

CITY OF LOUISBURG, KANSAS
Financial Statements
For the Year Ended December 31, 2008

LOWENTHAL SINGLETON WEBB & WILSON
P R O F E S S I O N A L A S S O C I A T I O N

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Mayor and City Council
City of Louisburg, Kansas

We have audited the accompanying financial statements of the City of Louisburg, Kansas (the City), as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Louisburg, Kansas. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the City's financial statements for the year ended December 31, 2007. In our report dated April 11, 2008 on these financial statements, we expressed an adverse opinion as to presentation on the basis of generally accepted accounting principles and an unqualified opinion as to presentation on the Kansas prescribed basis of accounting.

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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City of Louisburg, Kansas prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Louisburg, Kansas, as of December 31, 2008, or the respective changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Louisburg, Kansas, as of December 31, 2008, and its cash receipts and expenditures by fund, and fund budget to actual comparisons, for the year then ended, taken as a whole, on the prescribed basis of accounting described in Note 1.

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas prescribed basis of accounting. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2007, from which such partial information was derived.

Lowenthal, Singleton, Webb & Wilson

Professional Association

April 9, 2009

STATEMENT 1

CITY OF LOUISBURG, KANSAS
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
 For the Year Ended December 31, 2008

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 2,503,551	\$ -	\$ 2,129,348	\$ 2,275,082	\$ 2,357,817	\$ 24,256	\$ 2,382,073
Special Revenue Funds:							
Special Street Fund	1,262,921	-	826,821	1,180,404	909,338	37,193	946,531
Excise Tax Fund	180,485	-	16,474	1,855	195,104	-	195,104
Cops for Kids Fund	7,485	-	7,216	8,994	5,707	-	5,707
Aquatic Center Operations Fund	152,981	-	427,781	463,704	117,058	2,059	119,117
Lewis Young Park Donations Fund	43,387	-	16,616	31,584	28,419	2,686	31,105
Lewis Young Park Lighting Fund	6,836	-	12,563	7,987	11,412	-	11,412
Public Safety Facility Fund	439,400	-	-	439,400	-	-	-
Stormwater Fund	33,107	-	83,826	-	116,933	-	116,933
Cemetery Commission Fund	108,007	-	33,727	31,853	109,881	-	109,881
Fox Hall Commission Fund	23,947	-	5,492	4,875	24,564	-	24,564
Debt Service Fund:							
Bond and Interest Fund	308,025	-	1,392,849	1,631,089	69,785	-	69,785
Enterprise Funds:							
Natural Gas Fund	229,308	-	1,688,217	1,462,426	455,099	28,755	483,854
Natural Gas Capital Improvement Fund	70,161	-	1,650	58,888	12,923	-	12,923
Water Fund	1,397,392	-	1,006,815	2,404,207	-	34,085	34,085
Water Capital Improvement Fund	779,018	-	18,601	61,731	735,888	30,958	766,846
Water Utility Surplus Fund	-	-	1,402,640	-	1,402,640	-	1,402,640
Wastewater Fund	1,364,466	-	469,076	433,560	1,399,982	7,930	1,407,912
Benefit District Fund	298,037	-	32,000	58,032	272,005	-	272,005
Wastewater Capital Improvement Fund	[240,618]	371,449	1,581,056	1,302,209	409,678	655	410,333
State Revolving Loan Fund	56,402	-	60,634	59,866	57,170	-	57,170
Water/Sewer Bond Reserve Fund	280,000	-	-	-	280,000	-	280,000
Water/Sewer Depreciation Reserve Fund	-	-	60,088	-	60,088	-	60,088
Deferred Bond Payment Fund	161,836	-	35,908	18,633	179,111	-	179,111
Total	\$ 9,466,134	\$ 371,449	\$ 11,309,398	\$ 11,936,379	\$ 9,210,602	\$ 168,577	\$ 9,379,179

COMPOSITION OF CASH:

Peoples Bank	
Checking	\$ 88,153
Fox Hall	5,037
Petty Cash	2,389
Municipal Court	4,275
Freedom Fund	4,439
First National Bank	
Checking	6,307
Cemetery	16,838
Savings	3,570
Certificates of Deposit	3,356,984
Landmark	
Money Market	1,565,197
Checking	173,064
Certificates of Deposit	6,571
First Option Bank	
Checking	895
Certificates of Deposit	4,154,174
Total Cash	9,387,893
Less: Agency Funds	[8,714]
Total (Excluding Agency Funds)	\$ 9,379,179

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

CITY OF LOUISBURG, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended December 31, 2008

