

# *City of Kelsey*

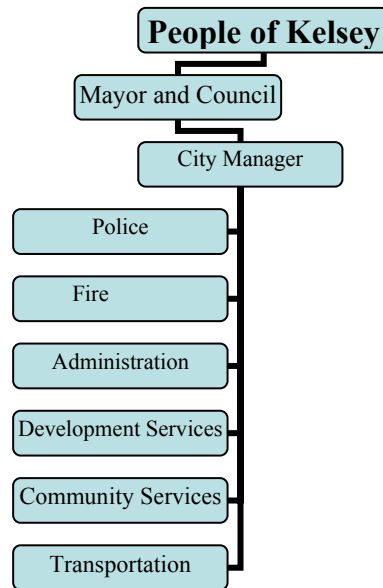
## *Comprehensive Annual Financial Report for the year ended June 2005*



Making sense of your dollars

# Mission of Kelsey

*Amenities of the big city without sacrificing the small town charm*



## City Values:

Public Trust - we are honest, accountable and trustworthy

Customer Service - we provide excellent effective and efficient services to our citizen

Employees - we value and respect each other as we serve the public

Continuous Improvement – just as the needs of our residents change so must the service we provide. We look for innovative and imaginative team problem solving to deliver superior customer service

## **Introductory Section**

*The transmittal letter contained in this section includes information on the City's economic condition and outlook, major initiatives, and financial information*

# City of Kelsey

June 2005

Honorable Mayor and Councilmembers, City Manager and residence of Kelsey:

The comprehensive annual financial report of the City of Kelsey, for the year ended June 20, 2005, is hereby submitted in accordance state statutes. Both the City charter and state statutes require that the City issue an annual report on its financial position and activity. This report is audited by an independent certified public accountant. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures rests with City's management. To the best of our knowledge, the enclosed data is accurate in all material respects.

These financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) for local governments as prescribed by the Governmental Standards Board (GASB).

The comprehensive annual report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this letter and an organizational chart. The financial section includes general purpose financial statements, as well as the independent auditors' letter, the combining fund statements, schedules and required supplementary information. The statistical section, which is unaudited, includes financial and demographic information.

The City is required to undergo an annual single audit in conformity with the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of States and Local Governments and Non-Profit Organizations.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire Administrative Services Department. I also wish to thank you and members of the City Council for their interest and support in the planning and conducting the financial affairs of the City.

Respectfully Submitted,

Director of Administrative Services

*City of Kelsey*

## **The Reporting Entity**

The City of Kelsey was founded by M. Kelsey, who realized that the sprawling fields, the pristine lake and the rolling hills provided the perfect landscape for farming and raising a family. His vision was to preserve the natural resources of the land and maintain a close-knit community. Kelsey's roots are grounded in a history of agriculture and self-sufficiency.

The City was first chartered in 1940 with 901 residents. Over seventy years, Kelsey's population increased by 50,000 residents, going from 901 in 1940 to an estimated 53,000 residents in 2005. The 2000 Census for Kelsey residents was 45,000, which ranked 60th among Northwest Valley incorporated cities and towns.

The City of Kelsey provides a full range of services that include public safety, development and community services. Where effective and efficient services are provided by private companies, for example building maintenance and trash collection has historically been awarded to low cost bidder. Services provided must be at the highest quality, this year the resident satisfaction survey ranked privately provided services at 98% over satisfaction.

## **Year in Review**

The City of Kelsey is a modestly growing city. The quality of life in Kelsey is enhanced by the City's development of cultural activities and the maintenance of our agricultural roots. Kelsey faces growth issues, but its residents and municipal government are committed to finding solutions for the future.

The continuing trend of new housing starts during this year increased the size of our community. This growth must be balanced with our agricultural roots. City planning and zoning is the key to long term City growth management.

In September of last year, our citizens approved \$2,000,000 in general obligation bonds. These funds are for street sign renovation and repair and park enhancements.

## **Economic Outlook**

The economic outlook is good for Kelsey with strong and stable fund balance reserves. As a result of the continued retail and commercial improvements, the City can diversify and strengthen its revenue base without compromising our small town values.

The State economy continues to experience a period of relatively strong growth. This current growth has increased the City's allocation of state shared funds for transportation.

## **Financial Information**

In developing the City's accounting system, focus is given to internal accounting controls. Internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets. The concept reasonable assurance recognizes that cost of a control should not exceed the benefit. The cost/benefit evaluation is a judgement made by management.

## **Budget Controls**

The City of Kelsey, as is all cities in this state, is mandated to adopt an annual budget. The City maintains budgetary controls to ensure expenditures do not exceed appropriated funds on a citywide financial basis.

## **Single Audit**

As a recipient state assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws. The internal control structure is subject to periodic evaluation by management. As part of the City's single audit, tests are made of the internal control structure and its compliance.

## **Financial Structure**

The City's operating budget is organized into funds in accordance with Generally Accepted Accounting Principle (GAAP) with guidelines established by the Governmental Accounting Standards Board (GASB). The City of Kelsey financial structure separates resources into five funds. Funds are a self balancing set of accounts can be viewed a mini-checkbooks or subsidies with specific purpose.

## **Overview of Major Fund Types**

### **General Governmental**

General Fund (GF) – Used to account for the majority of general government operating activities (e.g. Police, Fire, Administration).

Debt Service Funds (DSF) - Used to account for financial resources segregated to pay principal or interest on long-term general liabilities; this fund has much in common with sinking funds set aside funds to retire debt.

Capital Projects Funds (CPF) - Used to account for financial resources segregated to pay for construction or acquisition of long-lived capital assets; used to set aside resources to fund construction, does not have assets.

Permanent Funds - (PF) Used to account for resources provided by trust in which the earnings but not the principal must be used for public purposes (e.g. donation can only use interest).

Special Revenue Funds (SRF) - Used when required by law or by policy to account for financial resources earmarked for a specified operating purpose (e.g. toll on highway to collect fund for highway repair and maintenance).

## **General Governmental Overview**

The citywide operating budget for FY 2005-06 \$37.5 million, and represent a 6.4% operating budget growth. Much of the operating budget growth is due to an increase in funds for Police and Community Services reflecting the City's continued commitment to public safety, youth and social services programs.

General Fund appropriations grew by 6.7% in FY 2005-06. This primarily reflects funding for new employees to address workload increases in the Police Department, Development Services, Council priorities in Community Services, and increases for employee health care and retirement.

### **General Fund**

#### **Fund Structure Description**

The General Fund is the general operating fund of the City and is used to account for all financial activity not reflected in another fund.

