

**CITY OF LOUISBURG, KANSAS**  
**Financial Statements**  
**For the Year Ended December 31, 2009**

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CITY OF LOUISBURG, KANSAS  
 Financial Statements  
 For the Year Ended December 31, 2009  
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# LOWENTHAL, WEBB & ODERMANN, P.A.

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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, 2009, 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, 2008. In our report dated April 9, 2009 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, 2009, 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, 2009, 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, 2008, from which such partial information was derived.

*Lowenthal, Witt & Odenmann, P.A.*

March 23, 2010

STATEMENT 1

CITY OF LOUISBURG, KANSAS  
 Summary of Cash Receipts, Expenditures and Unencumbered Cash  
 For the Year Ended December 31, 2009

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	\$ 2,357,817	\$ 624	\$ 1,682,899	\$ 1,352,861	\$ 2,688,479	\$ 22,930	\$ 2,711,409
Special Revenue Funds:							
Special Street Fund	909,338	-	211,119	805,300	315,157	2,019	317,176
Excise Tax Fund	195,104	-	2,051	2,007	195,148	-	195,148
Cops for Kids Fund	5,707	-	6,752	9,147	3,312	-	3,312
Aquatic Center Operations Fund	117,058	-	412,943	443,948	86,053	352	86,405
Lewis Young Park Donations Fund	28,419	-	17,515	5,286	40,648	-	40,648
Lewis Young Park Lighting Fund	11,412	-	15,134	-	26,546	-	26,546
Stormwater Fund	116,933	-	83,247	-	200,180	-	200,180
Cemetery Commission Fund	109,881	-	21,254	33,284	97,851	-	97,851
Fox Hall Commission Fund	24,564	-	9,939	6,008	28,495	-	28,495
Debt Service Fund:							
Bond and Interest Fund	69,785	-	1,767,523	1,836,605	703	-	703
Enterprise Funds:							
Natural Gas Fund	455,099	-	1,637,982	1,456,544	636,537	187,186	823,723
Natural Gas Capital Improvement Fund	12,923	-	54	-	12,977	-	12,977
Water Fund	-	-	1,236,857	1,236,857	-	37,258	37,258
Water Capital Improvement Fund	735,888	-	3,072	282,519	456,441	-	456,441
Water Utility Surplus Fund	1,402,640	-	152,270	239,116	1,315,794	-	1,315,794
Wastewater Fund	1,399,982	-	415,935	484,717	1,331,200	6,865	1,338,065
Benefit District Fund	272,005	-	54,182	2,846	323,341	-	323,341
Wastewater Capital Improvement Fund	409,678	-	873	401,680	8,871	108,900	117,771
State Revolving Loan Fund	57,170	-	60,118	59,867	57,421	-	57,421
Water/Sewer Bond Reserve Fund	280,000	-	-	-	280,000	-	280,000
Water/Sewer Depreciation Reserve Fund	60,088	-	60,349	-	120,437	-	120,437
Deferred Bond Payment Fund	179,111	-	398	93,257	86,252	-	86,252
<b>Total</b>	<b>\$ 9,210,602</b>	<b>\$ 624</b>	<b>\$ 7,852,466</b>	<b>\$ 8,751,849</b>	<b>\$ 8,311,843</b>	<b>\$ 365,510</b>	<b>\$ 8,677,353</b>

COMPOSITION OF CASH:

Peoples Bank	
Checking	\$ 155,010
Fox Hall	8,654
Petty Cash	2,291
Municipal Court	8,078
Freedom Fund	3,599
First National Bank	
Checking	8,689
Cemetery	4,400
Savings	3,621
Certificates of Deposit	2,083,099
Landmark	
Money Market	-
Checking	38,627
Certificates of Deposit	-
Fox Hall Checking	6,645
First Option Bank	
Checking	1,339,283
Certificates of Deposit	<u>5,027,034</u>
<b>Total Cash</b>	<b>8,689,030</b>
<b>Less: Agency Funds</b>	<b><u>[11,677]</u></b>
<b>Total (Excluding Agency Funds)</b>	<b><u>\$ 8,677,353</u></b>