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year Budget</u>	<u>Variance Positive [Negative]</u>
General Fund	\$ 3,468,000	\$ -	\$ 3,468,000	\$ 2,275,082	\$ 1,192,918
Special Revenue Funds:					
Special Street Fund	2,100,000	-	2,100,000	1,180,404	919,596
Cops for Kids Fund	19,000	-	19,000	8,994	10,006
Aquatic Center Operations Fund	529,470	-	529,470	463,704	65,766
Lewis Young Park Donations Fund	50,000	-	50,000	31,584	18,416
Lewis Young Park Lighting Fund	16,000	-	16,000	7,987	8,013
Cemetery Commission Fund	63,000	-	63,000	31,853	31,147
Fox Hall Commission Fund	21,000	-	21,000	4,875	16,125
Debt Service Fund:					
Bond and Interest Fund	1,771,089	-	1,771,089	1,631,089	140,000
Enterprise Funds:					
Natural Gas Fund	1,501,962	-	1,501,962	1,462,426	39,536
Natural Gas Capital Improvement Fund	80,000	-	80,000	58,888	21,112
Water Fund	2,968,391	-	2,968,391	2,404,207	564,184
Water Capital Improvement Fund	300,000	-	300,000	61,731	238,269
Wastewater Fund	1,202,810	-	1,202,810	433,560	769,250
State Revolving Loan Fund	62,228	-	62,228	59,866	2,362

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

STATEMENT 3-1

CITY OF LOUISBURG, KANSAS
 General Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2008
 (With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Positive [Negative]
		Actual	Budget	
Cash Receipts				
Taxes	\$ 880,961	\$ 905,076	\$ 934,984	\$ [29,908]
Intergovernmental	692,837	726,796	745,368	[18,572]
Licenses and permits	245,338	107,290	241,000	[133,710]
Fines and fees	90,670	77,651	110,000	[32,349]
Use of money and property	447,718	267,486	240,000	27,486
Miscellaneous	52,792	45,049	54,500	[9,451]
Transfer in	20,000	-	80,000	[80,000]
Total Cash Receipts	2,430,316	2,129,348	\$ 2,405,852	\$ [276,504]
Expenditures and Transfers Subject to Budget				
General government	276,644	333,006	\$ 590,000	\$ 256,994
Public safety	740,286	676,121	763,000	86,879
Building and zoning	91,089	116,275	155,000	38,725
Parks and recreation	132,689	140,183	188,000	47,817
Public works	112,923	165,372	370,000	204,628
Municipal court	42,796	39,023	57,000	17,977
Building inspection	75,760	105,102	155,000	49,898
Civic center	-	-	490,000	490,000
Transfer out	350,000	700,000	700,000	-
Total Expenditures and Transfers Subject to Budget	1,822,187	2,275,082	\$ 3,468,000	\$ 1,192,918
Receipts Over [Under] Expenditures	608,129	[145,734]		
Unencumbered Cash, Beginning	1,892,840	2,503,551		
Prior Period Restatement	2,582	-		
Unencumbered Cash, Ending	\$ 2,503,551	\$ 2,357,817		

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

CITY OF LOUISBURG, KANSAS
Special Street Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008
(With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Positive [Negative]
		Actual	Budget	
Cash Receipts				
Intergovernmental	\$ 100,993	\$ 106,236	\$ 1,150,000	\$[1,043,764]
Use of money and property	7,315	20,585	-	20,585
Transfer in	1,215,266	700,000	700,000	-
Total Cash Receipts	<u>1,323,574</u>	<u>826,821</u>	<u>\$ 1,850,000</u>	<u>\$[1,023,179]</u>
Expenditures and Transfers Subject to Budget				
Highways and streets	<u>425,460</u>	<u>1,180,404</u>	<u>\$ 2,100,000</u>	<u>\$ 919,596</u>
Total Expenditures and Transfers Subject to Budget	<u>425,460</u>	<u>1,180,404</u>	<u>\$ 2,100,000</u>	<u>\$ 919,596</u>
Receipts Over [Under] Expenditures	898,114	[353,583]		
Unencumbered Cash, Beginning	<u>364,807</u>	<u>1,262,921</u>		
Unencumbered Cash, Ending	<u>\$ 1,262,921</u>	<u>\$ 909,338</u>		

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

STATEMENT 3-3

CITY OF LOUISBURG, KANSAS
Excise Tax Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Year Ended December 31, 2008 and 2007

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ 4,744	\$ 4,491
Taxes	<u>93,273</u>	<u>11,983</u>
Total Cash Receipts	<u>98,017</u>	<u>16,474</u>
Expenditures and Transfers Subject to Budget		
Capital outlay	<u>115,246</u>	<u>1,855</u>
Total Expenditures and Transfers Subject to Budget	<u>115,246</u>	<u>1,855</u>
Receipts Over [Under] Expenditures	[17,229]	14,619
Unencumbered Cash, Beginning	<u>197,714</u>	<u>180,485</u>
Unencumbered Cash, Ending	<u>\$ 180,485</u>	<u>\$ 195,104</u>

* - This fund is not required to be budgeted.