#### **Major Services**

The General Fund consists of the following major functions:

- Administrative Services-Accounting, Budget, Human Resources, Facilities
- Police
- Fire
- Community Services
- Development Services

#### **Revenue Structure**

Major revenue sources for the fiscal years are: Local Sales Taxes, Charges for Services, Property Taxes, Charges for Services, and All Other.

#### **Local Sales Taxes**

Local sales tax revenues are estimated at \$30.0 million in FY 2005-06, derived from a 1.1% City sales tax. Over half of the sales tax revenue comes from retail sales, with the

remainder collected primarily from rental payments, utility and telecommunication payments, restaurant and bar sales and contracting sales. While Kelsey's single largest revenue source is highly responsive to changes in economic activity, the diverse and robust nature.

#### Property Tax

Kelsey's property tax rate is \$1.00 per \$100 of assessed valuation, consisting of a primary tax rate of \$0.80 per \$100 of assessed valuation and a secondary tax rate of \$0.20 per \$100 of assessed valuation. Only the primary levy goes to the General Fund. While there is no restriction on its usage, the primary levy is limited by state law to a 2% annual increase plus any amount generated by new construction. The primary levy is estimated at \$2.0 million for FY 2005-06.

#### **Expenditure Structure**

As the City of Kelsey is a service entity it is not surprising that the largest expenditure is personal services. For the FY 2005-06 Personal Services account for 80% of the total budget. The remainder of the 20% appropriated funds is for Fees and Services (10%), Materials and Supplies (5%), and Capital (5%).

Personnel expenditures increase by 4% primarily due to increases in health care and retirement contribution rate. Additional staff was added in accordance with Councils' Police and Community Services reflecting the City's continued commitment to public safety, youth and social services programs.

#### **Transportation Funds**

##### **Fund Structure Description**

The Highway User Revenue Fund (HURF) and the Local Transportation Assistance Fund (LTAF) are Special Revenue funds that comprise the City's Transportation funds. They have been established to account for the receipt and expenditure of Kelsey's allocation of state-shared Highway User taxes and state Lottery funds.

##### **Major Services**

- Studies and Design
- Operations
- Traffic Lights and Signal System
- Street and Field Maintenance
- Planning

##### **Revenue Structure**

Transportation revenues are derived primarily 95.0% from state-shared Highway User taxes. State Lottery proceeds account for 5.0% of FY 2005-06.



## **Highway User Tax**

Highway User revenues come primarily (60%) from the fuel tax (currently \$0.05 per gallon), with the remainder from motor carrier fees (20%), vehicle license taxes (10%), vehicle registration fees (5%), and other transportation-related fees (5%). Estimates for the total pool of HURF revenues to be shared by cities will be \$290.9 million in FY 2005-06, with Kelsey's share at \$3 million. Experience has shown, however, that state projections for HURF revenue have not proven reliable. In short, HURF revenues are subject to state policy changes, fuel sales, and population growth, all factors beyond the City's control. Pursuant to state statute, HURF monies can be used only for street and highway purposes, including right-of-way acquisition, construction, reconstruction, maintenance in the public right-of-way, and payment of debt service on highway and street bonds. HURF funds may not be used for transit or law enforcement programs.

## **Expenditure Structure**

Transportation funds include all personnel in the Streets and Traffic Operations and Transporations Divisions. Major budgeted expenditures include: Major budgeted expenditures include: Personnel Services (42%), Utilities (20%), Material and Supplies (10%), Fees and Services (23%), and Capital (5%). Non-personnel expenditures are due to the installation of new energy efficient hollagen street signs. Non-personnel expenditures are due to the installation of new energy efficient hollagen street signs.

## **Debt Service Fund**

### **Fund Structure Description**

A Debt Service fund is maintained to receive dedciated revenues used to make principal and interest payments on the City's general obligation debt.

### **Revenue Structure**

Debt Service fund revenues are derived soley from a secondary tax rate of \$0.20 per \$100 of assessed valuation. Debt Service revenues trends are a function of changes in assessed valuation and the City's secondary property tax rate. While changes in the assessed valuation represent the effect of marketplace and assessor methodology, the secondary rate is deterimined by City policy.

### **Expenditure Structure**

Expenditures in this fund are confined to principal and interest on voter approved bond indebttness. To keep these costs in check, the Council adopted a long-range debt management plan, which is updated annually based on populations growth, tax base growth, and current levels of operating expenses.

## **Cash Management**

Temporary idle cash during the year was invested in the State Treasurer's Investment Pool and overnight purchase agreements collateralized by the U.S. Government securities. The average yield on unrestricted investment was 6.3% of the year ended.

## **Risk Management**

The City's self insurance fund in at \$10 million dollars and is the responsibility of Administrative Services. The City also participates in the State risk management fund for claims over \$10 million. Worker Compensation claims are also handled by the State.

## **Independent Audit**

The City's charter required an annul audit by independent certified accountants. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

## **Financial Section**

*The following section contains the City's independent auditors' report, combined general purpose financial statements, and financial statements for individual funds.*

## **Independent Auditor's Report**

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements and schedules of City of Kelsey (the "Government"), as of June 30, 2005, for the year then ended, listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Government. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Government at June 30, 2005 and the results of its operations and the cash flows in generally accepted accounting principles. Also, in our opinion, the combining and individual fund and account group financial statements and schedules, present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Government at June 30, 2005, and the results of operations of such funds and the cash flows of individual proprietary and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements and on the combining and individual fund and account group financial statements and schedules taken as a whole. The accompanying financial information listed as supplemental schedules in the foregoing table of contents presented for the purpose of additional analysis and is not a required part of the financial statements of the Government. The supplemental schedules are also the responsibility of the management of the Government. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose, combining, and individual fund and account group financial statements and schedules and, in our opinion, based upon our audit and the reports of other auditors, is fairly stated in all material respects when considered in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2005, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

The statistical data presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Government. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, accordingly, we express no opinion on it.

