Infrastructure	825,000	731,058
Liberty Addition Infrastructure, II	868,059	646,820
Quail Meadows Phase III	334,465	237,629
Golden Eagle No 4, Ph. III	530,046	357,138
Magnolia Hills Subdivision Phase II	566,346	530,150
Eaglecrest Twinhomes	599,208	561,007
Quail Meadows Phase IV	984,433	856,277
South 9th Corridor, Phase IV	6,500,000	1,861,053
Glenn Ave Sewer	66,648	56,041
Red Fox Addition	632,649	587,369
Stone Creek Addition	440,193	800
Energy Improvement Project	1,358,187	1,346,175

Project overages in the Fire State #2 Renovation and Downtown Signals projects will be reimbursed by special sales tax proceeds.

F. Contingent Liabilities

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City at December 31, 2008.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

G. Municipal Solid Waste Landfill

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense of the solid waste fund in each period based on landfill capacity used as of each balance sheet date. The \$1,566,636 reported as landfill closure and postclosure care liability at December 31 represents the cumulative amount reported to date based on the use of 28.2% of the estimated capacity of the landfill.

CITY OF SALINA, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 5. OTHER INFORMATION (Continued)

G. Municipal Solid Waste Landfill (Continued)

The City's solid waste fund will recognize the remaining estimate cost of closure and postclosure care of \$3,985,998 as the remaining estimated capacity is filled over the remaining life expectancy of 73.7 years.

These amounts are based on what it would cost to perform all closure and postclosure care in 2008. Actual cost may be higher due to inflation, changes, in technology or changes in regulations. The City is required by State and Federal laws and regulations to provide assurances of financial responsibility for closure and post-closure care. The City has elected to utilize the Local Government Financial test promulgated by the U.S. Environmental Protection Agency (at 40 CFR 258.74(f)) and the Kansas Department of Health and Environment to provide these assurances. Any future closure or post-closure care costs will be provided through the normal budgeting and rate setting process, including the issuance of general obligation bonds, if necessary.

H. Environmental Matters

The Kansas Department of Health and Environment (KDHE) issued a report in 1994 indicating the presence of volatile organic compounds at levels requiring remediation at the Salina Public Water Supply Wells Site (the Site). The City adopted a proactive Policy and Action Plan to remediate the groundwater contamination, and on December 7, 1994, the City and KDHE entered into a Consent Order and Settlement Agreement under which the City assumed primary responsibility for the further investigation and remediation of the groundwater contamination. Field testing work has been completed. The necessary remediation work will be conducted over the next several years at a yet undetermined cost to the City's Water and Sewer Fund.

The U.S. Government Department of Defense transferred property located at the former Schilling Air Force Base to the Authority September 9, 1966. The property is now known to contain areas of extensive soil and groundwater contamination, primarily from the use and disposal of chlorinated solvents and petroleum products caused by activities at the former base during its period of active military duty from 1942 to 1965.

The U.S. Government Department of Defense is responsible for the investigation and remediation of contamination caused by military activities at current and former military bases. The U.S. Army Corps of Engineers (USACE) is the lead agency for the Department at formerly used defense sites. The Corps has completed investigation of soil and groundwater contamination at the former base under the regulatory oversight of the U.S. Environmental Protection Agency and the Kansas Department of Health and Environment. The former base is not designated as a National Priority List Superfund site, but investigation and remediation is required to be in compliance with the Comprehensive Environmental Response, Compensation and Liability Act.

Potential liability for contamination under the Act extends broadly to parties associated with the release or presence of hazardous substances, including not only those entities involved with contaminant use and disposal, but in some cases other current and former owners and operators of contaminated sites. As a current owner of extensive amounts of property at the former base, the Authority is potentially liable under the act.

The Authority has determined that while a possible liability exists, it is not probable and at this time no reasonable estimate of the possible liability can be made. Therefore, no liability relating to that matter has been recorded. The Authority is under no administrative orders from the U.S. Environmental Protection Agency or the Kansas Department of Health and Environment. The Authority is considered to be a Potentially Responsible Party for the former base site, primarily due to its status as a property owner. The Salina Airport Authority, Unified School District No. 305 and the Kansas Board of Regents (Kansas State University at Salina) collectively own over 90% of the nearly 4,000 acres of the former Schilling Air Force Base property.

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 5. OTHER INFORMATION (Continued)

H. Environmental Matters (Continued)

Beginning in August 2007, the four local public entities including the Salina Airport Authority, the City of Salina, the Salina School District and Kansas State University at Salina initiated negotiations with the U.S. Federal Government. The negotiation objectives include transferring the responsibility for completing the cleanup from the USACE to the Salina public entities. The local objective is to reach a settlement agreement with the U.S. Federal Government that provides the Salina public entities sufficient funds to complete cleanup operations over a 30-year period.

During calendar year 2008, the Salina public entities prepared a detailed Cost to Complete Estimate (CTC). The CTC preparation included consultation with the EPA and KDHE. The Salina public entities' CTC was completed in June of 2008 and submitted to the USACE.

Subsequently, on January 23, 2009, the Salina public entities delivered a demand letter to the USACE. The letter demands that settlement negotiations begin immediately with the U.S. Dept. of Justice. On May 14, 2009, the Authority was notified that the USACE referred the former SAFB demand letter to the U.S. Department of Justice on May 12, 2009. It is expected that the negotiations will result in a settlement Consent Decree that will specify terms, conditions and funding enabling the Salina public entities to complete site clean-up.

I. Postemployment Health Care Plan

Plan Description. The City operates a single employer defined benefit healthcare plan administered by the City. The Employee Benefit Plan (the Plan) provides medical and dental benefits to eligible early retirees and their spouses. KSA 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

Funding Policy. The contribution requirements of plan participants and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. Plan participants contributed approximately \$96,672 to the Plan (approximately 100% of total premiums) through their required contribution of \$416 per month for retiree-only coverage and \$702 for spouse coverage.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the Plan:

Annual required contribution	\$ 910,418
Annual OPEB cost (expense)	910,418
Benefit payments	96,672
Change in net OPEB obligation	813,746
Net OPEB obligation - beginning of year	-
Net OPEB obligation - end of year	\$ 813,746

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2008

Note 5. OTHER INFORMATION (Continued)

I. Postemployment Health Care Plan (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2008 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 910,418	\$ 96,672	\$ 813,746

The information for the two preceding years was not available.

Funding Status and Funding Progress. As of the year ended December 31, 2008, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$8,917,346 and the actuarial value of asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,917,346. The covered payroll (annual payroll of active employees covered by the plan) was \$21,874,112, and the ratio of the UAAL to the covered payroll was 40.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the year ended December 31, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.50% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an initial annual healthcare cost trend of 6.80% for medical and 5.67% for dental, reduced by decrements to ultimate rates of 4.50% and 4.00% after eighty and thirteen years, respectively. The UAAL is being amortized as a level dollar over an open thirty-year period.

J. Related Party Transactions

The City paid \$851 during the year ended December 31, 2008, to a travel agency owned by a City Commissioner.

CITY OF SALINA, KANSAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2008

Note 5. OTHER INFORMATION (Continued)

K. Subsequent Events

In July, 2009, the City issued Series 2009-A general obligation internal improvement bonds in the amount of \$23,695,000. The bond proceeds will be used to fund various capital projects. The City will make the first payment on bonds on April 1, 2010 and the last payment on October 1, 2029. The interest rate on the bonds ranges from 2.00 to 5.00%.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SALINA, KANSAS
 OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2008

Schedule of Employer Contributions:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 910,418	\$ 96,672	\$ 813,746

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percent of Payroll (b-a)/(c)
12/31/2008	\$ -	\$ 8,917,346	\$ 8,917,346	0.0%	\$ 21,874,112	40.8%

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 GENERAL FUND
 For the Year Ended December 31, 2008

	Actual	Budgeted Amounts		Variance with
		Original	Final	Final Budget Positive [Negative]
Revenues				
Taxes				
Real estate taxes	\$ 2,240,703	\$ 2,269,431	\$ 2,269,431	\$ [28,728]
Delinquent taxes	64,306	50,000	65,000	[694]
Motor vehicle taxes	241,931	234,288	234,288	7,643
General sales tax	11,985,856	12,090,077	12,050,000	[64,144]
Other taxes	3,899,956	3,695,000	4,051,780	[151,824]
Total taxes	<u>18,432,752</u>	<u>18,338,796</u>	<u>18,670,499</u>	<u>[237,747]</u>
Charges for Services				
General charges	112,260	-	311,275	[199,015]
General government	490	7,725	7,725	[7,235]
Public safety	3,467,956	3,515,000	3,515,000	[47,044]
Public works	120,280	176,000	176,000	[55,720]
Health and sanitation	46,073	38,500	38,500	7,573
Culture and recreation	623,402	658,000	658,000	[34,598]
Community and economic development	8,489	8,500	8,500	[11]
Total charges for services	<u>4,378,950</u>	<u>4,403,725</u>	<u>4,715,000</u>	<u>[336,050]</u>
Operating grants, restricted				
General grants	208,493	160,000	160,000	48,493
Public safety	700,000	890,000	890,000	[190,000]
Total operating grants, restricted	<u>908,493</u>	<u>1,050,000</u>	<u>1,050,000</u>	<u>[141,507]</u>
Operating grants, unrestricted				
General grants	383	-	-	383
Public safety	2,787	-	-	2,787
Public works	3,100	1,000	-	3,100
Total operating grants, unrestricted	<u>6,270</u>	<u>1,000</u>	<u>-</u>	<u>6,270</u>
Interest income				
General interest	161,161	600,000	300,000	[138,839]
Total interest income	<u>161,161</u>	<u>600,000</u>	<u>300,000</u>	<u>[138,839]</u>
Interfund services provided				
General services	1,968,447	768,500	768,500	1,199,947
General government	1,066,306	1,147,000	1,147,000	[80,694]
Community and economic development	135,000	135,000	135,000	-
Total interfund services provided	<u>3,169,753</u>	<u>2,050,500</u>	<u>2,050,500</u>	<u>1,119,253</u>
Miscellaneous revenues				
General miscellaneous revenues	123,415	84,500	134,500	[11,085]
General government	310	-	-	310
Public safety	203,137	63,000	63,000	140,137
Public works	6,128	40,000	40,000	[33,872]
Culture and recreation	24,437	-	-	24,437
Community and economic development	1,208	-	-	1,208
Total miscellaneous revenues	<u>358,635</u>	<u>187,500</u>	<u>237,500</u>	<u>121,135</u>
Proceeds of capital assets				
General sales	14,301	30,000	30,000	[15,699]
Total proceeds of capital assets	<u>14,301</u>	<u>30,000</u>	<u>30,000</u>	<u>[15,699]</u>
Total revenues	<u>27,430,315</u>	<u>26,661,521</u>	<u>27,053,499</u>	<u>376,816</u>

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND (Continued)

For the Year Ended December 31, 2008

	Actual	Budgeted Amounts		Variance with
		Original	Final	Final Budget Positive [Negative]
Expenditures				
General Government				
City commission	\$ 85,940	\$ 110,450	\$ 110,450	\$ 24,510
City manager	453,930	460,206	460,206	6,276
Legal	273,053	155,800	155,800	[117,253]
Finance	444,702	475,534	475,534	30,832
Human resources	307,194	322,703	322,703	15,509
Other general government	1,303,909	1,307,704	1,307,704	3,795
Contingencies	70,271	200,000	376,558	306,287
Total general government	<u>2,938,999</u>	<u>3,032,397</u>	<u>3,208,955</u>	<u>269,956</u>
Public Safety				
Police	6,437,649	6,245,381	6,245,381	[192,268]
Municipal court	1,307,055	1,489,949	1,489,949	182,894
Fire	<u>6,132,309</u>	<u>5,719,514</u>	<u>5,719,514</u>	<u>[412,795]</u>
Total public safety	<u>13,877,013</u>	<u>13,454,844</u>	<u>13,454,844</u>	<u>[422,169]</u>
Public Works				
Buildings and general improvements	745,964	894,400	894,400	148,436
Engineering	765,956	687,640	687,640	[78,316]
Streets	1,528,008	1,533,602	1,533,602	5,594
Flood works	189,654	163,595	163,595	[26,059]
Traffic control	669,041	649,789	649,789	[19,252]
Parks	1,253,506	1,235,883	1,235,883	[17,623]
ADA compliance	8,111	15,000	15,000	6,889
Total public works	<u>5,160,240</u>	<u>5,179,909</u>	<u>5,179,909</u>	<u>19,669</u>
Public Health and Sanitation				
Cemetery	120,177	107,152	107,152	[13,025]
Health department	<u>988,390</u>	<u>988,390</u>	<u>988,390</u>	<u>-</u>
Total public health and sanitation	<u>1,108,567</u>	<u>1,095,542</u>	<u>1,095,542</u>	<u>[13,025]</u>
Culture and Recreation				
Swimming pools	93,231	71,475	71,475	[21,756]
Neighborhood centers	60,003	57,219	57,219	[2,784]
Recreation	1,445,836	1,432,685	1,432,685	[13,151]
Arts and humanities	331,079	334,999	334,999	3,920
Smoky Hill museum	<u>365,968</u>	<u>374,353</u>	<u>374,353</u>	<u>8,385</u>
Total culture and recreation	<u>2,296,117</u>	<u>2,270,731</u>	<u>2,270,731</u>	<u>[25,386]</u>
Community Development				
Human relations	254,409	264,582	264,582	10,173
Development services	1,145,596	1,203,012	1,203,012	57,416
Agency contracts	<u>660,417</u>	<u>453,325</u>	<u>453,325</u>	<u>[207,092]</u>
Total community development	<u>2,060,422</u>	<u>1,920,919</u>	<u>1,920,919</u>	<u>[139,503]</u>
Capital Outlay				
Capital outlay	1,033,783	1,020,986	1,020,986	[12,797]
Cash Reserve	<u>-</u>	<u>2,385,338</u>	<u>2,185,438</u>	<u>2,185,438</u>
Total expenditures	<u>28,475,141</u>	<u>30,360,666</u>	<u>30,337,324</u>	<u>1,862,183</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,044,826]</u>	<u>[3,699,145]</u>	<u>[3,283,825]</u>	<u>2,238,999</u>

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)

GENERAL FUND (Continued)