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

CITY OF LOUISBURG, KANSAS
 Cops for Kids Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2008
 (With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Donations	\$ 7,029	\$ 7,108	\$ 15,000	\$ [7,892]
Intergovernmental	-	108	1,000	[892]
Miscellaneous	-	-	100	[100]
Total Cash Receipts	<u>7,029</u>	<u>7,216</u>	<u>\$ 16,100</u>	<u>\$ [8,884]</u>
Expenditures and Transfers Subject to Budget				
Public safety	<u>8,309</u>	<u>8,994</u>	<u>\$ 19,000</u>	<u>\$ 10,006</u>
Total Expenditures and Transfers Subject to Budget	<u>8,309</u>	<u>8,994</u>	<u>\$ 19,000</u>	<u>\$ 10,006</u>
Receipts Over [Under] Expenditures	[1,280]	[1,778]		
Unencumbered Cash, Beginning	<u>8,765</u>	<u>7,485</u>		
Unencumbered Cash, Ending	<u>\$ 7,485</u>	<u>\$ 5,707</u>		

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

STATEMENT 3-5

CITY OF LOUISBURG, KANSAS
 Aquatic Center Operations Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2008
 (With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 100,514	\$ 105,740	\$ 114,000	\$ [8,260]
Intergovernmental	319,764	317,531	335,500	[17,969]
Miscellaneous	215	-	-	-
Use of money and property	8,044	4,510	3,000	1,510
Total Cash Receipts	<u>428,537</u>	<u>427,781</u>	<u>\$ 452,500</u>	<u>\$ [24,719]</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation	170,225	194,235	\$ 260,000	\$ 65,765
Transfer out	<u>249,009</u>	<u>269,469</u>	<u>269,470</u>	<u>1</u>
Total Expenditures and Transfers Subject to Budget	<u>419,234</u>	<u>463,704</u>	<u>\$ 529,470</u>	<u>\$ 65,766</u>
Receipts Over [Under] Expenditures	9,303	[35,923]		
Unencumbered Cash, Beginning	<u>143,678</u>	<u>152,981</u>		
Unencumbered Cash, Ending	<u>\$ 152,981</u>	<u>\$ 117,058</u>		

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

CITY OF LOUISBURG, KANSAS
 Lewis Young Park Donations Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2008
 (With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Donations	\$ 7,981	\$ 749	\$ 30,000	\$ [29,251]
Intergovernmental	8,837	14,816	-	14,816
Use of money and property	932	1,051	650	401
Miscellaneous	9,600	-	8,000	[8,000]
Total Cash Receipts	<u>27,350</u>	<u>16,616</u>	<u>\$ 38,650</u>	<u>\$ [22,034]</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation	<u>2,261</u>	<u>31,584</u>	<u>\$ 50,000</u>	<u>\$ 18,416</u>
Total Expenditures and Transfers Subject to Budget	<u>2,261</u>	<u>31,584</u>	<u>\$ 50,000</u>	<u>\$ 18,416</u>
Receipts Over [Under] Expenditures	25,089	[14,968]		
Unencumbered Cash, Beginning	<u>18,298</u>	<u>43,387</u>		
Unencumbered Cash, Ending	<u>\$ 43,387</u>	<u>\$ 28,419</u>		

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

STATEMENT 3-7

CITY OF LOUISBURG, KANSAS
 Lewis Young Park Lighting Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2008
 (With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Donations	\$ 5,469	\$ 7,920	\$ 8,000	\$ [80]
Fines and fees	3,110	4,532	-	4,532
Miscellaneous	-	-	6,000	[6,000]
Use of money and property	-	111	-	111
Total Cash Receipts	<u>8,579</u>	<u>12,563</u>	<u>\$ 14,000</u>	<u>\$ [1,437]</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation	<u>4,700</u>	<u>7,987</u>	<u>\$ 16,000</u>	<u>\$ 8,013</u>
Total Expenditures and Transfers Subject to Budget	<u>4,700</u>	<u>7,987</u>	<u>\$ 16,000</u>	<u>\$ 8,013</u>
Receipts Over [Under] Expenditures	3,879	4,576		
Unencumbered Cash, Beginning	<u>2,957</u>	<u>6,836</u>		
Unencumbered Cash, Ending	<u>\$ 6,836</u>	<u>\$ 11,412</u>		