**Combined Balance Sheet - All Funds Types and Account Groups**  
**June 2005**  
**with Comparative totals for June 30, 2004**

	<u>General Governmental</u>					<u>Totals</u>		
	<u>General</u>	<u>Transit Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	<u>2005</u>	<u>2004</u>
<b><u>Assets</u></b>								
Pooled cash and investments	\$26,333,869	\$847,833	\$4,381,890	\$6,686,942			\$38,250,533	\$37,485,523
Receivables:								
Taxes	2,430,550	47,143	159,386				2,637,080	2,584,338
Accounts	865,018						865,018	847,718
Accrued interest	378,509	5,002					383,511	375,841
Due from other funds	244,938						244,938	240,039
Due from other governments	443,638	117,239		1,323,065			1,883,942	1,846,263
Inventories	100,127						100,127	98,125
Prepaid items								1,450
Restricted cash and investments	20,785		3,027,648				3,048,434	2,987,465
Property, plant, and equipment (net of depreciation)					50,495,035		50,495,035	49,485,134
Amount to be provided for retirement of general long-term debt						35,000,000	35,000,000	39,500
Total assets	30,817,435	1,017,217	7,568,924	8,010,007	50,495,035	35,000,000	132,908,618	130,250,445
<b><u>Liabilities, Equity and Other Credits</u></b>								
<b><u>Liabilities</u></b>								
Accounts payable	1,142,275	170,825	5,176	977,622			2,295,898	2,249,980
Deposits	2,437,362						2,437,362	2,388,614
Accrued expenditures	1,534,777	1,692				4,300,505	5,836,973	5,720,234
Claims and judgements	272,202	304					272,507	267,057
Due to other governments	17,668						17,668	17,315
Deferred revenue	484,261		104,393				588,654	576,881
Matured bonds payable			2,218,333				2,218,333	2,173,967
Matured interest payable			795,787				795,787	779,871
Capital improvements note payable						23,344,585	23,344,585	22,877,693
Capital leases						7,354,910	7,354,910	7,207,812
Total liabilities	5,888,545	172,821	3,123,689	977,622	0	35,000,000	45,162,677	44,259,423
<b><u>Equity and other Credits</u></b>								
Contributed Capital								
Investment in general fixed assests					50,495,035		50,495,035	
Fund balances:								
Reserved for:								
Encumbrances	364,216	36,711		6,517,452			6,918,379	6,780,011
Inventories	100,127						100,127	98,125
Notes receivable	190,000						190,000	186,200
Debt Service			4,445,235				4,445,235	4,356,331
Unreserved, designated	12,780,962						12,780,962	12,525,343
Unreserved, reported in:								
General fund	11,493,585						11,493,585	11,263,713
Special revenue funds		807,684					807,684	791,531
Capital projects funds				514,933			514,933	504,634
Total fund balances	24,928,890	844,396	4,445,235	7,032,385			37,250,906	36,505,888
Total liabilities, equity and other credits	\$30,817,435	\$ 1,017,217	\$ 7,568,924	\$ 8,010,007	\$50,495,035	\$ 35,000,000	\$132,908,618	\$130,250,445

*City of Kelsey*

**City of Kelsey**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2005**

	<b>General</b>	<b>Transit Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Taxes:					
Sales taxes	\$31,625,959				\$31,625,959
Property taxes	2,898,211		4,570,060		7,468,271
Franchise taxes	485,695				485,695
Intergovernmental:					
Federal grants	235				235
Highway User Revenue Fund		2,900,000			2,900,000
Other					
Investment income	448,324		10,000		458,324
Charges for services	2,568,047				2,568,047
Fines and forfeitures	1,943,711				1,943,711
Licenses and permits	377,172				377,172
Miscellaneous	762,136				762,136
Total revenues	41,109,489	2,900,000	4,580,060		48,589,549
<b>Expenditures:</b>					
Current:					
Police	15,873,596				15,873,596
Fire	5,207,602				5,207,602
Community services	5,855,528				5,855,528
Public Works		2,498,372			2,498,372
Mayor and council	135,939				135,939
City manager	1,486,075				1,486,075
Development services	6,428,871				6,428,871
Administrative Services	1,672,301				1,672,301
Debt service:	36,659,912				36,659,912
Principal retirement	0	1,147,173	2,500,000		3,647,173
Interest and fiscal fees	0	2,200,000	150,000		2,350,000
Capital outlay				3,500,000	3,500,000
Total Expenditures	36,659,912	5,845,545	2,650,000	3,500,000	48,655,457
Excess (deficiency) of revenues over expenditures					
before other financing sources (uses)	4,449,577	(2,945,545)	1,930,060	(3,500,000)	(65,908)
<b>Other financing sources (uses):</b>					
Transfers in	120,165		200,000	1,305,000	1,625,165
Transfers out	(2,021,495)	(1,505,000)			(3,526,495)
Issuance of debt	0			2,000,000	2,000,000
Premium on issuance of debt	0			195,000	195,000
Capital lease proceeds	211,178				211,178
Proceeds from sale of capital assets	2,830,956				2,830,956
Proceeds of refunding bonds			2,000,000		2,000,000
Payment to refunded bond escrow agent			10,000		10,000
Total other financing sources (uses)	1,140,803	(1,505,000)	2,210,000	3,500,000	5,345,803
Net change in fund balances	5,590,380	(4,450,545)	4,140,060		5,279,895
Fund balance at beginning of year	19,338,510	5,294,941	305,175	7,302,835	32,241,461
Fund balance at end of year	<u>\$24,928,890</u>	<u>\$844,396</u>	<u>\$4,445,235</u>	<u>\$7,302,835</u>	<u>\$37,521,356</u>

*City of Kelsey*

**City of Kelsey**  
**Combined Statement of Revenues, Exenditures and Changes in Fund Balances**  
**Budget and Acutal, General and Special Revenue**  
**Budget Basis**  
**June 30, 2005**