For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Other financing sources [uses]				
Transfer [out]	\$ [260,000]	\$ [290,000]	\$ [489,900]	\$ 229,900
Total other financing sources [uses]	<u>[260,000]</u>	<u>[290,000]</u>	<u>[489,900]</u>	<u>229,900</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[1,304,826]	[3,989,145]	[3,773,725]	2,468,899
Unreserved fund balance, January 1	5,086,820	5,489,145	5,097,571	[10,751]
Prior year cancelled encumbrances	<u>44,707</u>	<u>-</u>	<u>-</u>	<u>44,707</u>
Unreserved fund balance, December 31	3,826,701	<u>\$ 1,500,000</u>	<u>\$ 1,323,846</u>	<u>\$ 2,502,855</u>
Reconciliation to GAAP				
Interest receivable	159,657			
Accounts receivable	1,643,142			
Inventory	126,429			
Current year encumbrances	<u>273,594</u>			
GAAP Fund Balance, December 31	<u>\$ 6,029,523</u>			

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 EMPLOYEE BENEFITS FUND

For the Year Ended December 31, 2008

	Actual	Budgeted Amounts		Variance with
		Original	Final	Final Budget Positive [Negative]
Revenues				
Taxes				
Real estate taxes	\$ 5,177,658	\$ 5,214,215	\$ 5,214,215	\$ [36,557]
Delinquent taxes	148,538	55,000	55,000	93,538
Motor vehicle taxes	<u>668,205</u>	<u>649,776</u>	<u>649,776</u>	<u>18,429</u>
Total taxes	5,994,401	5,918,991	5,918,991	75,410
Miscellaneous revenues				
General miscellaneous revenues	<u>38,703</u>	<u>2,000</u>	<u>2,000</u>	<u>36,703</u>
Total revenues	<u>6,033,104</u>	<u>5,920,991</u>	<u>5,920,991</u>	<u>112,113</u>
Expenditures				
General Government				
City commission	1,418	1,418	1,418	-
City manager	116,442	98,200	98,200	[18,242]
Finance	99,015	106,845	106,845	7,830
Human resources	<u>46,569</u>	<u>59,010</u>	<u>59,010</u>	<u>12,441</u>
Total general government	<u>263,444</u>	<u>265,473</u>	<u>265,473</u>	<u>2,029</u>
Public Safety				
Police	1,842,285	1,801,000	1,801,000	[41,285]
Municipal court	168,132	182,055	182,055	13,923
Fire	<u>1,864,271</u>	<u>1,820,760</u>	<u>1,820,760</u>	<u>[43,511]</u>
Total public safety	<u>3,874,688</u>	<u>3,803,815</u>	<u>3,803,815</u>	<u>[70,873]</u>
Public Works				
Buildings and general improvements	94,545	105,600	105,600	11,055
Engineering	167,245	149,000	149,000	[18,245]
Streets	348,350	345,500	345,500	[2,850]
Flood works	41,760	45,080	45,080	3,320
Traffic control	54,918	47,960	47,960	[6,958]
Parks	<u>294,057</u>	<u>305,117</u>	<u>305,117</u>	<u>11,060</u>
Total public works	<u>1,000,875</u>	<u>998,257</u>	<u>998,257</u>	<u>[2,618]</u>

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 EMPLOYEE BENEFITS FUND (Continued)
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Expenditures - continued				
Public Health and Sanitation				
Cemetery	\$ 33,191	\$ 32,415	\$ 32,415	\$ [776]
Culture and Recreation				
Swimming pools	5,239	4,905	4,905	[334]
Neighborhood centers	5,922	9,026	9,026	3,104
Recreation	195,486	197,500	197,500	2,014
Bi-Centennial Center	230,787	247,415	247,415	16,628
Arts and humanities	74,727	92,000	92,000	17,273
Smoky Hill museum	73,775	65,600	65,600	[8,175]
Total culture and recreation	585,936	616,446	616,446	30,510
Community Development				
Human relations	74,294	61,980	61,980	[12,314]
Developmental services	256,885	240,900	240,900	[15,985]
Total community development	331,179	302,880	302,880	[28,299]
Cash Reserve	-	432,307	432,307	432,307
Total expenditures	6,089,313	6,451,593	6,451,593	362,280
Excess [deficiency] of revenues over [under] expenditures	[56,209]	[530,602]	[530,602]	474,393
Unreserved fund balance, January 1	845,856	830,602	830,602	15,254
Unreserved fund balance/GAAP fund balance December 31	\$ 789,647	\$ 300,000	\$ 300,000	\$ 489,647

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 FLOOD AND DRAINAGE IMPROVEMENT FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes				
Real estate taxes	\$ 181,056	\$ 181,591	\$ 181,591	\$ [535]
Delinquent taxes	5,576	3,000	3,000	2,576
Motor vehicle taxes	23,294	22,611	22,611	683
Total taxes	<u>209,926</u>	<u>207,202</u>	<u>207,202</u>	<u>2,724</u>
Total revenues	<u>209,926</u>	<u>207,202</u>	<u>207,202</u>	<u>2,724</u>
Expenditures				
Capital Outlay	128,432	220,337	220,337	91,905
Cash Reserve	-	100,000	100,000	100,000
Total expenditures	<u>128,432</u>	<u>320,337</u>	<u>320,337</u>	<u>191,905</u>
Excess [deficiency] of revenues over [under] expenditures	81,494	[113,135]	[113,135]	194,629
Unreserved fund balance, January 1	<u>421,660</u>	<u>113,135</u>	<u>113,135</u>	<u>308,525</u>
Unreserved fund balance, December 31	503,154	\$ -	\$ -	\$ 503,154
Reconciliation to GAAP				
Current year encumbrances	<u>4,029</u>			
GAAP Fund Balance, December 31	<u>\$ 507,183</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 TOURISM AND CONVENTION FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes				
Other taxes	\$ 1,066,529	\$ 1,000,000	\$ 1,066,529	\$ -
Interest income				
General interest	<u>205</u>	<u>-</u>	<u>25</u>	<u>180</u>
Total revenues	<u>1,066,734</u>	<u>1,000,000</u>	<u>1,066,554</u>	<u>180</u>
Expenditures				
Community Development				
Tourism	<u>639,917</u>	<u>600,000</u>	<u>639,932</u>	<u>15</u>
Total expenditures	<u>639,917</u>	<u>600,000</u>	<u>639,932</u>	<u>15</u>
Excess [deficiency] of revenues over [under] expenditures	<u>426,817</u>	<u>400,000</u>	<u>426,622</u>	<u>195</u>
Other financing sources [uses]				
Transfer [out]	<u>[426,612]</u>	<u>[400,000]</u>	<u>[426,622]</u>	<u>10</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>205</u>	<u>-</u>	<u>-</u>	<u>205</u>
Unreserved fund balance, January 1	<u>1,367</u>	<u>-</u>	<u>-</u>	<u>1,367</u>
Unreserved fund balance, December 31	<u>1,572</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,572</u>
Reconciliation to GAAP				
Accounts receivable	<u>273,096</u>			
GAAP Fund Balance, December 31	<u>\$ 274,668</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL GAS FUND

For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive <u>[Negative]</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Operating grants, restricted				
Public works	\$ 1,480,852	\$ 1,550,000	\$ 1,550,000	\$ [69,148]
Interest income				
General interest	37,257	40,000	40,000	[2,743]
Miscellaneous	25,168	-	-	25,168
Total revenues	<u>1,543,277</u>	<u>1,590,000</u>	<u>1,590,000</u>	<u>[46,723]</u>
Expenditures				
Public works				
Streets	346,786	450,540	450,540	103,754
Capital Outlay	1,412,294	1,383,477	1,383,477	[28,817]
Cash Reserve	-	500,000	500,000	500,000
Total expenditures	<u>1,759,080</u>	<u>2,334,017</u>	<u>2,334,017</u>	<u>574,937</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[215,803]</u>	<u>[744,017]</u>	<u>[744,017]</u>	<u>528,214</u>
Other financing sources [uses]				
Transfer in	<u>180,000</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[35,803]</u>	<u>[564,017]</u>	<u>[564,017]</u>	<u>528,214</u>
Unreserved fund balance, January 1	1,221,926	564,017	564,017	657,909
Prior year cancelled encumbrances	<u>1,528</u>	<u>-</u>	<u>-</u>	<u>1,528</u>
Unreserved fund balance, December 31	1,187,651	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,187,651</u>
Reconciliation to GAAP				
Taxes receivable	304,664			
Current year encumbrances	<u>301,063</u>			
GAAP Fund Balance, December 31	<u>\$ 1,793,378</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 BICENTENNIAL CENTER FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Culture and recreation	\$ 985,398	\$ 860,000	\$ 925,000	\$ 60,398
Interest income				
General interest	-	7,000	-	-
Total revenues	<u>985,398</u>	<u>867,000</u>	<u>925,000</u>	<u>60,398</u>
Expenditures				
Culture and Recreation				
Bi-Centennial Center	1,649,483	1,678,054	1,718,616	69,133
Capital Outlay	12,344	33,500	4,000	[8,344]
Total expenditures	<u>1,661,827</u>	<u>1,711,554</u>	<u>1,722,616</u>	<u>60,789</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[676,429]</u>	<u>[844,554]</u>	<u>[797,616]</u>	<u>121,187</u>
Other financing sources [uses]				
Transfer in	636,612	650,000	676,622	[40,010]
Total other financing sources [uses]	<u>636,612</u>	<u>650,000</u>	<u>676,622</u>	<u>[40,010]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[39,817]</u>	<u>[194,554]</u>	<u>[120,994]</u>	<u>81,177</u>
Unreserved fund balance, January 1	<u>113,394</u>	<u>194,554</u>	<u>120,994</u>	<u>[7,600]</u>
Unreserved fund balance, December 31	73,577	\$ -	\$ -	\$ <u>73,577</u>
Reconciliation to GAAP				
Accounts receivable	<u>62,354</u>			
GAAP Fund Balance, December 31	<u>\$ 135,931</u>			

See independent auditor's report on the financial statements.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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CITY OF SALINA, KANSAS
COMBINING STATEMENTS - NONMAJOR FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Business improvement district fund - State law allows businesses within an area to voluntarily establish an improvement City. This fund is used to account for the assessments made on the District. All revenues are to be used within the Business Improvement District.

Neighborhood park fund - To account for fees collected from new residential building projects in Salina. Expenditures are for acquisition or development of neighborhood parks in the growing areas of the community.

Special parks and recreation fund - To account for liquor tax revenues, which must be used for park maintenance and improvements.

Special alcohol fund - To account for liquor tax revenues, which must be used for programs, which address prevention, education or intervention for drug and alcohol abuse.

Bicentennial center event fund - To account for the revenues and expenses associated with special events (concerts, shows, etc.) at the City's convention center.

HUD community development fund - To account for grants received from the state to be used for housing or economic development purposes.

Community development revolving fund - To account for funds, which may be loaned for housing and economic development, purposes, to later be repaid and reused on a revolving basis.

Heritage commission fund - To account for revenues and expenses associated with heritage preservation activities.

Sales tax capital fund - To account for 87.5% of the 1/4 cent sales tax designated for capital, debt, and human services purposes.

Sales tax economic development fund - To account for 12.5% of the 1/4 cent sales tax designated for economic Development purposes.

Fair housing fund - To account for grants received from the federal government to be used to monitor and mediate fair housing complaints.

CDBG ED fund- To account for grants received from the federal government to be used for economic development loans to qualifying businesses.

HOME V fund - To account for grants received from the state government to be used for housing rehabilitation.

Special law enforcement fund - To account for revenues received from the sale of forfeited assets acquired during drug enforcement activities. Expenses are limited to capital items to be used for further drug enforcement activities.

Police grants fund - To account for revenues from grants, which are to be used for special police activities, including the D.A.R.E. program

D.A.R.E. donations fund - To account for donations to the D.A.R.E. program.

War memorial maintenance fund - To account for monies to be used for maintenance of the local war memorial.

Disaster recovery fund - To account for grants received from the state and federal government to be used for disaster recovery

CITY OF SALINA, KANSAS
COMBINING STATEMENTS - NONMAJOR FUNDS
NONMAJOR PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Cemetery endowment fund - To account for amounts expended for perpetual care of the City cemetery. Interest earnings are used for cemetery maintenance.

Mausoleum endowment fund - To account for amounts charged for perpetual care of the City mausoleum. Interest earnings are used for mausoleum maintenance.

Tricentennial commission fund - To account for donations to be used to celebrate the nation's tricentennial in the year 2076.

CITY OF SALINA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2008

	Total Nonmajor Special Revenue Funds	Total Nonmajor Permanent Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 4,077,206	\$ 418,585	\$ 694,887	\$ 5,190,678
Receivables				
Accounts	<u>52,558</u>	<u>-</u>	<u>-</u>	<u>52,558</u>
Total assets	<u>\$ 4,129,764</u>	<u>\$ 418,585</u>	<u>\$ 694,887</u>	<u>\$ 5,243,236</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 12,498	\$ -	\$ -	\$ 12,498
Due to other funds	<u>64,562</u>	<u>-</u>	<u>-</u>	<u>64,562</u>
Total liabilities	<u>77,060</u>	<u>-</u>	<u>-</u>	<u>77,060</u>
Fund balances:				
Reserved for encumbrances	1,769,860	-	-	1,769,860
Reserved for debt service	-	-	694,887	694,887
Unreserved				
Undesignated	<u>2,282,844</u>	<u>418,585</u>	<u>-</u>	<u>2,701,429</u>
Total fund balances	<u>4,052,704</u>	<u>418,585</u>	<u>694,887</u>	<u>5,166,176</u>
Total liabilities and fund balances	<u>\$ 4,129,764</u>	<u>\$ 418,585</u>	<u>\$ 694,887</u>	<u>\$ 5,243,236</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	Total Nonmajor Special Revenue Funds	Total Nonmajor Permanent Funds	Nonmajor Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 2,588,731	\$ -	\$ -	\$ 2,588,731
Intergovernmental	1,404,956	-	-	1,404,956
Charges for services	677,877	9,927	-	687,804
Licenses and permits	10,149	-	-	10,149
Investment revenue	100,863	9,696	3,435	113,994
Miscellaneous	75,116	-	-	75,116
	<u>4,857,692</u>	<u>19,623</u>	<u>3,435</u>	<u>4,880,750</u>
Total revenues				
EXPENDITURES				
Current				
Culture and recreation	608,734	-	-	608,734
Public health and sanitation	132,851	-	-	132,851
Planning and development	318,524	-	-	318,524
Miscellaneous	-	45	-	45
Debt service				
Principal retirement	25,000	-	-	25,000
Interest and other charges	6,932	-	33,548	40,480
Capital outlay	1,689,253	-	2,800,000	4,489,253
	<u>2,781,294</u>	<u>45</u>	<u>2,833,548</u>	<u>5,614,887</u>
Total expenditures				
Excess [deficiency] of revenues over [under] expenditures	<u>2,076,398</u>	<u>19,578</u>	<u>[2,830,113]</u>	<u>[734,137]</u>
Other financing sources [uses]				
Issuance of bonds	-	-	3,525,000	3,525,000
Transfers [out]	<u>[2,076,610]</u>	<u>-</u>	<u>-</u>	<u>[2,076,610]</u>
Total other financing sources [uses]	<u>[2,076,610]</u>	<u>-</u>	<u>3,525,000</u>	<u>1,448,390</u>
Net change in fund balance	[212]	19,578	694,887	714,253
Fund balance - Beginning of year	<u>4,052,916</u>	<u>399,007</u>	<u>-</u>	<u>4,451,923</u>
Fund balance - End of year	<u>\$ 4,052,704</u>	<u>\$ 418,585</u>	<u>\$ 694,887</u>	<u>\$ 5,166,176</u>

See independent auditor's report on the financial statements.