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

CITY OF LOUISBURG, KANSAS
 Public Safety Facility Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2008 and 2007

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Bond proceeds	\$ _____ -	\$ _____ -
Total Cash Receipts	<u> -</u>	<u> -</u>
Expenditures and Transfers Subject to Budget		
Capital outlay	<u> 14,234</u>	<u> 439,400</u>
Total Expenditures and Transfers Subject to Budget	<u> 14,234</u>	<u> 439,400</u>
Receipts Over [Under] Expenditures	[14,234]	[439,400]
Unencumbered Cash, Beginning	<u> 453,634</u>	<u> 439,400</u>
Unencumbered Cash, Ending	<u>\$ 439,400</u>	<u>\$ -</u>

* - This fund is not required to be budgeted.

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

STATEMENT 3-9

CITY OF LOUISBURG, KANSAS
 Stormwater Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2008

Cash Receipts	
Charges for services	\$ 82,301
Use of money and property	<u>1,525</u>
Total Cash Receipts	<u>83,826</u>
Expenditures and Transfers Subject to Budget	
Operations	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>-</u>
Receipts Over [Under] Expenditures	83,826
Unencumbered Cash, Beginning	<u>33,107</u>
Unencumbered Cash, Ending	<u>\$ 116,933</u>

* - This fund is not required to be budgeted.

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

CITY OF LOUISBURG, KANSAS
 Cemetery Commission Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2008
 (With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 28,225	\$ 27,901	\$ 26,000	\$ 1,901
Donations	350	2,130	10,000	[7,870]
Use of money and property	<u>4,179</u>	<u>3,696</u>	<u>3,000</u>	<u>696</u>
Total Cash Receipts	<u>32,754</u>	<u>33,727</u>	<u>\$ 39,000</u>	<u>\$ [5,273]</u>
Expenditures and Transfers Subject to Budget				
General government	<u>29,026</u>	<u>31,853</u>	<u>\$ 63,000</u>	<u>\$ 31,147</u>
Total Expenditures and Transfers Subject to Budget	<u>29,026</u>	<u>31,853</u>	<u>\$ 63,000</u>	<u>\$ 31,147</u>
Receipts Over [Under] Expenditures	3,728	1,874		
Unencumbered Cash, Beginning	<u>104,279</u>	<u>108,007</u>		
Unencumbered Cash, Ending	<u>\$ 108,007</u>	<u>\$ 109,881</u>		

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

CITY OF LOUISBURG, KANSAS
 Fox Hall Commission Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2008
 (With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Positive [Negative]
		Actual	Budget	
Cash Receipts				
Rents	\$ 4,654	\$ 4,696	\$ 7,000	\$ [2,304]
Use of money and property	862	491	450	41
Donations	<u>2,875</u>	<u>305</u>	<u>4,000</u>	<u>[3,695]</u>
Total Cash Receipts	<u>8,391</u>	<u>5,492</u>	<u>\$ 11,450</u>	<u>\$ [5,958]</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation	<u>8,222</u>	<u>4,875</u>	<u>\$ 21,000</u>	<u>\$ 16,125</u>
Total Expenditures and Transfers Subject to Budget	<u>8,222</u>	<u>4,875</u>	<u>\$ 21,000</u>	<u>\$ 16,125</u>
Receipts Over [Under] Expenditures	169	617		
Unencumbered Cash, Beginning	<u>23,778</u>	<u>23,947</u>		
Unencumbered Cash, Ending	<u>\$ 23,947</u>	<u>\$ 24,564</u>		

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

CITY OF LOUISBURG, KANSAS
 Bond and Interest Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2008
 (With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 301,411	\$ 484,198	\$ 623,991	\$ [139,793]
Use of money and property	25,025	11,105	18,000	[6,895]
Transfer in	<u>758,906</u>	<u>897,546</u>	<u>897,547</u>	<u>[1]</u>
Total Cash Receipts	<u>1,085,342</u>	<u>1,392,849</u>	<u>\$ 1,539,538</u>	<u>\$ [146,689]</u>
Expenditures and Transfers Subject to Budget				
Principal	830,000	1,050,000	\$ 1,050,000	\$ -
Interest	477,030	581,089	581,089	-
Cash basis reserve	-	-	140,000	140,000
Total Expenditures and Transfers Subject to Budget	<u>1,307,030</u>	<u>1,631,089</u>	<u>\$ 1,771,089</u>	<u>\$ 140,000</u>
Receipts Over [Under] Expenditures	[221,688]	[238,240]		
Unencumbered Cash, Beginning	<u>529,713</u>	<u>308,025</u>		
Unencumbered Cash, Ending	<u>\$ 308,025</u>	<u>\$ 69,785</u>		