	General Fund			Special Fund			Totals	
	Budgeted Amounts	Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)	Budgeted Amounts	Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)	Budgeted Amounts	Actual Amounts (budgetary basis)
Revenues								
Taxes	\$ 34,309,667	\$ 35,009,864	700,197				\$ 34,309,667	\$ 35,009,864
Intergovernmental	235	235	-	2,875,000	2,900,000	25,000	2,875,235	2,900,235
Investment income	448,324	430,129	(18,195)				448,324	430,129
Charges for services	2,516,686	2,568,047	51,361				2,516,686	2,568,047
Fines and forfeitures	1,904,837	1,943,711	38,874				1,904,837	1,943,711
Licenses and permits	369,629	377,172	7,543				369,629	377,172
Miscellaneous	800,000	762,136	(37,864)				800,000	762,136
Total revenues	<u>40,349,377</u>	<u>41,091,294</u>	<u>741,917</u>	<u>2,875,000</u>	<u>2,900,000</u>	<u>25,000</u>	<u>43,224,377</u>	<u>43,991,294</u>
Expenditures								
Police	15,714,860	14,845,267	(869,593)				15,714,860	14,845,267
Fire	5,155,526	5,010,608	(144,918)				5,155,526	5,010,608
Community services	5,796,972	6,043,324	246,352				5,796,972	6,043,324
Public Works				2,675,000	2,498,372	176,628	2,675,000	2,498,372
Mayor and council	134,580	141,658	7,078				134,580	141,658
City manager	1,236,913	1,214,913	(22,000)				1,236,913	1,214,913
Development services	6,439,012	6,333,886	(105,126)				6,439,012	6,333,886
Administrative Services	1,679,000	1,500,727	(178,273)				1,679,000	1,500,727
Total current expenditures	<u>36,156,863</u>	<u>35,090,383</u>	<u>(1,066,480)</u>	<u>2,675,000</u>	<u>2,498,372</u>	<u>176,628</u>	<u>38,831,863</u>	<u>37,588,755</u>
Debt Service				3,347,173	3,347,173		3,347,173	3,347,173
Excess (deficiency) of revenues over expenditures before other financing sources (uses)	<u>4,192,514</u>	<u>6,000,911</u>	<u>1,808,397</u>	<u>(3,147,173)</u>	<u>(2,945,545)</u>	<u>(201,628)</u>	<u>1,045,341</u>	<u>3,055,366</u>
Other financing sources (uses)								
Transfers from other funds	120,165	120,165					120,165	120,165
Transfers to other funds	(2,021,495)	(2,021,495)					(2,021,495)	(2,021,495)
Proceeds from sale of capital assets	-	-		(1,505,000)	(1,505,000)		(1,505,000)	(1,505,000)
Total other financing sources (uses)	<u>(1,901,330)</u>	<u>(1,901,330)</u>	<u>-</u>	<u>(1,505,000)</u>	<u>(1,505,000)</u>		<u>(3,406,330)</u>	<u>(3,406,330)</u>
Net change in fund balance	<u>2,291,184</u>	<u>4,099,581</u>	<u>1,808,397</u>	<u>(4,652,173)</u>	<u>(4,450,545)</u>	<u>(201,628)</u>	<u>(2,360,989)</u>	<u>(350,964)</u>
Fund balance at beginning of year	19,338,510	19,338,510	-	5,496,569	5,496,569	-	24,835,079	24,835,079
Fund balance at end of year	<u>\$21,629,693</u>	<u>\$23,438,091</u>	<u>\$1,808,397</u>	<u>\$844,396</u>	<u>\$1,046,024</u>	<u>\$201,628</u>	<u>\$22,474,089</u>	<u>\$24,484,115</u>

*City of Kelsey*

## **Notes to the Financial Section**

### **A. Basis of Presentation**

The financial statements of the City of Kelsey have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments.

This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, issued in June 1999.

### **B. Financial Reporting Entity**

City of Kelsey is non-profit governmental entity thus exempt from federal and state income tax. For financial reporting purposes, the City has included all funds and account groups. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete, and has determined there are none. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The City has no component units that meet the GASB criteria. The City has only one enterprise fund but maintains separate accounts within the Enterprise Debt Service and Capital Projects.

### **C. Basis of Accounting**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. Revenues are recognized when earned. Expenses are recorded when the related liability is incurred. The principal operating revenues are rental and lease income, while the principal operating expenses are for the operations of the facilities that are being leased.



In accordance with Governmental Accounting Standards Board (GASB) Statement 20, the City has elected to apply the Financial Accounting Standards Board (FASB) Statements and interpretations issued after November 30, 1989.

#### **D. Land Held for Resale**

Land held for resale represents 3.52 acres of land located on 18<sup>th</sup> Avenue Northwest and 8<sup>th</sup> Street Northwest. The land is available for purchase for commercial development. Land held for resale is valued at the lower of cost or market value.

#### **E. Capital Assets**

Capital assets are valued at historical cost or estimated historical cost if historical cost is not available. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

#### **F. Deferred Charges**

Deferred charges consist of the unamortized bond issuance costs incurred on the Taxable General Obligation Development Refunding Bonds, Series 1997. The deferred charges are being amortized on the straight-line basis over the fifteen-year life of the bonds.

#### **G. Unamortized Bond Discount**

Discounts on the Bonds issued in 1997 are being amortized over the fifteen-year life of the bonds using the straight-line method.

#### **H. Advances from Primary Government**

Transactions between the primary government (State) and the City that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances from primary government."

#### **I. Net Assets**

Net Assets represent the difference between assets and liabilities in the basic financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the basic financial statement when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

## NOTE 1 CASH AND INVESTMENTS

The City of Kelsey maintains a cash and investment pool that is available for use by the City. The City deposits all investments within the State investment pool. Earnings from such investments are allocated to the City and respective City funds on the basis of applicable balance participation by each fund. The City's investment pool does not specifically identify the Authority's investments. Therefore, the investments are not categorized by level of risk in accordance with Governmental Accounting Standards Board (GASB) Statement 3.

## NOTE 2 CAPITAL ASSETS

### Fixed Assets

The following is a summary of changes in capital assets for the year ending June 30, 2005:

	6/30/2004	Additions	Deletions	6/30/2005
Buildings	\$ 59,005,707	\$ 163,809	\$ -	\$ 59,169,516
Furniture and Fixtures	32,055,058	205,480		32,260,538
Subtotal	\$ 91,060,765	\$ 369,289	\$ -	\$ 91,430,054
Less: Accumulated Depreciation	40,910,400	24,619		40,935,019
Net Fixed Assets	\$ 50,150,365	\$ 344,670	\$ -	\$ 50,495,035

## NOTE 3 LONG-TERM DEBT

Bonds payable are comprised of the following individual issues:

	Interest Rate %	Annual Principal	Maturity Date	Bonds Outstanding
Highway User Revenue Bonds of 1995	4.00-5.75	\$ 55,000-145,000	02/01/16	\$ 1,400,000
Development, Series 1994	6.90-8.50	\$ 35,000-85,000	02/01/04	\$ 480,000
Series 1997	5.75-7.30	180,000-345,000	02/01/11	1,995,000
Subtotal Development Bonds				\$ 2,475,000
Total Bonds Payable				\$ 3,875,000
Less: Unamortized Bond Discount				(17,786)
Unamortized Loss on Bond Refinancing				(66,000)
Net Long-Term Debt				\$ 3,791,214
Less Current Portion				(830,000)
Long-Term Debt				\$ 2,961,214

Changes in long-term bonds payable are as follows:

	<u>6/30/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/05</u>
Revenue Bonds	\$ 1,475,000	\$ -	\$ 75,000	\$ 1,400,000
Development Bonds	2,790,000	-	315,000	2,475,000
Total	<u>\$ 4,265,000</u>	<u>\$ -</u>	<u>\$ 390,000</u>	<u>\$ 3,875,000</u>

Annual requirements to retire bonds payable are as follows:

	<u>Total</u>	<u>Highway User Revenue Bonds</u>	<u>Development Bonds</u>
2004	\$ 1,055,136	\$ 148,842	\$ 906,294
2005	2,218,333	795,787	3,014,120
2006	561,753	150,998	410,755
2007	563,965	151,578	412,387
2008	370,918	151,813	219,105
2009-2013	1,415,833	759,403	656,430
2014-2016	451,486	451,486	-
	<u>\$ 5,815,020</u>	<u>\$ 2,609,907</u>	<u>\$ 8,424,927</u>
Less Interest Included	<u>(1,101,153)</u>	<u>(564,203)</u>	<u>(1,665,356)</u>
Principal Payable	<u>\$ 4,713,867</u>	<u>\$ 2,045,704</u>	<u>\$ 6,759,571</u>

On January 1, 1997 the City advance refunded the 1988 and 1990 Taxable General Obligation Development Bonds to reduce its total debt service payments by \$408,927 over the next fifteen years and to obtain a net present value savings of \$281,155. The advance refunding resulted in a deferred loss on advance refunding of \$123,774, which is being amortized over the life of the new bonds. The unamortized balance at December 31, 2003 is \$66,000.

#### NOTE 4 BUDGET BASIS OF ACCOUNTING

Adjustments necessary to convert the fund balances for the fiscal year ended from GAAP to budget basis are as follows:

	Fund Balances at June 30, 2005	
	General	Special
GAAP basis	\$24,928,890	\$844,396
Encumbrances reserved at June 30, but recognized as expenditure for budget purposes	(125,403)	(165,132)
Expense and claims payable not recognized as expenditures for budget purposes	691,147	379,261
Supply inventory expended when purchased for Fund balance designed for GAAP and expended for budget purposes	(35,048)	(12,501)
	(2,021,495)	
Budget basis	<u>\$23,438,091</u>	<u>\$1,046,024</u>

**City of Kelsey**  
**General Fund Balance Sheet**  
**June 30, 2005**

	<b>2004</b>	<b>2005</b>
<b><u>Assets</u></b>		
Pooled cash and investments	\$25,807,192	\$26,333,869
Receivables:		
Taxes	2,381,939	2,430,550
Accounts, net	847,718	865,018
Accrued interest	370,939	378,509
Due from other governments	674,804	688,576
Inventories	98,125	100,127
Restricted cash and investments	5,196	20,785
Total assets	<u>30,185,913</u>	<u>30,817,435</u>
<b><u>Liabilities</u></b>		
Accounts payable	1,142,177	1,142,275
Deposits	2,437,264	2,437,362
Accrued expenses	1,534,679	1,534,777
Claims and judgements		272,202
Due to other governments	272,104	17668
Deferred revenue	484,163	484,261
Total Liabilities	<u>5,870,387</u>	<u>5,888,545</u>
<b><u>Fund Balance</u></b>		
Fund Balance		
Reserve for Encumbrances	750,000	364,216
Reserve for Inventory	120,000	100,127
Reserve for note recieveable	13,500	190,000
Unreserved:		
Designated:		
Self-Insurance	10,000,000	5,000,000
Capital Projections	4,500,000	4,500,000
Carryforward Appropriations	1,000,000	1,993,585
Undesignated	7,932,026	12,780,962
Total Fund Balance	<u>24,315,526</u>	<u>24,928,890</u>
Total Liabilities and Fund Balance	<u>\$30,185,913</u>	<u>\$30,817,435</u>

**City of Kelsey  
General Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
June 30, 2005**

	<u>2004</u>	<u>2005</u>
Revenues		
Taxes	\$34,309,667	\$35,009,864
Intergovernmental		235
Investment income	421,526	430,129
Charges for services	2,516,686	2,568,047
Fines and forfeitures	1,904,837	1,943,711
Licenses and permits	369,629	377,172
Miscellaneous	746,893	762,136
Total revenues	<u>40,269,468</u>	<u>41,091,294</u>
Expenditures		
Police	14,727,079	14,845,267
Fire	4,970,717	5,010,608
Community services	5,995,211	6,043,324
Mayor and council	140,530	141,658
City manager	1,205,241	1,214,913
Development services	6,283,460	6,333,886
Administrative Services	1,488,779	1,500,727
Total expenditures	<u>34,811,018</u>	<u>35,090,383</u>
Excess (deficiency) of revenues and other sources over expenditures before other uses	<u>5,458,450</u>	<u>6,000,911</u>
Other financing sources (uses)		
Transfers from other funds		
Transfers in	125,000	120,165
Transfers out	(8,190,000)	(2,021,495)
Total other financing sources (uses)	<u>(8,065,000)</u>	<u>(1,901,330)</u>
Excess(deficiency) of revenues and other sources over expenditures and other uses	<u>(2,606,550)</u>	<u>4,099,581</u>
Fund balance at beginning of year	21,945,059	19,338,510
Fund balance at end of year	<u><u>\$19,338,510</u></u>	<u><u>\$23,438,091</u></u>

**City of Kelsey  
General Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balance- Budget to Actual  
June 30, 2005**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$34,309,667	\$35,009,864	\$35,009,864	\$0
Intergovernmental	235	235	235	-
Investment income	448,324	448,324	430,129	(18,195)
Charges for services	2,516,686	2,568,047	2,568,047	-
Fines and forfeitures	1,904,837	1,943,711	1,943,711	-
Licenses and permits	369,629	377,172	377,172	-
Miscellaneous	800,000	762,136	762,136	-
Total revenues	<u>40,349,377</u>	<u>41,109,489</u>	<u>41,091,294</u>	<u>(18,195)</u>
Expenditures				
Police	15,714,860	15,873,596	14,845,267	1,028,329
Fire	5,155,526	5,207,602	5,010,608	196,994
Community services	5,796,972	5,855,528	6,043,324	(187,796)
Mayor and council	134,580	135,939	141,658	(5,719)
City manager	1,236,913	84,859	1,214,913	(1,130,054)
Development services	6,439,012	6,428,871	6,333,886	94,985
Administrative Services	1,679,000	1,672,301	1,500,727	171,574
Total expenditures	<u>36,156,863</u>	<u>35,258,696</u>	<u>35,090,383</u>	<u>168,313</u>
Other financing sources (uses)				
Transfers from other funds	120,165	120,165	120,165	-
Transfers to other funds	(2,021,495)	(2,021,495)	(2,021,495)	-
Proceeds from sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(1,901,330)</u>	<u>(1,901,330)</u>	<u>(1,901,330)</u>	<u>-</u>
Net change in fund balance	<u>\$2,291,184</u>	<u>\$3,949,463</u>	<u>\$4,099,581</u>	<u>\$150,118</u>

## **Debt Service Fund**

Debt Service fund is used to account for the accumulation of resources and payment of debt other than debt issued for Enterprise funds.