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CITY OF SALINA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 December 31, 2008

	Business Improvement District	Neighborhood Park	Special Parks & Recreation	Special Alcohol
ASSETS				
Cash and investments	\$ 2,342	\$ 196,605	\$ 129,231	\$ 40,199
Receivables				
Accounts	<u>52,558</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 54,900</u>	<u>\$ 196,605</u>	<u>\$ 129,231</u>	<u>\$ 40,199</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 2,394	\$ -	\$ 1,188	\$ 8,916
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,394</u>	<u>-</u>	<u>1,188</u>	<u>8,916</u>
 Fund balance:				
Reserved for encumbrances	-	-	43,108	-
Unreserved				
Undesignated [deficit]	<u>52,506</u>	<u>196,605</u>	<u>84,935</u>	<u>31,283</u>
Total fund balance [deficit]	<u>52,506</u>	<u>196,605</u>	<u>128,043</u>	<u>31,283</u>
 Total liabilities and fund balances	 <u>\$ 54,900</u>	 <u>\$ 196,605</u>	 <u>\$ 129,231</u>	 <u>\$ 40,199</u>

Bicentennial Center Event	HUD Community Dev.	Comm. Development. Revolving	Heritage Commission	Sales Tax Capital	Sales Tax Economic Development
\$ -	\$ 70,115	\$ 225,406	\$ 4	\$ 2,271,851	\$ 947,912
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 70,115</u>	<u>\$ 225,406</u>	<u>\$ 4</u>	<u>\$ 2,271,851</u>	<u>\$ 947,912</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>6,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>6,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	1,721,269	5,483
<u>[6,531]</u>	<u>70,115</u>	<u>225,406</u>	<u>4</u>	<u>550,582</u>	<u>942,429</u>
<u>[6,531]</u>	<u>70,115</u>	<u>225,406</u>	<u>4</u>	<u>2,271,851</u>	<u>947,912</u>
<u>\$ -</u>	<u>\$ 70,115</u>	<u>\$ 225,406</u>	<u>\$ 4</u>	<u>\$ 2,271,851</u>	<u>\$ 947,912</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)
 December 31, 2008

	Fair Housing	CDBG ED	HOME V	Special Law Enforcement
ASSETS				
Cash and investments	\$ 139,960	\$ 371	\$ -	\$ 14,262
Receivables				
Accounts	-	-	-	-
Total assets	<u>\$ 139,960</u>	<u>\$ 371</u>	<u>\$ -</u>	<u>\$ 14,262</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	58,031	-
Total liabilities	<u>-</u>	<u>-</u>	<u>58,031</u>	<u>-</u>
Fund balance:				
Reserved for encumbrances	-	-	-	-
Unreserved				
Undesignated [deficit]	139,960	371	[58,031]	14,262
Total fund balance [deficit]	<u>139,960</u>	<u>371</u>	<u>[58,031]</u>	<u>14,262</u>
Total liabilities and fund balances	<u>\$ 139,960</u>	<u>\$ 371</u>	<u>\$ -</u>	<u>\$ 14,262</u>

<u>Police Grants</u>	<u>DARE Donations</u>	<u>War Memorial Maintenance</u>	<u>Disaster Recovery</u>	<u>Totals</u>
\$ 21	\$ 1,868	\$ 37,059	\$ -	\$ 4,077,206
-	-	-	-	52,558
<u>\$ 21</u>	<u>\$ 1,868</u>	<u>\$ 37,059</u>	<u>\$ -</u>	<u>\$ 4,129,764</u>
\$ -	\$ -	\$ -	\$ -	\$ 12,498
-	-	-	-	64,562
-	-	-	-	77,060
-	-	-	-	1,769,860
21	1,868	37,059	-	2,282,844
<u>21</u>	<u>1,868</u>	<u>37,059</u>	<u>-</u>	<u>4,052,704</u>
<u>\$ 21</u>	<u>\$ 1,868</u>	<u>\$ 37,059</u>	<u>\$ -</u>	<u>\$ 4,129,764</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2008

	Business Improvement District	Neighborhood Park	Special Parks & Recreation	Special Alcohol
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	162,594	162,593
Charges for services	96,489	-	-	-
Licenses and permits	-	10,149	-	-
Investment revenue	217	4,472	3,136	94
Miscellaneous	-	-	21,515	-
Total Revenues	<u>96,706</u>	<u>14,621</u>	<u>187,245</u>	<u>162,687</u>
Expenditures				
Current				
Culture and recreation	-	-	-	-
Public health and sanitation	-	-	-	132,851
Planning and development	95,525	-	-	-
Debt service				
Principal retirement	-	-	25,000	-
Interest and other charges	-	-	6,932	-
Capital outlay	-	-	157,376	-
Total Expenditures	<u>95,525</u>	<u>-</u>	<u>189,308</u>	<u>132,851</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,181</u>	<u>14,621</u>	<u>[2,063]</u>	<u>29,836</u>
Other financing sources [uses]				
Transfers [out]	-	-	-	-
Total other financing sources [uses]	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,181	14,621	[2,063]	29,836
Fund balance, beginning of year	<u>51,325</u>	<u>181,984</u>	<u>130,106</u>	<u>1,447</u>
Fund balance, end of year	<u>\$ 52,506</u>	<u>\$ 196,605</u>	<u>\$ 128,043</u>	<u>\$ 31,283</u>

Bicentennial Center Event	HUD Community Development	Community Development Revolving	Heritage Commission	Sales Tax Capital	Sales Tax Economic Development
\$ -	\$ -	\$ -	\$ -	\$ 2,265,139	\$ 323,592
-	-	-	-	-	-
581,388	-	-	-	-	-
-	-	-	-	-	-
-	1,646	5,208	-	58,738	20,502
-	-	5,922	-	-	-
<u>581,388</u>	<u>1,646</u>	<u>11,130</u>	<u>-</u>	<u>2,323,877</u>	<u>344,094</u>
608,013	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,158,509	210,389
<u>608,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,158,509</u>	<u>210,389</u>
<u>[26,625]</u>	<u>1,646</u>	<u>11,130</u>	<u>-</u>	<u>1,165,368</u>	<u>133,705</u>
-	-	-	-	[940,000]	-
-	-	-	-	[940,000]	-
[26,625]	1,646	11,130	-	225,368	133,705
<u>20,094</u>	<u>68,469</u>	<u>214,276</u>	<u>4</u>	<u>2,046,483</u>	<u>814,207</u>
<u>\$ [6,531]</u>	<u>\$ 70,115</u>	<u>\$ 225,406</u>	<u>\$ 4</u>	<u>\$ 2,271,851</u>	<u>\$ 947,912</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended December 31, 2008

	Fair <u>Housing</u>	CDBG <u>ED</u>	HOME <u>V</u>	Special Law <u>Enforcement</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	63,200	-	-	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Investment revenue	5,497	-	-	334
Miscellaneous	<u>272</u>	<u>47,407</u>	-	-
Total Revenues	<u>68,969</u>	<u>47,407</u>	-	<u>334</u>
Expenditures				
Current				
Culture and recreation	-	-	-	-
Public health and sanitation	-	-	-	-
Planning and development	161,030	49,695	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	<u>1,990</u>	-	-	-
Total Expenditures	<u>163,020</u>	<u>49,695</u>	-	-
Excess [deficiency] of revenues over [under] expenditures	<u>[94,051]</u>	<u>[2,288]</u>	-	<u>334</u>
Other financing sources [uses]				
Transfers [out]	-	-	-	-
Total other financing sources [uses]	-	-	-	-
Net change in fund balance	[94,051]	[2,288]	-	334
Fund balance, beginning of year	<u>234,011</u>	<u>2,659</u>	<u>[58,031]</u>	<u>13,928</u>
Fund balance, end of year	<u>\$ 139,960</u>	<u>\$ 371</u>	<u>\$ [58,031]</u>	<u>\$ 14,262</u>

	Police <u>Grants</u>	DARE <u>Donations</u>	War Memorial <u>Maintenance</u>	Disaster <u>Recovery</u>	<u>Totals</u>
\$	-	\$ -	\$ -	\$ -	\$ 2,588,731
	-	-	-	1,016,569	1,404,956
	-	-	-	-	677,877
	-	-	-	-	10,149
	-	147	872	-	100,863
	-	-	-	-	75,116
	-	<u>147</u>	<u>872</u>	<u>1,016,569</u>	<u>4,857,692</u>
	-	-	721	-	608,734
	-	-	-	-	132,851
	-	12,274	-	-	318,524
	-	-	-	-	25,000
	-	-	-	-	6,932
	[38]	-	-	161,027	1,689,253
	[38]	<u>12,274</u>	<u>721</u>	<u>161,027</u>	<u>2,781,294</u>
	<u>38</u>	<u>[12,127]</u>	<u>151</u>	<u>855,542</u>	<u>2,076,398</u>
	-	-	-	[1,136,610]	[2,076,610]
	-	-	-	[1,136,610]	[2,076,610]
	38	[12,127]	151	[281,068]	[212]
	[17]	<u>13,995</u>	<u>36,908</u>	<u>281,068</u>	<u>4,052,916</u>
\$	<u>21</u>	\$ <u>1,868</u>	\$ <u>37,059</u>	\$ -	\$ <u>4,052,704</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR PERMANENT FUNDS
 December 31, 2008

ASSETS	<u>Cemetery Endowment</u>	<u>Mausoleum Endowment</u>	<u>Tricentennial Commission</u>	<u>Total</u>
Cash and investments	<u>\$ 379,510</u>	<u>\$ 33,511</u>	<u>\$ 5,564</u>	<u>\$ 418,585</u>
Total assets	<u>\$ 379,510</u>	<u>\$ 33,511</u>	<u>\$ 5,564</u>	<u>\$ 418,585</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Unreserved				
Undesignated	<u>379,510</u>	<u>33,511</u>	<u>5,564</u>	<u>418,585</u>
Total liabilities and fund balances	<u>\$ 379,510</u>	<u>\$ 33,511</u>	<u>\$ 5,564</u>	<u>\$ 418,585</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
For the Year Ended December 31, 2008

	Cemetery Endowment	Mausoleum Endowment	Tricentennial Commission	Total
Revenues				
Charges for services	\$ 9,927	\$ -	\$ -	\$ 9,927
Investment revenue	<u>8,778</u>	<u>787</u>	<u>131</u>	<u>9,696</u>
Total revenues	<u>18,705</u>	<u>787</u>	<u>131</u>	<u>19,623</u>
Expenditures				
Miscellaneous	<u>45</u>	<u>-</u>	<u>-</u>	<u>45</u>
Total expenditures	<u>45</u>	<u>-</u>	<u>-</u>	<u>45</u>
Net change in fund balance	18,660	787	131	19,578
Fund balances - beginning of year	<u>360,850</u>	<u>32,724</u>	<u>5,433</u>	<u>399,007</u>
Fund balances - end of year	<u>\$ 379,510</u>	<u>\$ 33,511</u>	<u>\$ 5,564</u>	<u>\$ 418,585</u>

See independent auditor's report on the financial statements.

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BUDGETARY SCHEDULES – OTHER FUNDS

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CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 BUSINESS IMPROVEMENT CITY FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive <u>[Negative]</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Community and Economic Development	\$ 95,246	\$ 90,000	\$ 94,000	\$ 1,246
Interest income				
General interest	<u>217</u>	<u>500</u>	<u>500</u>	<u>[283]</u>
Total revenues	<u>95,463</u>	<u>90,500</u>	<u>94,500</u>	<u>963</u>
Expenditures				
Community Development				
Business Improvement District	<u>95,525</u>	<u>90,500</u>	<u>94,500</u>	<u>[1,025]</u>
Total expenditures	<u>95,525</u>	<u>90,500</u>	<u>94,500</u>	<u>[1,025]</u>
Excess [deficiency] of revenues over [under] expenditures	[62]	-	-	[62]
Unreserved fund balance, January 1	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>
Unreserved fund balance, December 31	[52]	<u>\$ -</u>	<u>\$ -</u>	<u>\$ [52]</u>
Reconciliation to GAAP				
Accounts receivable	<u>52,558</u>			
GAAP Fund Balance, December 31	<u>\$ 52,506</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 NEIGHBORHOOD PARK FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Public works	\$ 10,149	\$ 20,000	\$ 20,000	\$ [9,851]
Interest income				
General interest	<u>4,472</u>	<u>8,000</u>	<u>8,000</u>	<u>[3,528]</u>
Total revenues	<u>14,621</u>	<u>28,000</u>	<u>28,000</u>	<u>[13,379]</u>
Expenditures				
Cash Reserve	<u>-</u>	<u>211,005</u>	<u>211,005</u>	<u>211,005</u>
Total expenditures	<u>-</u>	<u>211,005</u>	<u>211,005</u>	<u>211,005</u>
Excess [deficiency] of revenues over [under] expenditures	14,621	[183,005]	[183,005]	197,626
Unreserved fund balance, January 1	<u>181,984</u>	<u>183,005</u>	<u>183,005</u>	<u>[1,021]</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 196,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,605</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SPECIAL PARKS AND RECREATION FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Operating grants, restricted				
Culture and recreation	\$ 162,593	\$ 130,000	\$ 130,000	\$ 32,593
Interest income				
General interest	3,136	8,000	8,000	[4,864]
Miscellaneous	<u>21,515</u>	<u>-</u>	<u>-</u>	<u>21,515</u>
Total revenues	<u>187,244</u>	<u>138,000</u>	<u>138,000</u>	<u>49,244</u>
Expenditures				
Public works				
Contingency	-	10,000	10,000	10,000
Debt Service				
Principal	25,000	30,000	30,000	5,000
Interest and other charges	6,932	-	-	[6,932]
Capital Outlay	196,348	100,000	100,000	[96,348]
Cash Reserve	<u>-</u>	<u>113,880</u>	<u>113,880</u>	<u>113,880</u>
Total expenditures	<u>228,280</u>	<u>253,880</u>	<u>253,880</u>	<u>25,600</u>
Excess [deficiency] of revenues over [under] expenditures	[41,036]	[115,880]	[115,880]	74,844
Unreserved fund balance, January 1	<u>125,971</u>	<u>115,880</u>	<u>115,880</u>	<u>10,091</u>
Unreserved fund balance, December 31	84,935	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,935</u>
Reconciliation to GAAP				
Current year encumbrances	<u>43,108</u>			
GAAP Fund Balance, December 31	<u>\$ 128,043</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SPECIAL ALCOHOL FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Operating grants, restricted				
Health and sanitation	\$ 162,593	\$ 130,000	\$ 130,000	\$ 32,593
Interest income				
General interest	94	-	-	94
Total revenues	<u>162,687</u>	<u>130,000</u>	<u>130,000</u>	<u>32,687</u>
Expenditures				
Public Health and Sanitation				
Special alcohol	<u>132,851</u>	<u>130,000</u>	<u>130,000</u>	<u>[2,851]</u>
Total expenditures	<u>132,851</u>	<u>130,000</u>	<u>130,000</u>	<u>[2,851]</u>
Excess [deficiency] of revenues over [under] expenditures	29,836	-	-	29,836
Unreserved fund balance, January 1	<u>1,447</u>	-	-	<u>1,447</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 31,283</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,283</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SALES TAX CAPITAL FUND
 For the Year Ended December 31, 2008