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

CITY OF LOUISBURG, KANSAS
 Natural Gas Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2008
 (With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges to customers	\$ 1,363,830	\$ 1,680,908	\$ 1,512,000	\$ 168,908
Use of money and property	16,617	7,309	13,000	[5,691]
Miscellaneous	-	-	3,000	[3,000]
Total Cash Receipts	<u>1,380,447</u>	<u>1,688,217</u>	<u>\$ 1,528,000</u>	<u>\$ 160,217</u>
Expenditures and Transfers Subject to Budget				
Operations	1,163,786	1,380,464	\$ 1,260,000	\$ [120,464]
Capital outlay	103,049	-	60,000	60,000
Transfer out	100,134	81,962	181,962	100,000
Total Expenditures and Transfers Subject to Budget	<u>1,366,969</u>	<u>1,462,426</u>	<u>\$ 1,501,962</u>	<u>\$ 39,536</u>
Receipts Over [Under] Expenditures	13,478	225,791		
Unencumbered Cash, Beginning	215,173	229,308		
Prior Period Adjustment	<u>657</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 229,308</u>	<u>\$ 455,099</u>		

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

CITY OF LOUISBURG, KANSAS
 Natural Gas Capital Improvement Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2008
 (With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Use of money and property	\$ 2,898	\$ 1,650	\$ 3,500	\$ [1,850]
Transfer in	-	-	40,000	[40,000]
Total Cash Receipts	<u>2,898</u>	<u>1,650</u>	<u>\$ 43,500</u>	<u>\$ [41,850]</u>
Expenditures and Transfers Subject to Budget				
Capital outlay	<u>4,618</u>	<u>58,888</u>	<u>\$ 80,000</u>	<u>\$ 21,112</u>
Total Expenditures and Transfers Subject to Budget	<u>4,618</u>	<u>58,888</u>	<u>\$ 80,000</u>	<u>\$ 21,112</u>
Receipts Over [Under] Expenditures	[1,720]	[57,238]		
Unencumbered Cash, Beginning	66,545	70,161		
Prior Period Adjustment	<u>5,336</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 70,161</u>	<u>\$ 12,923</u>		

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

STATEMENT 3-17

CITY OF LOUISBURG, KANSAS
 Water Utility Surplus Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2008

Cash Receipts	
Use of money and property	\$ 28,001
Transfer in	<u>1,374,639</u>
Total Cash Receipts	<u>1,402,640</u>
Expenditures and Transfers Subject to Budget	
Capital outlay	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>-</u>
Receipts Over [Under] Expenditures	1,402,640
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 1,402,640</u>

* - This fund is not required to be budgeted.

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

CITY OF LOUISBURG, KANSAS
Wastewater Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2008
(With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Positive [Negative]
		Actual	Budget	
Cash Receipts				
Charges to customers	\$ 511,587	\$ 436,901	\$ 660,000	\$ [223,099]
Use of money and property	-	-	25,000	[25,000]
Miscellaneous	47,787	32,175	2,000	30,175
Total Cash Receipts	<u>559,374</u>	<u>469,076</u>	<u>\$ 687,000</u>	<u>\$ [217,924]</u>
Expenditures and Transfers Subject to Budget				
Operations	187,665	226,453	\$ 350,000	\$ 123,547
Capital outlay	1,549	29,298	475,000	445,702
Transfer out	59,109	177,809	377,810	200,001
Total Expenditures and Transfers Subject to Budget	<u>248,323</u>	<u>433,560</u>	<u>\$ 1,202,810</u>	<u>\$ 769,250</u>
Receipts Over [Under] Expenditures	311,051	35,516		
Unencumbered Cash, Beginning	1,053,228	1,364,466		
Prior Period Adjustment	<u>187</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 1,364,466</u>	<u>\$ 1,399,982</u>		

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

CITY OF LOUISBURG, KANSAS
Benefit District Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Year Ended December 31, 2008 and 2007

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Miscellaneous	\$ 5,101	\$ 32,000
Total Cash Receipts	<u>5,101</u>	<u>32,000</u>
Expenditures and Transfers		
Capital outlay	1,129,601	58,032
Transfer out	<u>865,266</u>	<u>-</u>
Total Expenditures and Transfers	<u>1,994,867</u>	<u>58,032</u>
Receipts Over [Under] Expenditures	[1,989,766]	[26,032]
Unencumbered Cash, Beginning	1,091,205	298,037
Prior Period Adjustment	<u>1,196,598</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 298,037</u>	<u>\$ 272,005</u>

* - This fund is not required to be budgeted.