General Obligation – for the accumulation of resources and payment of general obligation debt.



**City of Kelsey**  
**Debt Fund Balance Sheet**  
**June 30, 2005**

	<u>2004</u>	<u>2005</u>
<b><u>Assets</u></b>		
Pooled cash and investments	\$4,294,252	\$4,381,890
Receivables:		
Taxes	156,199	159,386
Restricted cash and investments	2,967,095	3,027,648
Total assets	7,417,546	7,568,924
<b><u>Liabilities, Equity and Other Credits</u></b>		
<b>Liabilities</b>		
Accounts payable	67,443	5,176
Deferred revenue	100,217	104,393
Matured bonds payable	2,129,600	2,218,333
Matured interest payable	763,956	795,787
Capital improvements note payable		
Capital leases		
Total liabilities	3,061,215	3,123,689
<b>Equity and other Credits</b>		
Debt Service		
Total fund balances	4,356,331	4,445,235
Total liabilities, equity and other credits	<u>\$7,417,546</u>	<u>\$7,568,924</u>

**City of Kelsey  
Debt Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
June 30, 2005**

	2004	2005
Revenues		
Property Tax	\$4,478,659	\$4,570,060
Interest	\$9,800	10,000
Total revenues	<u>4,478,659</u>	<u>4,580,060</u>
Debt service:		
Principal retirement	1,055,136	2,500,000
Interest and fiscal fees	148,842	150,000
Total Expenditures	<u>1,203,978</u>	<u>2,650,000</u>
Excess (deficiency) of revenues and other sources over expenditures before other uses	<u>3,274,681</u>	<u>1,930,060</u>
Other financing sources (uses)		
Transfers to other funds	(4,000,000)	200,000
Total other financing sources (uses)	<u></u>	<u>200,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(725,319)</u>	<u>2,130,060</u>
Fund balance at beginning of year	<u>1,030,494</u>	<u>305,175</u>
Fund balance at end of year	<u>\$305,175</u>	<u>\$2,435,235</u>

## **Capital Improvement Fund**

Capital Improvement fund accounts for all current financial resources used for the acquisition of capital facilities. Disbursement from this fund is primarily for property acquisition and the construction of permanent public improvements. The major sources of financing are derived from bond proceeds and special revenues.

**City of Kelsey**  
**Capital Improvements Fund Balance Sheet**  
**June 30, 2005**

<u>Assets</u>	<u>2004</u>	<u>2005</u>
Pooled cash and investments	\$6,598,006	\$6,686,942
Due from other governments	1,305,468	1,323,065
 Total assets	 7,903,474	 8,010,007
 <u>Liabilities, Equity and Other Credits</u>		
<u>Liabilities</u>		
Accounts payable	964,619	977,622
 Total liabilities	 964,619	 977,622
<u>Equity and other Credits</u>		
Reserved for:		
Encumbrances	6,430,770	6,517,452
Capital projects funds	508,084	514,933
Total fund balances	6,938,854	7,032,385
Total liabilities, equity and other credits	<u>\$7,903,474</u>	<u>\$8,010,007</u>

**City of Kelsey**  
**Capital Improvements Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance**  
**June 30, 2005**

	<u>2004</u>	<u>2005</u>
Expenditures		
Capital Outlay	\$3,535,000	\$3,500,000
Total Expenditures	<u>3,535,000</u>	<u>3,500,000</u>
Excess (deficiency) of revenues and other sources over expenditures before other uses	<u>3,535,000</u>	<u>3,500,000</u>
Other financing sources (uses)		
Transfers to other funds	4,000,000	3,500,000
Total other financing sources (uses)	<u>4,000,000</u>	<u>3,500,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>465,000</u>	<u>-</u>
Fund balance at beginning of year	<u>6,837,835</u>	<u>7,302,835</u>
Fund balance at end of year	<u><u>\$7,302,835</u></u>	<u><u>\$7,302,835</u></u>

## **Special Revenue Fund**

Special revenue fund is used to account for specific revenues used to finance certain projects or activities as required by law or contractual agreement.

Transportation Fund – to account for the receipt and expenditure of the City's share of the Highway Users taxes. State law restricts the use of these monies to maintenance, construction and reconstruction of streets, and repayment of transportation-related general obligation debt.

**City of Kelsey**  
**Transportation Fund Balance Sheet**  
**June 30, 2005**

	<u>2004</u>	<u>2005</u>
<b><u>Assets</u></b>		
Pooled cash and investments	\$830,876	\$847,833
Receivables:		
Taxes	46,200	47,143
Accrued interest	4,902	5,002
Due from other governments	114,894	117,239
Total assets	<u>996,873</u>	<u>1,017,217</u>
<b><u>Liabilities</u></b>		
Accounts payable	170,727	170,825
Accrued expenses	1,594	1,692
Claims and judgments	206	304
Total Liabilities	<u>172,527</u>	<u>172,821</u>
<b><u>Fund Balance</u></b>		
Fund Balance		
Reserve for Encumbrances	50,000	36,711
Undesignated	824,345	807,684
Total Fund Balance	<u>874,345</u>	<u>844,396</u>
 Total Liabilities and Fund Balance	 <u><u>\$1,046,873</u></u>	 <u><u>\$1,017,217</u></u>

**City of Kelsey  
Transportation Fund  
Statement of Revenues, Expenditures and  
Changes in Fund Balance  
June 30, 2005**

	<u>2004</u>	<u>2005</u>
Revenues		
Intergovernmental	\$2,842,000	\$2,900,000
Total revenues	<u>2,842,000</u>	<u>2,900,000</u>
Expenditures		
Current:		
Public works	2,537,770	2,498,372
Debt service:		
Principal retirement		1,147,173
Interest and fiscal fees		2,200,000
Total Expenditures	<u>2,537,770</u>	<u>5,845,545</u>
Excess (deficiency) of revenues and other sources over expenditures before other uses	<u>304,230</u>	<u>(2,945,545)</u>
Other financing sources (uses)		
Transfers to other funds		(1,505,000)
Total other financing sources (uses)		<u>(1,505,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>304,230</u>	<u>(4,450,545)</u>
Fund balance at beginning of year	<u>5,192,339</u>	<u>5,496,569</u>
Fund balance at end of year	<u>\$ 5,496,569</u>	<u>\$ 1,046,024</u>