	Actual	Budgeted Amounts		Variance with Final Budget Positive [Negative]
		Original	Final	
Revenues				
Taxes				
Selective sales tax	\$ 2,265,139	\$ 2,289,822	\$ 2,289,822	\$ [24,683]
Interest income				
General interest	<u>58,738</u>	<u>120,000</u>	<u>120,000</u>	<u>[61,262]</u>
Total revenues	<u>2,323,877</u>	<u>2,409,822</u>	<u>2,409,822</u>	<u>[85,945]</u>
Expenditures				
General Government				
Other General Gov't	117,567	120,000	120,000	2,433
Capital Outlay	2,733,279	1,855,000	1,855,000	[878,279]
Cash Reserve	<u>-</u>	<u>937,253</u>	<u>937,253</u>	<u>937,253</u>
Total expenditures	<u>2,850,846</u>	<u>2,912,253</u>	<u>2,912,253</u>	<u>58,974</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[526,969]</u>	<u>[502,431]</u>	<u>[502,431]</u>	<u>[24,538]</u>
Other financing sources [uses]				
Transfer [out]	<u>[940,000]</u>	<u>[940,000]</u>	<u>[940,000]</u>	<u>-</u>
Total other financing sources [uses]	<u>[940,000]</u>	<u>[940,000]</u>	<u>[940,000]</u>	<u>-</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[1,466,969]	[1,442,431]	[1,442,431]	[24,538]
Unreserved fund balance, January 1	2,003,133	1,442,431	1,442,431	560,702
Prior year cancelled encumbrances	<u>14,418</u>	<u>-</u>	<u>-</u>	<u>14,418</u>
Unreserved fund balance, December 31	550,582	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550,582</u>
Reconciliation to GAAP				
Current year encumbrances	<u>1,721,269</u>			
GAAP Fund Balance, December 31	<u>\$ 2,271,851</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SALES TAX ECONOMIC DEVELOPMENT FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes				
Selective sales tax	\$ 323,592	\$ 327,145	\$ 327,145	\$ [3,553]
Interest income				
General interest	<u>20,502</u>	<u>25,000</u>	<u>25,000</u>	<u>[4,498]</u>
Total revenues	<u>344,094</u>	<u>352,145</u>	<u>352,145</u>	<u>[8,051]</u>
Expenditures				
Community Development				
Economic development	<u>163,352</u>	<u>1,166,538</u>	<u>1,166,538</u>	<u>1,003,186</u>
Total expenditures	<u>163,352</u>	<u>1,166,538</u>	<u>1,166,538</u>	<u>1,003,186</u>
Excess [deficiency] of revenues over [under] expenditures	180,742	[814,393]	[814,393]	995,135
Unreserved fund balance, January 1	<u>761,687</u>	<u>864,393</u>	<u>864,393</u>	<u>[102,706]</u>
Unreserved fund balance, December 31	942,429	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 892,429</u>
Reconciliation to GAAP				
Current year encumbrances	<u>5,483</u>			
GAAP Fund Balance, December 31	<u>\$ 947,912</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 FAIR HOUSING FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Operating grants, restricted				
Community and economic development	\$ 63,472	\$ 65,000	\$ 65,000	\$ [1,528]
Interest income				
General interest	5,497	12,000	12,000	[6,503]
Total revenues	<u>68,969</u>	<u>77,000</u>	<u>77,000</u>	<u>[8,031]</u>
Expenditures				
Community Development				
Human relations	161,030	164,000	164,000	2,970
Capital Outlay	1,990	1,000	1,000	[990]
Cash Reserve	-	138,113	138,113	138,113
Total expenditures	<u>163,020</u>	<u>303,113</u>	<u>303,113</u>	<u>140,093</u>
Excess [deficiency] of revenues over [under] expenditures	[94,051]	[226,113]	[226,113]	132,062
Unreserved fund balance, January 1	<u>234,011</u>	<u>226,113</u>	<u>226,113</u>	<u>7,898</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 139,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,960</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
DEBT SERVICE FUND

For the Year Ended December 31, 2008

	Actual	Budgeted Amounts		Variance with Final Budget Positive [Negative]
		Original	Final	
Revenues				
Taxes				
Real estate taxes	\$ 1,484,503	\$ 1,492,432	\$ 1,492,432	\$ [7,929]
Delinquent taxes	44,091	40,000	40,000	4,091
Motor vehicle taxes	186,074	180,746	180,746	5,328
Total taxes	<u>1,714,668</u>	<u>1,713,178</u>	<u>1,713,178</u>	<u>1,490</u>
Charges for services				
Special assessments	1,178,122	1,026,690	1,026,690	151,432
Interest income				
General interest	50,344	80,000	80,000	[29,656]
Miscellaneous revenues				
General miscellaneous revenues	<u>-</u>	<u>30,000</u>	<u>30,000</u>	<u>[30,000]</u>
Other Financing Sources				
General Sources	<u>21,708</u>	<u>-</u>	<u>-</u>	<u>21,708</u>
Total revenues	<u>2,964,842</u>	<u>2,849,868</u>	<u>2,849,868</u>	<u>114,974</u>
Expenditures				
Debt Service				
Principal	2,786,702	3,106,093	3,106,093	319,391
Interest and other charges	<u>1,095,853</u>	<u>1,088,756</u>	<u>1,088,756</u>	<u>[7,097]</u>
Total expenditures	<u>3,882,555</u>	<u>4,194,849</u>	<u>4,194,849</u>	<u>312,294</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[917,713]</u>	<u>[1,344,981]</u>	<u>[1,344,981]</u>	<u>427,268</u>
Other financing sources [uses]				
Transfer in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total other financing sources [uses]	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[417,713]</u>	<u>[844,981]</u>	<u>[844,981]</u>	<u>427,268</u>
Unreserved fund balance, January 1	<u>1,210,457</u>	<u>844,981</u>	<u>844,981</u>	<u>365,476</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 792,744</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 792,744</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
SOLID WASTE DISPOSAL FUND
For the Year Ended December 31, 2008

	Actual	Budgeted Amounts		Variance with
		Original	Final	Final Budget Positive [Negative]
Revenues				
Charges for services				
Health and sanitation	\$ 2,333,345	\$ 2,194,000	\$ 2,194,000	\$ 139,345
Interest income				
General interest	59,182	150,000	150,000	[90,818]
Interfund services provided				
Health and sanitation	450,149	515,645	515,645	[65,496]
Miscellaneous revenues				
Health and sanitation	11,430	20,000	20,000	[8,570]
Total revenues	<u>2,854,106</u>	<u>2,879,645</u>	<u>2,879,645</u>	<u>[25,539]</u>
Expenditures				
Public Health and Sanitation				
Solid waste	1,789,524	2,288,832	2,288,832	499,308
Hazardous waste disposal	92,595	94,841	94,841	2,246
Total public health and sanitation	<u>1,882,119</u>	<u>2,383,673</u>	<u>2,383,673</u>	<u>501,554</u>
Debt Service				
Principal	373,000	412,334	412,334	39,334
Interest	47,588	99,675	99,675	52,087
Total debt service	<u>420,588</u>	<u>512,009</u>	<u>512,009</u>	<u>91,421</u>
Capital Outlay	525,809	635,100	635,100	109,291
Cash Reserve	-	1,769,553	1,769,553	1,769,553
Total expenditures	<u>2,828,516</u>	<u>5,300,335</u>	<u>5,300,335</u>	<u>2,471,819</u>
Excess [deficiency] of revenues over [under] expenditures	25,590	[2,420,690]	[2,420,690]	2,446,280
Other financing sources [uses]				
Transfers [out]	[229,909]	-	-	[229,909]
Total other financing sources [uses]	<u>[229,909]</u>	<u>-</u>	<u>-</u>	<u>[229,909]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[204,319]	[2,420,690]	[2,420,690]	2,216,371
Unreserved fund balances, January 1	2,364,808	2,420,690	2,420,690	[55,882]
Prior year cancelled encumbrances	19,500	-	-	19,500
Unreserved fund balances, December 31	<u>\$ 2,179,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,179,989</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
WATER AND SEWER FUND

For the Year Ended December 31, 2008

	Actual	Budgeted Amounts		Variance with
		Original	Final	Final Budget Positive [Negative]
Revenues				
Charges for services				
Water and wastewater	\$ 13,761,503	\$ 14,542,250	\$ 14,542,250	\$ [780,747]
Interest income				
General interest	176,474	340,000	340,000	[163,526]
Interfund services provided				
General services	27,715	26,000	26,000	1,715
Water and wastewater	54,959	250,000	250,000	[195,041]
Total interfund services	82,674	276,000	276,000	[193,326]
Miscellaneous revenues				
General miscellaneous revenues	8,818	-	-	8,818
Water and wastewater	214,807	240,000	240,000	[25,193]
Total miscellaneous revenues	223,625	240,000	240,000	[16,375]
Total revenues	14,244,276	15,398,250	15,398,250	[1,153,974]
Expenditures				
Water and Wastewater				
Water	7,605,048	8,439,178	8,439,178	834,130
Sewer	2,777,581	3,140,764	3,140,764	363,183
Total water and wastewater	10,382,629	11,579,942	11,579,942	1,197,313
Capital Outlay	970,561	1,940,250	1,940,250	969,689
Debt Service				
Interest and other	-	25	25	25
Cash Reserve	-	2,964,222	2,964,222	2,964,222
Total expenditures	11,353,190	16,484,439	16,484,439	5,131,249
Excess [deficiency] of revenues over [under] expenditures	2,891,086	[1,086,189]	[1,086,189]	3,977,275
Other financing sources [uses]				
Transfers in	151,832	-	-	151,832
Transfers [out]	[2,473,525]	[2,494,167]	[2,494,167]	20,642
Total other financing sources [uses]	[2,321,693]	[2,494,167]	[2,494,167]	172,474
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	569,393	[3,580,356]	[3,580,356]	4,149,749
Unreserved fund balances, January 1	6,384,567	3,580,356	3,580,356	2,804,211
Prior year cancelled encumbrances	[353]	-	-	[353]
Unreserved fund balances, December 31	\$ 6,953,607	\$ -	\$ -	\$ 6,953,607

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
SANITATION FUND

For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Health and sanitation	\$ 2,180,259	\$ 2,216,500	\$ 2,216,500	\$ [36,241]
Interest income				
General interest	15,935	34,000	34,000	[18,065]
Charges for services				
Miscellaneous revenues	<u>492</u>	<u>-</u>	<u>-</u>	<u>492</u>
Total revenues	<u>2,196,686</u>	<u>2,250,500</u>	<u>2,250,500</u>	<u>[53,814]</u>
Expenditures				
Public Health and Sanitation				
Sanitation	2,044,830	2,027,925	2,027,925	[16,905]
Capital Outlay	146,541	156,740	156,740	10,199
Cash Reserve	<u>-</u>	<u>576,901</u>	<u>576,901</u>	<u>576,901</u>
Total expenditures	<u>2,191,371</u>	<u>2,761,566</u>	<u>2,761,566</u>	<u>570,195</u>
Excess [deficiency] of revenues over [under] expenditures	5,315	[511,066]	[511,066]	516,381
Unreserved fund balance, January 1	510,713	511,066	511,066	[353]
Prior year cancelled encumbrances	<u>141</u>	<u>-</u>	<u>-</u>	<u>141</u>
Unreserved fund balances, December 31	<u>\$ 516,169</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 516,169</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
 GOLF COURSE DIVISION FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Culture and recreation	\$ 751,252	\$ 846,300	\$ 846,300	\$ [95,048]
Interest income				
General interest	1,194	4,000	4,000	[2,806]
Miscellaneous revenues				
General miscellaneous revenues	824	-	-	824
Culture and recreation	26,923	35,000	35,000	[8,077]
Total miscellaneous revenues	27,747	35,000	35,000	[7,253]
Total revenues	780,193	885,300	885,300	[105,107]
Expenditures				
Culture and Recreation				
Golf course	810,849	836,847	836,847	25,998
Capital Outlay	-	40,000	40,000	40,000
Cash Reserve	-	95,793	95,793	95,793
Total expenditures	810,849	972,640	972,640	161,791
Excess [deficiency] of revenues over [under] expenditures	[30,656]	[87,340]	[87,340]	56,684
Other financing sources [uses]				
Transfer in	82,125	-	50,000	32,125
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	51,469	[87,340]	[37,340]	32,125
Unreserved fund balances, January 1	20,866	87,340	87,340	[66,474]
Unreserved fund balances, December 31	\$ 72,335	\$ -	\$ 50,000	\$ [9,790]