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

CITY OF LOUISBURG, KANSAS
Wastewater Capital Improvement Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Year Ended December 31, 2008 and 2007

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Bond proceeds	\$ -	\$ 1,568,000
Miscellaneous	31,406	13,056
Total Cash Receipts	<u>31,406</u>	<u>1,581,056</u>
Expenditures and Transfers Subject to Budget		
Principal	-	1,253,000
Interest	-	48,554
Capital outlay	1,038,899	655
Total Expenditures and Transfers Subject to Budget	<u>1,038,899</u>	<u>1,302,209</u>
Receipts Over [Under] Expenditures	[1,007,493]	278,847
Unencumbered Cash, Beginning	766,875	[240,618]
Prior Period Adjustment	<u>-</u>	<u>371,449</u>
Unencumbered Cash, Ending	<u>\$ [240,618]</u>	<u>\$ 409,678</u>

* - This fund is not required to be budgeted.

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

CITY OF LOUISBURG, KANSAS
 State Revolving Loan Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2008
 (With Comparative Actual Amounts For the Year Ended December 31, 2007)

	Prior Year Actual	Current Year		Variance Positive [Negative]
		Actual	Budget	
Cash Receipts				
Use of money and property	\$ 2,422	\$ 1,406	\$ 1,800	\$ [394]
Transfer in	59,109	59,228	59,229	[1]
Total Cash Receipts	<u>61,531</u>	<u>60,634</u>	<u>\$ 61,029</u>	<u>\$ [395]</u>
Expenditures and Transfers Subject to Budget				
Principal	47,116	49,120	\$ 49,120	\$ -
Interest	12,751	10,746	10,108	[638]
Miscellaneous	-	-	3,000	3,000
Total Expenditures and Transfers Subject to Budget	<u>59,867</u>	<u>59,866</u>	<u>\$ 62,228</u>	<u>\$ 2,362</u>
Receipts Over [Under] Expenditures	1,664	768		
Unencumbered Cash, Beginning	<u>54,738</u>	<u>56,402</u>		
Unencumbered Cash, Ending	<u>\$ 56,402</u>	<u>\$ 57,170</u>		

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

CITY OF LOUISBURG, KANSAS
 Water/Sewer Bond Reserve Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2008 and 2007

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Miscellaneous	\$ -	\$ -
Total Cash Receipts	<u>-</u>	<u>-</u>
Expenditures and Transfers		
Miscellaneous	<u>-</u>	<u>-</u>
Total Expenditures and Transfers	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	<u>280,000</u>	<u>280,000</u>
Unencumbered Cash, Ending	<u>\$ 280,000</u>	<u>\$ 280,000</u>

* This fund is not required to be budgeted

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

STATEMENT 3-23

CITY OF LOUISBURG, KANSAS
 Water/Sewer Depreciation Reserve Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2008

Cash Receipts	
Use of money and property	\$ 88
Transfer in	<u>60,000</u>
Total Cash Receipts	<u>60,088</u>
Expenditures and Transfers	
Miscellaneous	<u>-</u>
Total Expenditures and Transfers	<u>-</u>
Receipts Over [Under] Expenditures	60,088
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 60,088</u>

* This fund is not required to be budgeted

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

CITY OF LOUISBURG, KANSAS
Deferred Bond Payment Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Year Ended December 31, 2008 and 2007

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Bond proceeds	\$ 3,325,000	\$ -
Assessments	-	32,240
Use of money and property	<u>6,397</u>	<u>3,668</u>
Total Cash Receipts	<u>3,331,397</u>	<u>35,908</u>
Expenditures and Transfers		
Bond issuance costs	750	-
Principal	3,200,000	-
Interest and other charges	125,000	-
Transfer out	<u>18,470</u>	<u>18,633</u>
Total Expenditures and Transfers	<u>3,344,220</u>	<u>18,633</u>
Receipts Over [Under] Expenditures	[12,823]	17,275
Unencumbered Cash, Beginning	1,371,257	161,836
Prior Period Adjustment	<u>[1,196,598]</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 161,836</u>	<u>\$ 179,111</u>

* This fund is not required to be budgeted

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

STATEMENT 4

CITY OF LOUISBURG, KANSAS
 Statement of Cash, Cash Receipts and Disbursements
 Agency Funds
 For the Year Ended December 31, 2008

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
<u>FUNDS</u>				
Municipal Court	\$ 2,778	\$ 3,400	\$ 1,903	\$ 4,275
Freedom Fund	<u>3,394</u>	<u>8,115</u>	<u>7,070</u>	<u>4,439</u>
 Total Agency Funds	 <u>\$ 6,172</u>	 <u>\$ 11,515</u>	 <u>\$ 8,973</u>	 <u>\$ 8,714</u>

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

CITY OF LOUISBURG, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2008

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Louisburg (the City) is a municipal corporation governed by an elected council. These financial statements present the City (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

The Louisburg Cemetery Commission serves all the citizens of the government and is governed by a board appointed by the City Council. The Commission's annual budget is approved by the City Council. The Commission has a December 31 year end, and is reported as a special revenue fund.