**City of Kelsey**  
**Transportation Special Revenue Fund**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance- Budget to Actual**  
**June 30, 2005**

	Budgeted Amounts		Actual Amounts (budgetary basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$2,875,000	\$2,875,000	\$2,900,000	\$25,000
Total revenues	<u>2,875,000</u>	<u>2,875,000</u>	<u>2,900,000</u>	<u>25,000</u>
Expenditures				
Current:				
Public works	2,675,000	2,600,298	2,498,372	(101,926)
Debt service:				
Principal retirement	1,147,173	1,147,173	1,147,173	
Interest and fiscal fees	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,200,000</u>	
Total expenditures	<u>6,022,173</u>	<u>5,947,471</u>	<u>5,845,545</u>	<u>(101,926)</u>
Other financing sources (uses)				
Transfers to other funds	<u>(1,505,000)</u>	<u>(1,505,000)</u>	<u>(1,505,000)</u>	
Total other financing sources (uses)	<u>(1,505,000)</u>	<u>(1,505,000)</u>	<u>(1,505,000)</u>	
Net change in fund balance	<u>(\$4,652,174)</u>	<u>(\$4,577,471)</u>	<u>(\$4,450,545)</u>	<u>\$126,926</u>

## **Statistical Section**

The following section contains various statistical schedules including historical revenue and expenditure comparisons, property taxes, debt service, and demographic information

City Of Kelsey

General Governmental Revenues by Source

Last Ten Years

<u>Fiscal Year Ended June 30,</u>	<u>Taxes</u>	<u>Intergovernmental</u>	<u>Investment income</u>	<u>Charges for services</u>	<u>Fines and forfeitures</u>	<u>Licenses and permits</u>	<u>Miscellaneous</u>	<u>Total</u>
2005	\$ 35,009,864	2,900,235	430,129	2,568,047	1,943,711	377,172	762,136	\$ 43,991,294
2004	34,502,167	2,858,177	423,891	2,530,806	1,915,524	371,703	751,084	43,353,353
2003	34,001,833	2,816,729	417,744	2,494,105	1,887,746	366,312	740,192	42,724,663
2002	33,508,754	2,775,882	411,686	2,457,937	1,860,371	361,000	729,458	42,105,089
2001	33,022,826	2,735,628	405,716	2,422,293	1,833,393	355,765	718,880	41,494,501
2000	32,543,944	2,695,957	399,833	2,387,166	1,806,806	350,606	708,455	40,892,767
1999	32,072,007	2,656,861	394,035	2,352,549	1,780,604	345,522	698,181	40,299,759
1998	31,606,913	2,618,333	388,321	2,318,433	1,754,783	340,511	688,057	39,715,350
1997	31,148,564	2,580,363	382,689	2,284,812	1,729,336	335,573	678,079	39,139,417
1996	30,696,862	2,542,944	377,140	2,251,679	1,704,258	330,707	668,245	38,571,835

*City of Kelsey*

City of Kelsey

General Governmental Expenditure by Program

<u>Ended June 30,</u>	<u>Ten Years</u>								<u>Total</u>
	<u>Police</u>	<u>Fire</u>	<u>Community services</u>	<u>Public Works</u>	<u>Mayor and council</u>	<u>City manager</u>	<u>Development services</u>	<u>Administrative services</u>	
2005	14,845,267	5,010,608	6,043,324	2,498,372	141,658	1,214,913	6,333,886	1,500,727	37,588,755
2004	14,744,452	4,976,581	6,002,283	2,481,405	140,696	1,206,662	6,290,872	1,490,535	37,333,487
2003	14,644,321	4,942,784	5,961,521	2,464,554	139,741	1,198,468	6,248,150	1,480,413	37,079,953
2002	14,544,871	4,909,218	5,921,036	2,447,817	138,792	1,190,329	6,205,719	1,470,360	36,828,140
2001	14,446,095	4,875,879	5,880,826	2,431,194	137,849	1,182,245	6,163,575	1,460,374	36,578,038
2000	14,347,991	4,842,766	5,840,889	2,414,683	136,913	1,174,217	6,121,718	1,450,457	36,329,634
1999	14,250,553	4,809,879	5,801,223	2,398,285	135,983	1,166,243	6,080,145	1,440,607	36,082,917
1998	14,153,776	4,777,215	5,761,827	2,381,998	135,060	1,158,323	6,038,854	1,430,823	35,837,876
1997	14,057,657	4,744,772	5,722,698	2,365,822	134,142	1,150,456	5,997,844	1,421,107	35,594,498
1996	13,962,191	4,712,550	5,683,835	2,349,755	133,231	1,142,643	5,957,112	1,411,456	35,352,774

Note: (1) Includes general and special revenue

City of Kelsey

Assessed Value of Taxable Property

Last Ten Years

(Amounts Expressed in Millions)

<u>Fiscal Year Ended June 30,</u>	<u>Tax Year Ended December 31,</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Total Assessed Value (1)</u>
2005	2005	\$ 46,042	\$ 9,778	\$ 3,705	\$ 59,525
2004	2004	29,471	9,153	2,835	41,459
2003	2003	27,626	8,515	2,810	38,951
2002	2002	25,972	7,765	2,978	36,715
2001	2001	24,493	6,839	2,997	34,329
2000	2000	23,054	5,903	3,096	32,053
1999	1999	21,761	5,327	3,117	30,205
1998	1998	20,843	5,131	3,315	29,289
1997	1997	20,198	4,111	3,262	27,571
1996	1996	13,275	4,113	2,701	20,089

Notes: (1) The County's property tax is levied each July 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the County. Assessed valuations are established by the Board of County Commissioners at 100% of estimated market value for real property and 100% of actual value for personal property. Public service company property is certified by the State at 100% of actual value with no distinction between real and personal property values.

(2) A revaluation of real property is required by State Statutes at least every eight years.