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 RISK MANAGEMENT FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive <u>[Negative]</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Interest income				
General interest	\$ 2,479	\$ 2,800	\$ 2,800	\$ [321]
Interfund services provided				
General services	449,948	459,948	459,948	[10,000]
Miscellaneous revenues				
General miscellaneous revenues	<u>108,034</u>	<u>40,000</u>	<u>40,000</u>	<u>68,034</u>
Total revenues	<u>560,461</u>	<u>502,748</u>	<u>502,748</u>	<u>57,713</u>
Expenditures				
Other				
Risk management	415,393	445,565	445,565	30,172
Capital Outlay	-	1,500	1,500	1,500
Cash Reserve	<u>-</u>	<u>196,753</u>	<u>196,753</u>	<u>196,753</u>
Total expenditures	<u>415,393</u>	<u>643,818</u>	<u>643,818</u>	<u>228,425</u>
Excess [deficiency] of revenues over [under] expenditures	145,068	[141,070]	[141,070]	286,138
Unreserved fund balance, January 1	<u>84,325</u>	<u>141,070</u>	<u>141,070</u>	<u>[56,745]</u>
Unreserved fund balance, December 31	<u>\$ 229,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,393</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 WORKERS' COMPENSATION FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive <u>[Negative]</u>
		<u>Original</u>	<u>Final</u>	
Revenues				
Interest income				
General interest	\$ 28,421	\$ 36,000	\$ 36,000	\$ [7,579]
Interfund services provided				
General services	<u>290,661</u>	<u>290,673</u>	<u>290,673</u>	<u>[12]</u>
Total revenues	<u>319,082</u>	<u>326,673</u>	<u>326,673</u>	<u>[7,591]</u>
Expenditures				
Other				
Worker's compensation	407,314	510,000	510,000	102,686
Cash Reserve	<u>-</u>	<u>956,534</u>	<u>956,534</u>	<u>956,534</u>
Total expenditures	<u>407,314</u>	<u>1,466,534</u>	<u>1,466,534</u>	<u>1,059,220</u>
Excess [deficiency] of revenues over [under] expenditures	[88,232]	[1,139,861]	[1,139,861]	1,051,629
Unreserved fund balance, January 1	<u>1,147,450</u>	<u>1,139,861</u>	<u>1,139,861</u>	<u>7,589</u>
Unreserved fund balance, December 31	<u>\$ 1,059,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,059,218</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 HEALTH INSURANCE FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Interest income				
General interest	\$ 41,126	\$ 90,000	\$ 90,000	\$ [48,874]
Interfund Services Provided				
General services	5,800,922	5,540,000	5,540,000	260,922
Miscellaneous revenues				
General miscellaneous revenues	<u>85,250</u>	<u>36,000</u>	<u>36,000</u>	<u>49,250</u>
Total revenues	<u>5,927,298</u>	<u>5,666,000</u>	<u>5,666,000</u>	<u>261,298</u>
Expenditures				
Other				
Health insurance	5,733,898	5,837,500	5,788,000	54,102
Cash Reserve	<u>-</u>	<u>1,542,881</u>	<u>1,592,381</u>	<u>1,592,381</u>
Total expenditures	<u>5,733,898</u>	<u>7,380,381</u>	<u>7,380,381</u>	<u>1,646,483</u>
Excess [deficiency] of revenues over [under] expenditures	193,400	[1,714,381]	[1,714,381]	1,907,781
Unreserved fund balance, January 1	<u>1,710,893</u>	<u>1,714,381</u>	<u>1,714,381</u>	<u>[3,488]</u>
Unreserved fund balance, December 31	<u>\$ 1,904,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,904,293</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 CENTRAL GARAGE FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Interest income				
General interest	\$ 2,220	\$ 8,520	\$ 2,000	\$ 220
Interfund services provided				
General services	1,696,444	1,321,604	1,715,644	[19,200]
Miscellaneous revenues				
General miscellaneous revenues	<u>8,356</u>	<u>4,000</u>	<u>8,404</u>	<u>[48]</u>
Total revenues	<u>1,707,020</u>	<u>1,334,124</u>	<u>1,726,048</u>	<u>[19,028]</u>
Expenditures				
Other				
Central garage	1,797,354	1,460,143	1,873,394	76,040
Capital Outlay	249	250	135	[114]
Cash Reserve	<u>-</u>	<u>148,968</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,797,603</u>	<u>1,609,361</u>	<u>1,873,529</u>	<u>75,926</u>
Excess [deficiency] of revenues over [under] expenditures	[90,583]	[275,237]	[147,481]	56,898
Other financing sources [uses]				
Transfers in	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>[40,000]</u>
Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses]	[90,583]	[235,237]	[107,481]	16,898
Unreserved fund balance, January 1	<u>107,480</u>	<u>235,237</u>	<u>107,481</u>	<u>[1]</u>
Unreserved fund balance, December 31	<u>\$ 16,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,897</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 INFORMATION SYSTEMS FUND
 For the Year Ended December 31, 2008

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
General charges	\$ 99,614	\$ 106,000	\$ 106,000	\$ [6,386]
Interest income				
General interest	4,367	12,000	12,000	[7,633]
Interfund services provided				
General services	1,046,111	1,298,361	1,298,361	[252,250]
Miscellaneous revenues				
General miscellaneous revenues	<u>-</u>	<u>2,889</u>	<u>2,889</u>	<u>[2,889]</u>
Total revenues	<u>1,150,092</u>	<u>1,419,250</u>	<u>1,419,250</u>	<u>[269,158]</u>
Expenditures				
Other				
Information services	817,999	919,593	919,593	101,594
Capital Outlay	313,315	501,000	501,000	187,685
Cash Reserve	<u>-</u>	<u>166,434</u>	<u>166,434</u>	<u>166,434</u>
Total expenditures	<u>1,131,314</u>	<u>1,587,027</u>	<u>1,587,027</u>	<u>455,713</u>
Excess [deficiency] of revenues over [under] expenditures	18,778	[167,777]	[167,777]	186,555
Unreserved fund balance, January 1	<u>224,855</u>	<u>167,777</u>	<u>167,777</u>	<u>57,078</u>
Unreserved fund balance, December 31	<u>\$ 243,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,633</u>

See independent auditor's report on the financial statements.

INTERNAL SERVICE AGENCY FUNDS

CITY OF SALINA, KANSAS
INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one agency to other departments or agencies of the government and to other governmental units on a cost reimbursement basis.

Risk management fund - To account for the accumulation and allocation of costs associated with risk management activities and the purchase of various forms of insurance.

Workers' compensation reserve fund - To account for the costs of providing a partially self-insured workers' compensation plan and for accumulating the necessary reserve amounts.

Health insurance fund - To account for the costs of providing a partially self-insured health insurance and for accumulating the necessary reserve amounts.

Central garage fund - To account for the accumulation and allocation for costs associated with the City's centralized vehicle repair shop.

Information services fund - To account for the accumulation and allocation of costs associated with electronic data processing.

CITY OF SALINA, KANSAS
 COMBINING STATEMENT OF NET ASSETS
 INTERNAL SERVICE FUNDS
 December 31, 2008

ASSETS	Risk Management	Workers' Compensation Reserve	Health Insurance	Central Garage	Information Systems	Total Internal Service Funds
Current assets:						
Cash and investments	\$ 231,481	\$ 1,188,203	\$ 1,904,427	\$ 48,165	\$ 314,248	\$ 3,686,524
Inventory and prepaid supplies	-	-	-	149,701	-	149,701
Total current assets	<u>231,481</u>	<u>1,188,203</u>	<u>1,904,427</u>	<u>197,866</u>	<u>314,248</u>	<u>3,836,225</u>
Capital assets:						
Capital assets	-	-	-	184,039	676,835	860,874
Less: accumulated depreciation	-	-	-	134,250	621,178	755,428
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,789</u>	<u>55,657</u>	<u>105,446</u>
Total assets	<u>\$ 231,481</u>	<u>\$ 1,188,203</u>	<u>\$ 1,904,427</u>	<u>\$ 247,655</u>	<u>\$ 369,905</u>	<u>\$ 3,941,671</u>
Liabilities:						
Current liabilities (payable from current assets):						
Accounts payable	\$ 2,088	\$ -	\$ 135	\$ 31,267	\$ 70,614	\$ 104,104
Current portion of compensated absences payable	-	-	-	16,335	19,732	36,067
Current portion of accrued claims payable	-	125,335	375,715	-	-	501,050
Total current liabilities (payable from current assets)	<u>2,088</u>	<u>125,335</u>	<u>375,850</u>	<u>47,602</u>	<u>90,346</u>	<u>641,221</u>
Noncurrent liabilities:						
Compensated absences payable	-	-	-	23,261	28,097	51,358
Accrued claims payable	-	305,284	-	-	-	305,284
Total noncurrent liabilities	<u>-</u>	<u>305,284</u>	<u>-</u>	<u>23,261</u>	<u>28,097</u>	<u>356,642</u>
Total liabilities	<u>\$ 2,088</u>	<u>\$ 430,619</u>	<u>\$ 375,850</u>	<u>\$ 70,863</u>	<u>\$ 118,443</u>	<u>\$ 997,863</u>
Net Assets						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 49,789	\$ 55,657	\$ 105,446
Unrestricted	229,393	757,584	1,528,577	127,003	195,805	2,838,362
Total net assets	<u>\$ 229,393</u>	<u>\$ 757,584</u>	<u>\$ 1,528,577</u>	<u>\$ 176,792</u>	<u>\$ 251,462</u>	<u>\$ 2,943,808</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUND

For the Year Ended December 31, 2008

	Risk Management	Workers' Compensation Reserve	Health Insurance	Central Garage	Information Systems	Total Internal Service Funds
Operating revenues						
Charges for services	\$ 449,948	\$ 286,077	\$ 5,800,922	\$ 1,696,444	\$ 1,145,725	\$ 9,379,116
Miscellaneous	108,034	4,584	85,250	7,706	-	205,574
Total operating revenues	<u>557,982</u>	<u>290,661</u>	<u>5,886,172</u>	<u>1,704,150</u>	<u>1,145,725</u>	<u>9,584,690</u>
Operating expenses						
General government	415,393	599,705	5,630,529	1,779,181	1,145,841	9,570,649
Depreciation	-	-	-	9,702	6,482	16,184
Total operating expenses	<u>415,393</u>	<u>599,705</u>	<u>5,630,529</u>	<u>1,788,883</u>	<u>1,152,323</u>	<u>9,586,833</u>
Operating income [loss]	<u>142,589</u>	<u>[309,044]</u>	<u>255,643</u>	<u>[84,733]</u>	<u>[6,598]</u>	<u>[2,143]</u>
Other operating revenues [expenses]						
Investment income	<u>2,479</u>	<u>28,421</u>	<u>41,126</u>	<u>2,220</u>	<u>4,367</u>	<u>78,613</u>
Total other operating revenues [expenses]	<u>2,479</u>	<u>28,421</u>	<u>41,126</u>	<u>2,220</u>	<u>4,367</u>	<u>78,613</u>
Nonoperating revenues [expenses]						
Gain/[loss] on disposal of fixed assets	-	-	-	650	-	650
Total nonoperating revenues [expenses]	-	-	-	650	-	650
Change in net assets	<u>145,068</u>	<u>[280,623]</u>	<u>296,769</u>	<u>[81,863]</u>	<u>[2,231]</u>	<u>77,120</u>
Net assets, January 1	84,325	1,038,207	1,231,808	245,281	287,712	2,887,333
Restatement	-	-	-	13,374	[34,019]	[20,645]
Net assets, January 1, restated	<u>84,325</u>	<u>1,038,207</u>	<u>1,231,808</u>	<u>258,655</u>	<u>253,693</u>	<u>2,866,688</u>
Net assets, December 31	<u>\$ 229,393</u>	<u>\$ 757,584</u>	<u>\$ 1,528,577</u>	<u>\$ 176,792</u>	<u>\$ 251,462</u>	<u>\$ 2,943,808</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 For the Year Ended December 31, 2008

	Risk Management	Workers' Compensation Reserve	Health Insurance	Central Garage	Information Services	Total Internal Service Funds
Cash flows from operating activities						
Cash received from customers and users	\$ 449,948	\$ 478,467	\$ 5,697,553	\$ 1,696,444	\$ 1,145,725	\$ 9,468,137
Cash paid to suppliers of goods or services	[416,655]	[601,807]	[5,652,266]	[1,575,400]	[724,955]	[8,971,083]
Cash paid to employees	-	-	-	[249,155]	[389,706]	[638,861]
Other operating receipts	108,034	4,584	85,250	7,706	-	205,574
Net cash provided by [used in] operating activities	<u>141,327</u>	<u>[118,756]</u>	<u>130,537</u>	<u>[120,405]</u>	<u>31,064</u>	<u>63,767</u>
Cash flows from capital and related financing activities						
Proceeds from sale of capital assets	-	-	-	650	-	650
Net cash provided by [used in] capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>650</u>	<u>-</u>	<u>650</u>
Cash flows from investing activities						
Interest received	<u>2,479</u>	<u>28,421</u>	<u>41,126</u>	<u>2,219</u>	<u>4,367</u>	<u>78,612</u>
Net increase [decrease] in cash and cash equivalents	143,806	[90,335]	171,663	[117,536]	35,431	143,029
Cash and cash equivalents, January 1	<u>87,675</u>	<u>1,278,538</u>	<u>1,732,764</u>	<u>165,701</u>	<u>278,817</u>	<u>3,543,495</u>
Cash and cash equivalents, December 31	<u>\$ 231,481</u>	<u>\$ 1,188,203</u>	<u>\$ 1,904,427</u>	<u>\$ 48,165</u>	<u>\$ 314,248</u>	<u>\$ 3,686,524</u>

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Continued)
For the Year Ended December 31, 2008

	<u>Risk Management</u>	<u>Workers' Compensation Reserve</u>	<u>Health Insurance</u>	<u>Central Garage</u>	<u>Information Services</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities						
Operating income [loss]	\$ 142,589	\$ [309,044]	\$ 255,643	\$ [84,733]	\$ [6,598]	\$ [2,143]
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities						
Depreciation expense	-	-	-	9,702	6,482	16,184
[Increase] decrease in inventory	-	-	-	[23,132]	-	[23,132]
Increase [decrease] in accounts payable	[1,262]	[2,102]	[21,737]	[26,953]	35,282	[16,772]
Increase [decrease] in accrued compensated absences	-	-	-	4,711	[4,102]	609
Increase [decrease] in claims payable	-	192,390	[103,369]	-	-	89,021
Net cash provided by [used in] operating activities	<u>\$ 141,327</u>	<u>\$ [118,756]</u>	<u>\$ 130,537</u>	<u>\$ [120,405]</u>	<u>\$ 31,064</u>	<u>\$ 63,767</u>

CITY OF SALINA, KANSAS

AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Special assessment escrow agency fund - To account for property owners' prepayment on outstanding special assessments.

Fire insurance proceeds agency fund - To account for insurance proceeds received for severely damaged buildings the insurance proceeds, plus interest, are returned to the property owners when the buildings are repaired or demolished.

PEGS access agency fund - To account for revenues collected on behalf of the community access television system for public, educational and governmental programming.

Payroll clearing agency fund - To account for interfund payroll receivables and payables for all City funds.

Court bond and restitution agency fund - To account for bonds and restitution remitted to the court and awaiting court orders for distribution.