The Fox Hall Commission is charged with the operation and management of the Fox Hall Community Building. It is comprised of five members appointed by the City Council. The Commission has a December 31 year end, and is reported as a special revenue fund.

Basis of Accounting

These financial statements are presented on a basis of accounting, which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

The City has a waiver from accounting principles generally accepted in the United States of America, which allows the City to use the prescribed basis of accounting.

CITY OF LOUISBURG, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2008

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording cash balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The City's governmental fund types are:

General Fund - to account for all unrestricted cash except that required to be accounted for in another fund. This is the principal operating fund of the City.

Special Revenue Funds - are used to account for revenues derived from specific taxes, governmental grants or other revenue sources which are restricted to finance particular functions or activities of the City.

The Debt Service Fund is used to account for the accumulation of cash for, and the payment of, principal, interest and other related costs of the City's general obligation bonds.

Proprietary Fund Types

The proprietary funds are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector. The City's proprietary fund types are:

Enterprise Funds - to account for operations that are financed and operated in a manner similar to private business enterprise - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Agency Fund

Agency Funds - to account for assets held by the City in a trustee capacity or as an agent for individuals, other governmental units, private organizations, and/or other funds. Agency funds are custodial in nature and do not involve measurement of operations.

CITY OF LOUISBURG, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2008

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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

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

The statutes allow for the City Council 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 Water Fund.

The statutes permit transferring budgeted amounts between accounts 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 City 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, agency funds, and certain special revenue funds.

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

NOTE 2 - Deposits

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 that county and the bank(s) provide an acceptable rate for active funds.

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.

The City does not have any formal investment policies that would further limit concentration of credit risk, interest rate, or custodial credit risks beyond state statutes.

CITY OF LOUISBURG, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2008

NOTE 3 - Retirement Plan

Plan description - The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to KPERS (611 South Kansas Avenue, 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. 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 rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve bases. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate was 5.93% from January 1 to December 31, 2008. The City employer contributions to KPERS for the years ending December 31, 2008, 2007, and 2006 were \$60,611, \$46,224, and \$42,823, respectively, equal to the required contributions for each year.

NOTE 4 - Long-Term Debt

Following is a detailed listing of the City's outstanding general obligation debt:

<u>General Obligation Bonds</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Series 2001A	4.30 - 5.75%	\$ 610,000	\$ 995,000	09/01/01	09/01/16
Series 2003A	2.00 - 4.20%	3,670,000	7,085,000	06/05/03	09/01/18
Series 2003B	3.50 - 4.35%	950,000	1,200,000	12/12/03	09/01/19
Series 2006A	4.00 - 5.00%	3,440,000	3,590,000	01/15/06	09/01/26
Series 2006B	3.70 - 4.50%	2,910,000	2,990,000	11/01/06	09/01/22
Series 2008A	3.80 - 4.30%	1,600,000	1,600,000	11/04/08	9/1/2018
Total		\$ 13,180,000			

Annual debt service requirements to maturity for the general obligation bonds are as follows:

<u>Year Ending December 31,</u>	
2009	\$ 1,832,885
2010	1,857,015
2011	1,851,055
2012	1,569,283
2013	1,364,363
2014 - 2018	5,086,765
2019 - 2023	2,301,705
2024 - 2026	<u>828,428</u>
Total Principal and Interest	16,691,497
Less: Interest	<u>3,511,497</u>
Total	<u>\$ 13,180,000</u>

CITY OF LOUISBURG, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2008

NOTE 4 - Long-Term Debt (Continued)

Kansas Revolving Loan. Kansas Revolving Loan outstanding at year end is as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Kansas Revolving Loan	4.21%	<u>\$ 218,287</u>	\$ 871,100	02/29/92	03/01/13

The Kansas Revolving loan debt service requirements to maturity:

<u>Year Ending December 31,</u>	
2009	\$ 59,352
2010	59,482
2011	59,617
2012	<u>59,757</u>
Total Principal and Interest	238,208
Less: Interest	<u>19,922</u>
Total	<u>\$ 218,287</u>