City of Kelsey

Computation of Direct and Overlapping Debt for Northvalley County

June 30, 2005

	<u>Net Bonded Debt</u>	<u>Percentage Applicable to Kelsey</u>	<u>Amount Applicable to Kelsey</u>
DIRECT DEBT - City of Kelsey	\$4,500,000	100	\$4,500,000
OVERLAPPING DEBT (1)			
Northwest County	5,700,000	12	684,000
Fire District	28,384,593	2	567,692
County Hospital	1,898,155	17	322,686
Regional Transportation	2,000,000	32	640,000
County Health Care System	112,715,000	13	14,652,950
Regional Airport	2,160,139	5	108,007
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$21,475,335</u></u>

Note: (1) Overlapping debt does not include debt of the Special Airport District Riley County, as these bonds are payable by the Airport Authority out of airport revenues.

Outstanding County Hospital System is not included in overlapping debt, as these bonds are payable by the hospital out of hospital revenues.

*City of Kelsey*

City of Kelsey

Ratio of Annual Debt Service Expenditures for

General Obligation Debt

Last Ten Years

Fiscal Year Ended June 30,	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
2005	\$2,218,333	\$795,787	\$3,014,120	37,588,755	8%
2004	1,996,500	716,208	2,712,708	37,333,487	7%
	1,796,850	644,587	2,441,437	37,079,953	7%
2003	1,617,165	580,129	2,197,294	36,828,140	6%
2002	1,455,449	522,116	1,977,564	36,578,038	5%
	1,309,904	469,904	1,779,808	36,329,634	5%
2001	1,178,913	422,914	1,601,827	36,082,917	4%
2000	1,061,022	380,622	1,441,644	35,837,876	4%
	954,920	342,560	1,297,480	35,594,498	4%
1999	859,428	308,304	1,167,732	33,102,883	4%

*City of Kelsey*

City of Kelsey

Ratio of Net General Bonded Debt

To Assessed Value and Net Bonded Debt Per Capita

Last Ten Years

<u>Fiscal Year Ended June 30,</u>	<u>Population Estimate (1)</u>	<u>Total Assessed Value</u>	<u>Gross Bonded Debt</u>	<u>Percent of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2005	53,000	\$595,254,943	\$6,392,457	1.07 %	\$ 121
2004	53,000	414,587,939	5,193,091	1.25	98
2003	53,000	389,508,578	5,326,178	1.37	100
2002	53,000	367,150,514	5,656,900	1.54	107
2001	53,000	343,374,227	4,350,450	1.27	82
2000	45,000	320,539,191	3,584,450	1.12	80
1999	45,000	302,052,170	2,705,950	0.90	60
1998	45,000	292,888,175	2,898,850	0.99	64
1997	45,000	275,710,535	1,854,550	0.67	41
1996	45,000	208,860,385	1,902,750	0.91	42

(1) U.S Census



City of Kelsey

Property value, Construction, and Bank Deposits

Last Ten Years

Fiscal Year Ended June 30,	Tax Year Ended December 31,	Property Value	Non-Residential Construction		Residential Construction		Additions, Alterations		Total Construction		Bank Deposits on June 30,
			Number of Units	Value	Number of Units	Value	Number of Units	Value	Number of Units	Value	
2005	2005	\$ 595,254,943	890	\$ 79,828,699	8,380	\$11,687,926	4,509	\$ 1,820,373	13,779	\$ 93,336,998	\$ 68,325,130
2004	2004	414,587,939	852	63,744,016	9,182	12,366,009	3,948	1,864,599	13,982	77,974,624	65,886,680
2003	2003	387,669,633	704	59,349,756	9,318	11,743,711	4,087	1,677,956	14,109	72,771,423	60,557,730
2002	2002	367,150,514	625	51,456,069	8,271	9,947,408	4,153	1,101,201	13,049	62,504,677	56,113,980
2001	2001	343,374,227	555	39,096,660	7,279	8,819,423	3,418	947,898	11,252	48,863,981	52,622,320
2000	2000	320,539,191	684	36,821,670	6,607	8,253,052	3,012	691,981	10,303	45,766,703	51,227,000
1999	1999	302,052,170	1,043	19,132,184	9,200	6,989,152	3,383	1,569,465	13,626	27,690,802	46,551,640
1998	1998	292,888,176	716	17,098,107	8,583	8,756,211	3,315	1,275,668	12,616	27,129,986	47,519,884
1997	1997	275,710,535	506	7,941,791	6,435	6,272,550	3,070	1,028,785	10,011	15,243,126	37,145,285
1996	1996	200,886,039	484	1,122,339	5,648	4,681,445	3,044	993,143	9,176	6,796,927	35,815,910

*City of Kelsey*

City of Kelsey

Principal Taxpayers

Year Ended June

<u>Firm</u>	<u>Type of Enterprise</u>	<u>2005 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>*Tax Levy</u>
Smith Systems Consulting, Inc	Consulting	\$18,656,728	3.13 %	5,712,690
Huffman Trucking	Trucking	3,952,233	.66	1,210,174
Kelsey Gardens	Agriculture	38,692,238	.65	11,847,563
Northvalley Telephone	Utility	2,499,650	.42	765,393
Northvalley Electricity	Utility	1,763,255	.30	539,909
Riley Community College	Education	1,600,832	.27	490,175
Northvalley Nat Gas	Utility	1,451,374	.24	444,411
MidState Airlines Corp. **	Transportation	1,431,711	.24	438,390
City of Kelsey	Utilities	1,380,452	.23	
Kelsey Day Care	Real Estate	1,353,461	.23	414,430
		<u>\$72,781,935</u>	<u>6.37 %</u>	<u>\$21,863,134</u>

\*Includes county property tax and late list penalty only; it does not include fire and special districts.

City of Kelsey

Demographic Statistics

Last Ten Years

<u>Fiscal Year Ended June 30,</u>	<u>Population Estimate (1)</u>	<u>School Enrollment</u>	<u>Unemployment Rate (1)</u>	<u>Per Capita Income (1)</u>	<u>Retail Sales (1) (in millions)</u>
2005	53,000	976	1.9%	\$ 35,400	\$ 17.42
2004	53,000	944	1.4	\$ 34,200	\$ 11.61
2003	53,000	929	1.5	\$ 33,205	\$ 11.54
2002	53,000	901	1.6	\$ 30,251	\$ 11.50
2001	53,000	848	2.0	\$ 29,384	\$ 10.18
2000	45,000	806	2.2	\$ 28,858	\$ 8.44
1999	45,000	760	2.6	\$ 26,764	\$ 7.65
1998	45,000	723	2.8	\$ 24,841	\$ 6.66
1997	45,000	692	3.7	\$ 23,959	\$ 5.45
1996	45,000	660	4.6	\$ 22,805	\$ 5.29

Source: (1) U.S. Census