Police investigation account agency fund - To account for monies held by the police department for use in investigations.

Fire cam agency fund - To account for donations received and used for fire equipment.

Citizenship fund – To account for donations received and used for the citizenship fund.

Section 125 plan agency fund - To account for monies held for the Section 125 plan.

CITY OF SALINA, KANSAS

COMBINING BALANCE SHEET
 AGENCY FUNDS
 December 31, 2008

	Special Assessment Escrow	Fire Insurance Proceeds	PEGS Access	Payroll Clearing	Court Bond and Restitution	Police Investigation Account	Fire Cam	Citizenship	Section 125 Plan	Totals
ASSETS:										
Cash and investments	\$ 307,732	\$ 7,862	\$4,941	\$ [261,806]	\$ 85,073	\$ 2,591	\$763	\$ 3,615	\$346,116	\$496,887
Total assets	\$ 307,732	\$ 7,862	\$4,941	\$ [261,806]	\$ 85,073	\$ 2,591	\$763	\$ 3,615	\$346,116	\$496,887
LIABILITIES:										
Accounts payable	\$ 307,732	\$ 7,862	\$4,941	\$ [261,806]	\$ 85,073	\$ 2,591	\$763	\$ 3,615	\$346,116	\$496,887
Total liabilities	\$ 307,732	\$ 7,862	\$4,941	\$ [261,806]	\$ 85,073	\$ 2,591	\$763	\$ 3,615	\$346,116	\$496,887

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended December 31, 2008

	Balance December 31, <u>2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2008</u>
Cash and investments				
Special Assessment Escrow	\$ 284,294	\$ 23,438	\$ -	\$ 307,732
Fire Insurance Proceeds	15,750	89,801	97,689	7,862
PEGS Access	4,343	357,378	356,780	4,941
Payroll Clearing	81,599	-	343,405	[261,806]
Court Bond and Restitution	57,476	27,597	-	85,073
Police Investigation Account	748	1,843	-	2,591
Fire Cam Fund	745	18	-	763
Citizenship Trust	4,295	85	765	3,615
Section 125 Plan Fund	<u>21,814</u>	<u>357,567</u>	<u>33,265</u>	<u>346,116</u>
 Total Assets	 <u>\$ 398,869</u>	 <u>\$ 857,727</u>	 <u>\$ 831,904</u>	 <u>\$ 496,887</u>
 Accounts Payable				
Special Assessment Escrow	\$ 284,294	\$ 23,438	\$ -	\$ 307,732
Fire Insurance Proceeds	15,750	89,801	97,689	7,862
PEGS Access	4,343	357,378	356,780	4,941
Payroll Clearing	81,599	-	343,405	[261,806]
Court Bond and Restitution	57,476	27,597	-	85,073
Police Investigation Account	748	1,843	-	2,591
Fire Cam Fund	745	18	-	763
Citizenship Trust	4,295	85	765	3,615
Section 125 Plan Fund	<u>21,814</u>	<u>357,567</u>	<u>33,265</u>	<u>346,116</u>
 Total liabilities	 <u>\$ 471,064</u>	 <u>\$ 857,727</u>	 <u>\$ 831,904</u>	 <u>\$ 496,887</u>

See independent auditor's report on the financial statements.

STATISTICAL SECTION

Schedule 1
City of Salina, Kansas
Net Assets by Component
Last Six Fiscal Years
(accrual basis of accounting)
(in 000's)

	Fiscal Year											
	2003		2004		2005		2006		2007		2008	
	Amount	%										
Governmental Activities												
Invested in capital assets, net of related debt	\$ 82,312	86%	\$ 92,948	92%	\$ 110,184	92%	\$ 117,810	93%	\$ 115,029	90%	\$ 118,965	93%
Restricted	\$ 1,584	2%	\$ 1,317	1%	\$ 1,642	1%	\$ 1,106	1%	\$ 1,609	1%	\$ 1,212	1%
Unrestricted	\$ 11,742	12%	\$ 7,057	7%	\$ 7,422	6%	\$ 7,678	6%	\$ 11,356	9%	\$ 7,745	6%
Total Governmental Net Assets	\$ 95,638	100%	\$ 101,321	100%	\$ 119,248	100%	\$ 126,594	100%	\$ 127,994	100%	\$ 127,922	100%
Business Type Activities												
Invested in capital assets, net of related debt	\$ 36,599	76%	\$ 38,560	77%	\$ 40,968	79%	\$ 43,510	81%	\$ 45,435	80%	\$ 45,931	79%
Restricted	\$ 11,710	0%	\$ 1,406	3%	\$ 1,109	2%	\$ 1,123	2%	\$ 1,151	2%	\$ 1,211	2%
Unrestricted	\$ 11,710	24%	\$ 9,837	20%	\$ 9,821	19%	\$ 9,300	17%	\$ 10,412	18%	\$ 11,197	19%
Total business type activities net assets	\$ 48,308	100%	\$ 49,803	100%	\$ 51,897	100%	\$ 53,933	100%	\$ 56,998	100%	\$ 58,339	100%
Primary Government												
Invested in capital assets, net of related debt	\$ 118,911	83%	\$ 131,507	87%	\$ 151,152	88%	\$ 161,320	89%	\$ 160,464	87%	\$ 164,896	89%
Restricted	\$ 1,584	1%	\$ 2,723	2%	\$ 2,750	2%	\$ 2,229	1%	\$ 2,761	1%	\$ 2,423	1%
Unrestricted	\$ 23,451	16%	\$ 16,894	11%	\$ 17,243	10%	\$ 16,978	9%	\$ 21,768	12%	\$ 18,942	10%
Total primary government net assets	\$ 143,947	100%	\$ 151,124	100%	\$ 171,144	100%	\$ 180,527	100%	\$ 184,992	100%	\$ 186,261	100%

Note 1: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003

Note 2: All amounts are shown in thousands of dollars

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2008

Schedule 2
City of Salina, Kansas
Changes in Net Assets
Last Six Fiscal Years
(accrual basis of accounting)
(in 000's)

	Fiscal Year					
	2003	2004	2005	2006	2007	2007
Expenses						
Governmental Activities:						
General government	\$ 6,767	\$ 4,931	\$ 4,904	\$ 6,319	\$ 6,732	\$ 6,791
Public safety	\$ 12,636	\$ 13,548	\$ 14,159	\$ 14,621	\$ 16,877	\$ 18,440
Public works	\$ 7,896	\$ 7,958	\$ 8,420	\$ 8,609	\$ 9,258	\$ 9,706
Public health and sanitation	\$ 906	\$ 1,016	\$ 1,102	\$ 1,214	\$ 1,281	\$ 1,310
Culture and recreation	\$ 4,657	\$ 4,784	\$ 5,071	\$ 4,961	\$ 5,658	\$ 5,582
Planning and development	\$ 4,507	\$ 4,130	\$ 2,714	\$ 2,697	\$ 2,814	\$ 3,481
Interest on long term debt	\$ 1,085	\$ 786	\$ 742	\$ 972	\$ 1,295	\$ 1,454
Total governmental activities expenses	\$ 38,455	\$ 37,152	\$ 37,112	\$ 39,393	\$ 43,916	\$ 46,764
Business-type Activities:						
Solid waste disposal	\$ 2,367	\$ 2,818	\$ 2,608	\$ 2,471	\$ 2,088	\$ 2,008
Water and sewer	\$ 11,572	\$ 11,552	\$ 11,262	\$ 11,676	\$ 12,227	\$ 13,284
Sanitation	\$ 1,682	\$ 1,920	\$ 1,889	\$ 1,945	\$ 2,038	\$ 2,184
Golf course	\$ 786	\$ 817	\$ 893	\$ 852	\$ 884	\$ 884
Total business-type activities expenses	\$ 16,407	\$ 17,107	\$ 16,652	\$ 16,944	\$ 17,236	\$ 18,360
Total primary government expenses	\$ 54,862	\$ 54,260	\$ 53,764	\$ 56,337	\$ 61,153	\$ 65,124
Program Revenues						
Governmental Activities						
Charges for services:						
General government	\$ 3,472	\$ 3,712	\$ 3,926	\$ 4,177	\$ 4,309	\$ 4,581
Public safety	\$ 2,672	\$ 2,770	\$ 3,368	\$ 3,603	\$ 3,539	\$ 3,588
Public works	\$ 160	\$ 155	\$ 163	\$ 169	\$ 457	\$ 120
Public health and sanitation	\$ -	\$ 35	\$ 31	\$ 36	\$ 33	\$ 39
Culture and recreation	\$ 2,031	\$ 2,073	\$ 2,276	\$ 1,883	\$ 2,050	\$ 2,139
Planning and development	\$ 93	\$ 198	\$ 95	\$ 114	\$ 101	\$ 240
Operating grants and contributions	\$ 2,751	\$ 3,197	\$ 2,798	\$ 3,145	\$ 3,381	\$ 3,752
Capital grants and contributions	\$ -	\$ -	\$ 13,875	\$ 3,091	\$ -	\$ -
Total governmental program revenues	\$ 11,178	\$ 12,140	\$ 26,532	\$ 16,216	\$ 13,871	\$ 14,458
Business-type activities:						
Charges for services:						
Solid waste disposal	\$ 2,361	\$ 2,489	\$ 2,344	\$ 2,674	\$ 2,789	\$ 2,749
Water and sewer	\$ 12,129	\$ 12,362	\$ 12,704	\$ 12,949	\$ 14,054	\$ 14,073
Sanitation	\$ 1,795	\$ 1,814	\$ 1,881	\$ 1,988	\$ 2,112	\$ 2,172
Golf course	\$ 773	\$ 791	\$ 799	\$ 773	\$ 723	\$ 751
Operating grants and contributions	\$ -	\$ 368	\$ -	\$ -	\$ -	\$ -
Capital grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total business type program revenues	\$ 17,058	\$ 17,824	\$ 17,728	\$ 18,385	\$ 19,678	\$ 19,744
Total primary government program revenues	\$ 28,237	\$ 29,964	\$ 44,260	\$ 34,601	\$ 33,549	\$ 34,202
Net (Expense) Revenue						
Governmental Activities	\$ (27,276)	\$ (25,012)	\$ (10,580)	\$ (23,176)	\$ (30,046)	\$ (32,306)
Business-type activities:	\$ 651	\$ 717	\$ 1,076	\$ 1,441	\$ 2,442	\$ 1,384
Total primary government net expense	\$ (26,625)	\$ (24,296)	\$ (9,504)	\$ (21,736)	\$ (27,604)	\$ (30,922)
General Revenues and Other Changes in Net Assets						
Governmental Activities:						
Taxes						
Property Taxes, General Purpose	\$ 5,862	\$ 6,576	\$ 6,766	\$ 7,144	\$ 7,376	\$ 7,818
Property Taxes, Debt Service	\$ 1,732	\$ 1,329	\$ 1,351	\$ 1,402	\$ 1,471	\$ 1,529
Motor Vehicle Tax	\$ 1,208	\$ 1,057	\$ 1,079	\$ 1,105	\$ 1,131	\$ 120
Sales Tax, General Purpose	\$ 9,913	\$ 10,501	\$ 10,556	\$ 11,137	\$ 11,472	\$ 11,986
Selective Sales Tax	\$ 2,114	\$ 2,264	\$ 2,280	\$ 2,417	\$ 2,484	\$ 2,589
Other taxes	\$ 3,345	\$ 3,426	\$ 3,557	\$ 5,076	\$ 5,445	\$ 5,747
Special Assessments	\$ 1,448					
Investment revenues	\$ 331	\$ 390	\$ 544	\$ 1,123	\$ 1,255	\$ 805
Miscellaneous	\$ 1,442	\$ 1,084	\$ 1,209	\$ 1,044	\$ 890	\$ 812
Transfers, net	\$ 80	\$ 24	\$ 114	\$ 330	\$ 672	\$ 60
Total governmental activities	\$ 27,475	\$ 26,651	\$ 27,456	\$ 30,779	\$ 32,195	\$ 31,464
Business-type activities:						
Investment revenues	\$ 101	\$ 222	\$ 328	\$ 453	\$ 641	\$ 300
Miscellaneous	\$ 165	\$ 93	\$ 150	\$ 217	\$ 201	\$ 118
Transfers, net	\$ (80)	\$ (24)	\$ (114)	\$ (330)	\$ (672)	\$ (60)
Total business-type activities	\$ 186	\$ 291	\$ 364	\$ 340	\$ 170	\$ 358
Total primary government	\$ 27,661	\$ 26,942	\$ 27,820	\$ 31,119	\$ 32,366	\$ 31,822
Change in Net Assets						
Governmental activities	\$ 199	\$ 1,638	\$ 16,877	\$ 7,602	\$ 2,150	\$ (842)
Business-type activities	\$ 838	\$ 1,008	\$ 1,440	\$ 1,780	\$ 2,612	\$ 1,742
Total primary government	\$ 1,037	\$ 2,647	\$ 18,316	\$ 9,383	\$ 4,762	\$ 901

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2008

Schedule 3
City of Salina, Kansas
Fund Balances, Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)
(in 000's)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund						
Reserved	\$ 309	\$ 160	\$ 421	\$ 242	\$ 396	\$ 274
Unreserved	<u>\$ 6,467</u>	<u>\$ 7,151</u>	<u>\$ 6,646</u>	<u>\$ 7,983</u>	<u>\$ 6,935</u>	<u>\$ 5,756</u>
Total General Fund	<u>\$ 6,776</u>	<u>\$ 7,311</u>	<u>\$ 7,067</u>	<u>\$ 8,225</u>	<u>\$ 7,331</u>	<u>\$ 6,030</u>
All other Governmental Funds						
Reserved	\$ 2,096	\$ 2,610	\$ 2,369	\$ 2,469	\$ 2,796	\$ 3,951
Unreserved. Reported in:						
Special Revenue Funds	\$ 3,244	\$ 3,917	\$ 4,140	\$ 5,408	\$ 7,250	\$ 5,479
Capital projects funds	\$ 1,968	\$ (7,203)	\$ (4,327)	\$ (5,737)	\$ (4,703)	\$ (5,543)
Permanent Funds	\$ 315	\$ 327	\$ 343	\$ 371	\$ 399	418.585
Debt service funds	<u>\$ -</u>					
Total all other governmental funds	<u>\$ 7,624</u>	<u>\$ (348)</u>	<u>\$ 2,524</u>	<u>\$ 2,511</u>	<u>\$ 5,742</u>	<u>\$ 4,306</u>

Information for years prior to 2003 is not available in comparable format.