Following is a summary of changes in long-term debt for the year ended December 31, 2008:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
General Obligation Bonds	\$ 12,630,000	\$ 1,600,000	\$ 1,050,000	\$ 13,180,000
Kansas Revolving Loan	267,407	-	49,120	218,287
Temporary Notes	1,253,000	-	1,253,000	-
Capital Leases	<u>13,500</u>	<u>-</u>	<u>13,500</u>	<u>-</u>
Total	<u>\$ 14,163,907</u>	<u>\$ 1,600,000</u>	<u>\$ 2,365,620</u>	<u>\$ 13,398,287</u>

NOTE 5 - Operating Leases

The City rents office space under an operating lease. Rent expense for the year ended December 31, 2008 was \$45,456. Future minimum lease payments under the non-cancelable office space lease are as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2009	\$ 47,736
2010	50,123
2011	52,629
2012	55,260

CITY OF LOUISBURG, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2008

NOTE 6 - 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; injuries to employees; and natural disasters. The City carries commercial insurance for risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The City is also a party in a number of lawsuits as a result of the ordinary course of City business. City management and legal counsel anticipate that the potential claims against the City not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the City.

NOTE 7 - Interfund Transfers

A reconciliation of transfers by fund type for 2008 follows:

<u>Fund</u>	<u>To</u>	<u>From</u>
General	\$ -	\$ 700,000
Special Street	700,000	-
Aquatic Center Operations	-	269,469
Bond and Interest	897,546	-
Natural Gas	-	81,962
Water	-	1,843,540
Water Utility Surplus	1,374,639	-
Wastewater	-	177,809
Water/Sewer Depreciation Reserve	60,000	-
State Revolving Loan	59,228	-
Deferred Bond Payment	-	18,633
	<u> </u>	<u> </u>
Total	<u>\$ 3,091,413</u>	<u>\$ 3,091,413</u>

NOTE 8 - Customer Deposits

Customer deposits payable, in the amount of \$23,600 and \$16,652, are reported as outstanding encumbrances in the Natural Gas and Water Funds, respectively.

NOTE 9 - Compensated Absences

Full-time employees earn one working day of sick leave each full month of service. Upon termination, an employee in good standing shall be compensated for sick leave as follows:

- 5 years of service - 15% of accumulated leave
- 10 years of service - 25% of accumulated leave
- 15 years of service - 50% of accumulated leave
- 20 years of service - 75% of accumulated leave
- 25 years of service - 100% of accumulated leave

Accumulated sick leave benefits are to be paid at a rate equal to the pay rate at the time of termination. Total accrued sick leave was \$62,051 at December 31, 2008.

Full-time employees accrue vacation at the rate of four hours per each full calendar month of employment, provided that the total accrued days shall not exceed twenty hours each six months. The employee shall not accumulate more than one hundred sixty hours of vacation beyond the last day of the calendar year. Upon termination, an employee shall be compensated for all earned but unused vacation leave at their final rate of pay. Total accrued vacation leave was \$34,892 at December 31, 2008.

CITY OF LOUISBURG, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2008

NOTE 10 - Commitments

In June 2005, the Marais Des Cygnes Public Utility Authority (the Authority) was created by an interlocal agreement between the cities of Louisburg and Paola, Kansas. The Authority was established to construct and operate a public water supply utility to serve each of the cities. In November 2007, the Authority issued \$33,000,000 of water facilities revenue bonds to provide funds to acquire, construct, and equip a water supply system. The Authority's estimated debt service requirements with respect to the Series 2007 Bonds are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ -	\$ 1,481,213	\$ 1,481,213
2010	-	1,481,213	1,481,213
2011	65,000	1,481,213	1,546,213
2012	130,000	1,478,613	1,608,613
2013	195,000	1,473,413	1,668,413
2014 - 2018	2,135,000	7,188,263	9,323,263
2019 - 2023	3,710,000	6,625,413	10,335,413
2024 - 2028	5,490,000	5,670,163	11,160,163
2029 - 2033	7,805,000	4,235,281	12,040,281
2034 - 2038	<u>13,470,000</u>	<u>2,176,294</u>	<u>15,646,294</u>
Total	<u>\$ 33,000,000</u>	<u>\$ 33,291,075</u>	<u>\$ 66,291,075</u>

The City of Louisburg (the City) entered into a water supply service agreement with the Authority on September 1, 2007. The payments required under the agreement are payable solely from the revenues of the City's water utility system, which are pledged to pay the obligations under the agreement. The City's obligations under the agreement are payable whether or not water service is actually received from the Authority. Under the agreement, the City has covenanted to charge rates sufficient to allow revenues of its water utility system, net of operating and maintenance expenses of such water utility system, to cover its respective share of debt service due on the Series 2007 Bonds (the "Water Base Charge" specified in the agreement) by 125%.

The agreement will remain in force until the last day of the year in which all bonds and the interest have been paid in full.