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2008

Schedule 4
City of Salina, Kansas
Changes in Fund Balances, Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)
(in 000's)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Revenues						
Taxes (see Schedule 5)	\$ 24,174	\$ 25,152	\$ 25,590	\$ 28,282	\$ 29,379	\$ 30,788
Intergovernmental	\$ 2,731	\$ 5,659	\$ 2,785	\$ 3,127	\$ 3,363	\$ 3,741
Special Assessments	\$ 1,448	\$ 1,340	\$ 1,143	\$ 1,207	\$ 1,444	\$ 1,178
Licenses and permits	\$ 20	\$ 18	\$ 14	\$ 18	\$ 18	\$ 10
Charges for services	\$ 6,146	\$ 6,364	\$ 7,225	\$ 7,099	\$ 7,131	\$ 7,415
Investment revenue	\$ 322	\$ 362	\$ 486	\$ 1,021	\$ 983	\$ 490
Reimbursements	\$ 52	\$ 465	\$ 650	\$ 406	\$ 153	\$ 39
Miscellaneous	\$ 1,208	\$ 509	\$ 501	\$ 488	\$ 650	\$ 597
Total revenues	<u>\$ 36,100</u>	<u>\$ 39,870</u>	<u>\$ 38,392</u>	<u>\$ 41,648</u>	<u>\$ 43,120</u>	<u>\$ 44,258</u>
Expenditures						
General Government	\$ 2,208	\$ 2,685	\$ 2,706	\$ 2,721	\$ 2,842	\$ 3,600
Public Safety	\$ 12,208	\$ 12,724	\$ 13,673	\$ 14,309	\$ 16,175	\$ 17,945
Public Works	\$ 5,106	\$ 5,157	\$ 5,508	\$ 5,712	\$ 6,171	\$ 6,593
Public Health and Sanitation	\$ 882	\$ 981	\$ 1,067	\$ 1,178	\$ 1,245	\$ 1,276
Culture and Recreation	\$ 4,355	\$ 4,470	\$ 4,776	\$ 4,653	\$ 5,204	\$ 5,142
Planning and Development	\$ 4,405	\$ 4,025	\$ 2,607	\$ 2,588	\$ 2,707	\$ 3,377
Miscellaneous	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Outlay	\$ 5,165	\$ 10,824	\$ 8,580	\$ 10,783	\$ 7,615	\$ 10,581
Debt Service						
Principal	\$ 7,179	\$ 2,611	\$ 2,534	\$ 2,625	\$ 4,806	\$ 2,812
Interest	\$ 1,063	\$ 866	\$ 755	\$ 1,009	\$ 1,266	\$ 1,567
Total Expenditures	<u>\$ 42,591</u>	<u>\$ 44,343</u>	<u>\$ 42,208</u>	<u>\$ 45,578</u>	<u>\$ 48,031</u>	<u>\$ 52,892</u>
Other financing sources (uses)						
Bonds and Notes issued	\$ 8,600	\$ 6,707	\$ 4,210	\$ 4,885	\$ 6,545	\$ 7,245
Bond and Note Premium						\$ 80
Transfers in	\$ 600	\$ 1,066	\$ 1,399	\$ 2,245	\$ 2,349	\$ 2,823
Transfers out	\$ (600)	\$ (1,087)	\$ (1,365)	\$ (2,055)	\$ (1,737)	\$ 2,763
Issuance Costs	\$ (9)	\$ (2)	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ (5,389)	\$ -	\$ -	\$ 91	\$ -
Total other financing sources (uses)	<u>\$ 8,591</u>	<u>\$ 1,296</u>	<u>\$ 4,244</u>	<u>\$ 5,075</u>	<u>\$ 7,248</u>	<u>\$ 12,911</u>
Net change in fund balance	\$ 2,100	\$ (3,177)	\$ 428	\$ 1,145	\$ 2,337	\$ 4,277
Debt service as a percentage of non-capital expenditures	28%	12%	11%	12%	18%	12%

Information prior to 2003 is not available in comparable format.

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2008

Schedule 5
City of Salina, Kansas
Tax Revenues by Source, Governmental Funds
Last Six Fiscal Years
(modified accrual basis of accounting)
(in 000's)

	Fiscal Year					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Real Estate	\$ 7,417	\$ 7,677	\$ 7,904	\$ 8,373	\$ 8,662	\$ 9,084
Delinquent	\$ 177	\$ 228	\$ 213	\$ 173	\$ 185	\$ 263
Motor Vehicle	\$ 1,208	\$ 1,057	\$ 1,079	\$ 1,105	\$ 1,131	\$ 1,120
General Sales	\$ 9,913	\$ 10,501	\$ 10,556	\$ 11,137	\$ 11,472	\$ 11,986
Selective Sales	\$ 2,114	\$ 2,264	\$ 2,280	\$ 2,417	\$ 2,484	\$ 2,589
Other Taxes	<u>\$ 3,345</u>	<u>\$ 3,426</u>	<u>\$ 3,557</u>	<u>\$ 5,076</u>	<u>\$ 5,445</u>	<u>\$ 5,747</u>
Total Taxes	<u>\$ 24,174</u>	<u>\$ 25,152</u>	<u>\$ 25,590</u>	<u>\$ 28,282</u>	<u>\$ 29,379</u>	<u>\$ 30,788</u>

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2008

Schedule 6
City of Salina, Kansas
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal (Budget) Year	Assessed Value							Total, Taxable Assessed Value	Estimated Total Market Value (Note 2)	Value to Estimated Market Value
	Real Estate	Personal Property	State Assessed	Vehicle Assessed Value	Excluding Motor Vehicles	Direct Rate,	Motor Vehicle (Note 1)			
1999	213,488,582	27,534,811	12,909,972	253,933,365	25,270		45,371,433	299,304,798	1,850,244,169	16.18
2000	226,207,727	28,786,094	14,122,529	269,116,350	24,876		43,246,020	312,362,370	1,953,641,509	15.99
2001	241,621,655	32,439,566	14,088,875	288,150,096	24,365		43,248,108	331,396,116	2,096,802,659	15.80
2002	254,343,715	31,823,431	14,847,520	301,014,666	24,218		45,965,839	344,262,744	2,182,563,473	15.77
2003	267,175,443	35,093,154	14,866,008	317,134,605	24,092		46,679,292	363,100,444	2,296,900,695	15.81
2004	277,456,813	35,386,133	15,750,780	328,593,726	24,013		48,687,121	375,273,018	2,368,264,683	15.85
2005	282,517,284	35,410,526	17,334,372	335,262,182	24,063		49,367,870	383,949,303	2,529,377,135	15.18
2006	296,537,399	38,662,356	17,624,030	352,823,785	23,999		50,551,299	403,375,084	2,229,131,633	18.10
2007	321,695,326	39,691,690	16,530,171	377,917,187	23,789		50,548,706	428,465,893	2,416,543,103	17.73
2008	342,045,389	35,089,042	15,594,056	392,728,487	23,959		51,351,656	444,080,143	2,612,229,468	17.00

Note 1: The tax rate for motor vehicles is set based on the average countywide tax rate. The City of Salina then receives a share of that based on relative tax effort.

Note 2: The estimated market value excludes the value of the State assessed properties. Market value information is not available for those properties. However, state assessed property is generally assessed at 33% of market value, except for railroads, which are assessed at 25% of market value.

Note 3: The Direct rate is expressed in dollars per thousand dollars of assessed value.

Source: Saline County Clerk

Schedule 7
 City of Salina, Kansas
 Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

Fiscal (Budget) Year	City of Salina			Saline County			USD 305 (2)			Other (1)		Total
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total USD Millage	Other	Other	
1999	21.587	3.683	25.270	19.497	0.991	20.488	35.001	1.839	36.840	9.869	92.467	
2000	19.382	5.494	24.876	23.187		23.187	38.698	17.623	56.321	9.444	113.828	
2001	19.097	5.268	24.365	22.337		23.837	41.198	17.326	58.524	9.109	115.835	
2002	18.561	5.657	24.218	24.066		24.066	51.115	17.063	68.178	9.330	125.792	
2003	18.581	5.511	24.092	25.667		25.667	38.569	18.815	57.384	9.684	116.817	
2004	20.017	3.996	24.013	28.081		28.081	38.288	18.344	56.632	9.848	118.574	
2005	20.055	4.008	24.063	28.874		28.874	42.175	17.491	59.666	10.984	123.587	
2006	20.001	3.989	23.99	28.579		28.579	40.136	15.046	55.182	10.960	118.711	
2007	19.835	3.954	23.789	27.955		27.955	41.903	13.349	55.252	10.726	117.722	
2008	20.047	3.912	23.959	27.435		27.955	42.761	12.229	54.99	10.775	117.679	

Source: Saline County Clerk

(1) The "Other" column includes the State of Kansas, the Salina Airport Authority, and the Salina Public Library. Beginning in 2005, this also includes Kansas State Extension District #3.

(2) A small portion of Salina is covered by USD 306, USD 307, or USD 400. Total Tax Rates are different in the areas covered by these jurisdictions.

Schedule 8
City of Salina, Kansas
Principal Property Tax Payors
Current Year and Nine Years Ago

Taxpayer	Type of Business	1999 (1998 Assessed Value)			2008 (2007 Assessed Value)		
		Assessed Valuation	% of Total	Rank	Assessed Valuation	% of Total	Rank
Schwan's Sales	Pizza Manufacturing	\$ 6,766,642	2.78%	1	\$ 12,382,582	3.69%	1
IPOFA Salina Central Mall, LLC	Retail Shopping Mall	5,862,083	2.41%	2	9,003,313	2.69%	2
Western Resources	Utility	5,476,810	2.25%	3	7,287,074	2.17%	3
Salina Regional Health Center	Hospital and Medical Offices	2,322,069	0.95%	7	5,580,586	1.66%	4
Southwestern Bell	Telephone Utility	5,117,625	2.10%	4	4,783,821	1.43%	5
Wal-Mart Stores, Inc.	Discount Retail Stores	2,813,975	1.16%	5	3,627,525	1.08%	6
Kansas Gas Service	Utility	2,518,810	1.03%	6	2,633,187	0.79%	7
S&B Motels	Motel				2,388,908	0.71%	8
Great Plains Manufacturing Individual	Manufacturing	1,712,038	0.70%	10	2,308,375	0.69%	9
Sunset Plaza, Inc.	Retail Shopping Mall	2,102,808	0.86%	8	1,913,209	0.57%	10
Dillon's	Grocery Chain	1,764,292	0.72%	9			
Combined Valuation of the Ten Largest Taxpayers		\$ 29,690,510			\$ 39,525,998		
City Valuation		\$ 243,364,836			\$ 335,262,182		
Percent of Total City Assessed Valuation (1)			12.20%			11.79%	

Source: Saline County Clerk's Office

Schedule 9
City of Salina, Kansas
Property Tax Levies and Distributions
Last Ten Fiscal Years

Fiscal (Budget) Year	Taxes Levied for the fiscal year	<u>Current Year Tax Distributions</u>			<u>Total Tax Distributions</u>	
		Amount	Percentage	Delinquent Collections (1)	Amount	Percentage of levy
1999	6,416,832	6,269,480	97.7%	140,976	6,410,456	99.9%
2000	6,694,612	6,490,693	97.0%	105,801	6,596,494	98.5%
2001	7,020,875	6,831,220	97.3%	147,819	6,979,039	99.4%
2002	7,289,916	7,108,013	97.5%	174,050	7,282,063	99.9%
2003	7,640,249	7,417,427	97.1%	176,906	7,594,333	99.4%
2004	7,890,387	7,677,415	97.3%	227,578	7,904,993	100.2%
2005	8,067,300	7,904,231	98.0%	382,236	8,286,467	102.7%
2006	8,467,343	8,373,363	98.9%	173,093	8,546,456	100.9%
2007	8,990,268	8,661,700	96.3%	185,488	8,847,188	98.4%
2008	9,409,338	9,083,917	96.5%	262,511	9,346,428	99.3%

(1) Delinquent collections are reported in the aggregate for all previous years. Data is not currently available for "collected in subsequent years"

Source: Saline County Treasurer's Office

Schedule 10
 City of Salina, Kansas
 Direct Sales Rate by Taxing Entity
 Last Seven Fiscal Years

	2002	2003	2004	2005	2006	2007	2008
City Direct Tax Rate (Note 3)							
General	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Special Purpose	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
County-wide Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Portion of County-wide tax allocated to City (July Percentage)	64.00%	63.20%	62.20%	61.60%	61.81%	61.92%	62.31%

In addition to the direct tax, the City receives a portion of the Countywide sales tax, based on a formula distribution. The formula is based on property tax effort and population, and is adjusted in January and July of each year. As a result, totals do not match the amounts disclosed on the Statement of Activities.

In November 2008, the voters approved an increase in the Special Purpose Tax rate from .25% to .40%, to be effective April 1, 2009.

Source: Kansas Department of Revenue

Schedule 11
 City of Salina, Kansas
 Water Sales by Class of Customer
 Last Eight Fiscal Years

Rate Class	2001		2002		2003		2004		2005		2006		2007		2008	
	Accts Billed	Water Sold														
Residential	17,165	1,194,411	17,234	1,300,332	17,432	1,127,078	17,576	1,187,130	17,637	1,164,293	17,750	1,080,015	17,813	994,875	17,813	994,875
Commercial	1,530	358,628	1,516	367,440	1,503	352,025	1,542	346,251	1,580	358,659	1,586	357,488	1,592	331,440	1,591	33,720
Industrial	44	255,019	44	245,126	43	205,574	43	203,977	43	181,325	43	180,900	46	237,698	48	203,491
Government	111	65,912	115	78,457	118	66,134	126	66,623	146	102,994	150	74,768	151	58,568	152	68,366
Apartment	200	43,739	202	52,778	200	56,587	198	56,251	195	56,359	187	56,340	184	55,500	182	64,703
Schools	89	48,866	84	50,373	80	43,645	82	43,571	81	41,187	81	44,925	80	36,953	81	38,835
Industrial Special	1	28,208	1	32,061	1	38,002	1	39,187	1	39,551	1	37,508	1	35,813	1	42,574
Consumed in Production	173	47,702	27	45,395	25	36,185	22	32,324	21	31,570	19	28,570	18	26,070	18	28,699
Rural Water	1	27,292	1	26,775	1	27,918	1	27,277	1	28,889	1	28,395	1	23,963	1	24,798
Hospitals	14	28,284	14	28,846	14	24,721	14	22,884	15	17,126	15	13,088	15	13,755	15	18,723
Religious/Non Profit	33	8,211	35	9,564	37	8,074	40	9,362	40	9,521	39	8,888	41	7,463	40	6,913
Other Taxable Deductions	7	14,007	7	13,863	6	11,105	6	10,690	5	8,995	5	6,630	5	9,975	4	8,023
Engineering Studies	8	7,636	8	10,078	8	9,307	8	9,339	8	6,283	8	6,135	8	5,805	8	5,327
Providing Taxable Service	2	4,997	2	5,329	2	5,232	2	5,562	2	5,677	2	5,850	2	5,010	2	4,663
Sale of Component Parts	7	6,597	7	5,570	8	5,428	8	5,265	8	5,473	8	5,280	8	5,040	8	5,748
Fire Hydrant	28	1,772	4	3,011	3	5,015	3	2,887	4	5,232	3	1,598	2	495	3	1,147
Industrial Consumed in Production	3	2,504	3	2,370	3	1,624	3	2,206	3	2,350	3	3,510	3	3,593	3	3,230
Sales of Farm Equipment	1	31	1	429	1	203	1	131	1	213	1	308	1	180	1	256
	19,418	2,143,817	19,304	2,277,796	19,368	2,101,921	19,531	2,010,864	19,730	2,088,534	19,789	2,024,483	19,908	1,937,333	19,971	1,854,091
Water Rate Schedule:																
Monthly Meter Charge (5/8")	\$	2.75	\$	2.89	\$	2.89	\$	3.05	\$	3.21	\$	3.38	\$	3.57	\$	3.75
Commodity Charge (per hundred cubic ft):																
0 - 2000 cf.	\$	2.03	\$	2.09	\$	2.09	\$	2.13	\$	2.16	\$	2.21	\$	2.42	\$	2.54
2001 - 10,000 cf	\$	1.82	\$	1.87	\$	1.87	\$	1.91	\$	1.94	\$	1.99	\$	2.20	\$	2.31
Over 10,000 cf	\$	1.63	\$	1.68	\$	1.68	\$	1.71	\$	1.73	\$	1.77	\$	1.97	\$	2.07
Wastewater Rate Schedule:																
Monthly Base Charge	\$	2.75	\$	2.75	\$	2.75	\$	2.89	\$	3.03	\$	3.18	\$	3.34	\$	3.51
Unit cost (per hundred cubic ft):	\$	1.99	\$	1.99	\$	1.99	\$	2.11	\$	2.23	\$	2.36	\$	2.50	\$	2.63

Water sold is expressed in thousands of gallons.
 Information before 2001 is not available in a consistent format.
 Number of Accounts billed is the annual number of billings for each class divided by 12.
 Monthly meter charge increases with the size of the meter.
 Residential Wastewater is calculated based on Winter Quarter water consumption. Other accounts are based on monthly water consumption.
 Wastewater fee structure in 2001 was not on a comparable basis
 Source: City of Salina Water Customer Accounting Office.

Schedule 12
City of Salina, Kansas
Ratio of Outstanding Debt by Type
Last Seven Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities						Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Lease	Temporary Notes	General Obligation Bonds	Water Revenue Bonds	Loans Payable	Temporary Notes	Total Primary Government	Income			
2002	\$ 17,728,189	\$ -	\$ 4,865,000	\$ 7,187,753	\$ 6,790,000	\$ 7,574,256	\$ -	\$ 44,145,198	3.4%	\$ 959.20		
2003	20,744,309	60,000	4,250,000	5,228,397	6,215,000	8,082,199	2,533,972	47,113,877	3.6%	1,027.23		
2004	19,257,270	41,150	6,875,000	7,400,295	5,615,000	7,777,264	-	46,965,979	3.5%	1,021.80		
2005	21,202,921	20,944	2,700,000	6,258,456	4,990,000	7,460,602	-	42,632,923	3.1%	927.69		
2006	21,497,408	-	9,200,000	5,175,780	4,350,000	7,130,852	-	47,354,040	3.0%	1,008.82		
2007	25,436,632	-	7,625,000	3,888,368	3,710,000	6786743.00	-	47,446,743	3.0%	1,021.28		
2008	29,869,930	-	5,005,000	2,780,069	3,030,000	6428759.00	-	47,113,758	2.7%	1,013.57		

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2008

Schedule 13
City of Salina, Kansas
Ratio of Net General Bonded Debt Outstanding
Last Seven Fiscal Years

Fiscal Year	General Bonded Debt Outstanding										Percentage of	
	General Obligation Bonds	Capital Lease	Temporary Notes	Total	Less Debt Service Fund	Net General Bonded Debt	Actual Taxable Value of Property	Per Capita				
2002	\$ 24,915,942	\$ -	\$ 4,865,000	\$ 29,780,942	\$ 1,000,030	\$ 28,780,912	8.4%	\$ 625.36				
2003	25,972,706	60,000	6,783,972	32,816,678	1,584,330	31,232,348	8.6%	680.96				
2004	26,657,565	41,150	6,875,000	33,573,715	1,317,062	32,256,653	8.6%	701.78				
2005	27,461,377	20,944	2,700,000	30,182,321	1,407,529	28,774,792	7.5%	626.14				
2006	26,673,188	-	9,200,000	35,873,188	1,494,320	34,378,868	8.5%	732.40				
2007	29,325,000	-	7,625,000	36,950,000	1,210,457	35,739,543	8.3%	769.29				
2008	32,649,999	-	5,005,000	37,654,999	792,744	36,862,255	8.3%	793.03				

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2008

Schedule 14
City of Salina, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2008

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Salina	Amount Applicable to the City of Salina
Direct:			
City of Salina	\$ 35,739,543	100%	\$ 35,739,543
Overlapping:			
Salina Airport Authority	6,525,000	100%	6,525,000
Saline County	420,000	76%	319,452
USD 305	<u>58,275,000</u>	93%	<u>54,201,578</u>
Total Overlapping Debt	65,220,000		61,046,030
Total Direct and Overlapping Debt	<u>100,959,543</u>		<u>96,785,573</u>
Per Capita Direct and Overlapping debt			\$ 2,106.05

Percentage of debt applicable to the City of Salina is based on the proportion that the assessed valuation of the City of Salina bears to the assessed valuation of the overlapping entity.

Source: Saline County Clerk

Schedule 15
 City of Salina, Kansas
 Legal Debt Margin
 Last Ten Fiscal Years

Legal Debt Margin Calculation for 2008

Assessed Valuation:	\$444,080,143
Debt Limit (30% of Assessed Value)	133,224,043
Debt Applicable to limit:	
Total Bonded Debt	47,113,758
Less Revenue Bonds	3,030,000
Less Loans	6,428,759
Less Fund Balance designated for Debt Service	792,744
Total Debt Applicable to Limitation	36,862,255
Legal debt margin	96,361,788

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt Limit	\$89,657,464	\$ 94,346,335	\$99,418,835	\$103,278,823	\$ 108,930,133	\$ 112,581,905	\$115,184,791	\$120,657,497	\$128,539,768	\$133,224,043
Total net debt applicable to limit	25,972,538	26,899,340	24,132,488	28,780,912	31,172,348	32,485,503	28,774,792	28,774,792	35,739,543	36,862,255
Legal debt margin	63,684,926	67,446,995	75,286,347	74,497,911	77,757,785	80,096,402	86,409,999	91,882,705	92,800,225	96,361,788

Total net debt applicable to the limit
 as a percentage of debt limit

	29%	29%	24%	28%	29%	29%	25%	24%	28%	28%
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Schedule 16
City of Salina, Kansas
Pledged Revenue Coverage
Last Six Fiscal Years

Water/Sewer Revenue Bonds (Including Kansas Water Supply Loan)

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2003	12,129,440	10,682,725	1,446,715	791,394	477,400	114%
2004	12,361,877	10,654,249	1,707,628	904,935	542,722	118%
2005	12,703,953	10,468,771	2,235,182	941,662	542,722	151%
2006	12,949,169	10,894,968	2,054,201	969,748	461,470	144%
2007	14,054,466	11,545,842	2,508,624	983,479	589,288	160%
2008	14,072,513	12,754,057	1,318,456	1,038,000	515,459	85%

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2008

Schedule 17
 City of Salina, Kansas
 Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal Income (Saline County)	Personal Income, Salina (interpolated)	Unemployment Rate	Labor Force, Saline County
1998	44,176	27,800	\$ 1,228,092,800	3.5%	29,262
1999	44,022	28,800	\$ 1,267,833,600	3.6%	30,310
2000	45,765	28,500	\$ 1,304,302,500	3.1%	29,830
2001	45,918	29,800	\$ 1,368,356,400	3.8%	29,855
2002	46,023	28,500	\$ 1,311,655,500	4.1%	29,989
2003	45,865	28,200	\$ 1,293,393,000	4.6%	30,086
2004	45,964	29,600	\$ 1,360,534,400	4.8%	30,600
2005	45,956	30,000	\$ 1,378,680,000	4.4%	30,358
2006	46,940	33,900	\$ 1,591,266,000	3.7%	30,539
2007	46,458	34,500	1,602,801,000	3.3%	30,843
2008	46,483	37,392	1,738,097,000	3.9%	29,222

Sources:

Population: Kansas Division of the Budget.

Saline County Per capita personal income: Kansas Division of the budget. Personal income statistics are not available for the City of Salina.

Personal income for Salina is derived from the population and per capita personal income for Saline County

Schedule 18
City of Salina, Kansas
Principal Employers
Current Year and Nine Years Ago

Employer	Type of Business	1999			2008		
		Employees	Rank	Percentage of Labor Force	Employees	Rank	Percentage of Labor Force
Tony's Pizza Service (Schwans)	Frozen Pizza Manufacturing	2,300	1	7.9%	1,850	1	6.3%
Salina Regional Health Center	Health Care	1,082	3	3.7%	1,082	2	3.7%
USD # 305	Public School System	1,295	2	4.4%	935	3	3.2%
Exide Battery's	Automotive Battery Manufact	825	4	2.8%	800	4	2.7%
Great Plains Manufacturing	Agricultural and Landscaping	650	6	2.2%	650	5	2.2%
Phillips Lighting Co.	Fluorescent Lamps	605	7	2.1%	600	6	2.1%
City of Salina	City Government	465	8	1.6%	493	7	1.7%
Raytheon Aircraft	Aircraft Manufacturing	653	5	2.2%	357	8	1.2%
El Dorado National	Busses/Recreational Vehicle	264	9	0.9%	255	9	0.9%
Total		8,139		27.8%	7,022		24.0%

Source: Salina Chamber of Commerce

Schedule 19
City of Salina, Kansas
City Government Employees by Function/Program
Last Seven Fiscal Years
(excludes temporary/seasonal employees)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental Activities:							
General government	19	19	19	18	18	18	18
Public safety	208	208	210	210	211	211	217
Public works	76	78	79	80	79	79	82
Public health and sanitation	3	3	2	2	2	2	2
Culture and recreation	45	48	48	48	48	48	42
Planning and development	23	23	24	26	25	25	25
Other (Internal Services)	<u>14</u>	<u>14</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>13</u>	13
Total governmental activities	<u>388</u>	<u>393</u>	<u>394</u>	<u>397</u>	<u>396</u>	<u>396</u>	<u>399</u>
Business-type Activities:							
Solid waste disposal	12	12	12	12	11	11	11
Water and sewer	73	73	73	73	73	73	77
Sanitation	19	20	20	21	21	21	22
Golf course	<u>6</u>						
Total business-type activities	<u>110</u>	<u>111</u>	<u>111</u>	<u>112</u>	<u>111</u>	<u>111</u>	<u>116</u>
Total primary government	<u>498</u>	<u>504</u>	<u>505</u>	<u>509</u>	<u>507</u>	<u>507</u>	<u>515</u>

Source: Salina Human Resources Department

GOVERNMENTAL AUDIT REPORT

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CITY OF SALINA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Revenues	Expenditures
<u>Department of Housing and Urban Development</u>			
Fair Housing Assistance Program	14.401	\$ 63,200	\$ 163,020
Total Department of Housing and Urban Development		<u>63,200</u>	<u>163,020</u>
<u>Department of Homeland Security</u>			
Passed through Kansas Division of Emergency Management:			
Disaster Grants - Public Assistance	97.036	902,944	807,825
Total Department of Homeland Security		<u>902,944</u>	<u>807,825</u>
<u>Department of Health and Environment</u>			
Passed through the State of Kansas			
Fire Department Grant	Unk	2,312	2,312
Total Department of Health and Environment		<u>2,312</u>	<u>2,312</u>
<u>Department of Transportation</u>			
Passed Through the Kansas Department of Transportation:			
Highway and Bridge Construction	Unk	500	500
Total Department of Transportation		<u>500</u>	<u>500</u>
<u>Department of the Interior</u>			
Passed Through the Kansas Historical Society:			
National Park Service Grant	15.904	100	100
Total Department of the Interior		<u>100</u>	<u>100</u>
Total Expenditures of Federal Awards		<u>\$ 969,056</u>	<u>\$ 973,757</u>

See independent auditor's report on the financial statements and notes to the schedule of expenditures of federal awards.

CITY OF SALINA, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2008

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of the City of Salina, Kansas. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the cash basis and budget laws of Kansas.

CITY OF SALINA, KANSAS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended December 31, 2008

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(s) identified that are not considered to be material weaknesses? Yes X None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? X Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
97.036	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes X No

CITY OF SALINA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
For the Year Ended December 31, 2008

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

<u>Current Year</u>						
<u>Program</u>	<u>Finding</u>	<u>Conditions</u>	<u>Criteria</u>	<u>Questioned Costs</u>	<u>Recommendation</u>	<u>Management Response</u>
Disaster Grants - Public Assistance	2008-1	Personnel pay rates not properly calculated in two instances out of a sample of twenty selected for the audit.	OMB Circular A-87 Attachment A, Paragraph C	Not determined	Confirm accuracy of all pay rates used in reimbursement requests.	Agrees
<u>Prior Year</u>						
None Noted						

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Mayor and City Commissioners
City of Salina, Kansas

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the budgetary comparison information and the aggregate remaining fund information of the City of Salina as of and for the year ended December 31, 2008, which collectively comprise the City's financial statements and have issued our report thereon dated December 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in "Government Auditing Standards" issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under "Government Auditing Standards".

However, we noted certain matters that we have reported to the City's management in a separate letter dated December 8, 2009.

This communication is intended solely for the information and use of the mayor, city commission, management and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

Lowenthal, Wett & Odermann, P.A.

December 8, 2009

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Mayor and City Commissioners
City of Salina, Kansas

Compliance

We have audited the compliance of the City of Salina, Kansas with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) "Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Salina, Kansas complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2008-1. The City's response to this finding is provided there. We did not audit this response and accordingly, we will express no opinion on it.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of law, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of the mayor, city commission, management and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than those specified parties.

Lowenthal, Watt & Odemann, P.A.

December 8, 2009