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, 2009

<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	\$ 3,433,300	\$ -	\$ 3,433,300	\$ 1,352,861	\$ 2,080,439
Special Revenue Funds:					
Special Street Fund	2,690,000	-	2,690,000	805,300	1,884,700
Cops for Kids Fund	15,000	-	15,000	9,147	5,853
Aquatic Center Operations Fund	518,770	-	518,770	443,948	74,822
Lewis Young Park Donations Fund	30,000	-	30,000	5,286	24,714
Lewis Young Park Lighting Fund	15,000	-	15,000	-	15,000
Cemetery Commission Fund	70,000	-	70,000	33,284	36,716
Fox Hall Commission Fund	20,000	-	20,000	6,008	13,992
Debt Service Fund:					
Bond and Interest Fund	2,023,403	-	2,023,403	1,836,605	186,798
Enterprise Funds:					
Natural Gas Fund	1,939,585	-	1,939,585	1,456,544	483,041
Water Fund	1,672,531	-	1,672,531	1,236,857	435,674
Wastewater Fund	1,111,909	-	1,111,909	484,717	627,192
State Revolving Loan Fund	59,867	-	59,867	59,867	-

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, 2009  
 (With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 905,076	\$ 692,157	\$ 821,450	\$ [129,293]
Intergovernmental	726,796	687,661	648,528	39,133
Licenses and permits	107,290	72,783	136,000	[63,217]
Fines and fees	77,651	83,720	75,000	8,720
Use of money and property	267,486	115,216	250,000	[134,784]
Miscellaneous	45,049	31,362	48,900	[17,538]
Transfer in	-	-	30,000	[30,000]
<b>Total Cash Receipts</b>	<b><u>2,129,348</u></b>	<b><u>1,682,899</u></b>	<b><u>\$ 2,009,878</u></b>	<b><u>\$ [326,979]</u></b>
Expenditures and Transfers Subject to Budget				
General government	333,006	260,978	\$ 565,000	\$ 304,022
Public safety	676,121	650,673	740,000	89,327
Building and zoning	116,275	41,870	135,000	93,130
Parks and recreation	140,183	124,195	167,300	43,105
Public works	165,372	145,978	350,000	204,022
Municipal court	39,023	42,012	56,000	13,988
Building inspection	105,102	87,155	130,000	42,845
Civic center	-	-	490,000	490,000
Transfer out	<u>700,000</u>	<u>-</u>	<u>800,000</u>	<u>800,000</u>
<b>Total Expenditures and Transfers Subject to Budget</b>	<b><u>2,275,082</u></b>	<b><u>1,352,861</u></b>	<b><u>\$ 3,433,300</u></b>	<b><u>\$ 2,080,439</u></b>
Receipts Over [Under] Expenditures	[145,734]	330,038		
Unencumbered Cash, Beginning	2,503,551	2,357,817		
Prior Period Restatement	<u>-</u>	<u>624</u>		
<b>Unencumbered Cash, Ending</b>	<b><u>\$ 2,357,817</u></b>	<b><u>\$ 2,688,479</u></b>		

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, 2009  
(With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Intergovernmental	\$ 106,236	\$ 207,597	\$ 1,666,950	\$[1,459,353]
Use of money and property	20,585	3,522	-	3,522
Transfer in	700,000	-	800,000	[800,000]
Total Cash Receipts	<u>826,821</u>	<u>211,119</u>	<u>\$ 2,466,950</u>	<u>\$[2,255,831]</u>
Expenditures and Transfers Subject to Budget				
Highways and streets	<u>1,180,404</u>	<u>805,300</u>	<u>\$ 2,690,000</u>	<u>\$ 1,884,700</u>
Total Expenditures and Transfers Subject to Budget	<u>1,180,404</u>	<u>805,300</u>	<u>\$ 2,690,000</u>	<u>\$ 1,884,700</u>
Receipts Over [Under] Expenditures	[353,583]	[594,181]		
Unencumbered Cash, Beginning	<u>1,262,921</u>	<u>909,338</u>		
Unencumbered Cash, Ending	<u>\$ 909,338</u>	<u>\$ 315,157</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, 2009 and 2008

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ 4,491	\$ 808
Taxes	<u>11,983</u>	<u>1,243</u>
Total Cash Receipts	<u>16,474</u>	<u>2,051</u>
Expenditures and Transfers Subject to Budget		
Capital outlay	<u>1,855</u>	<u>2,007</u>
Total Expenditures and Transfers Subject to Budget	<u>1,855</u>	<u>2,007</u>
Receipts Over [Under] Expenditures	14,619	44
Unencumbered Cash, Beginning	<u>180,485</u>	<u>195,104</u>
Unencumbered Cash, Ending	<u>\$ 195,104</u>	<u>\$ 195,148</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, 2009  
(With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Donations	\$ 7,108	\$ 6,752	\$ 15,000	\$ [8,248]
Intergovernmental	108	-	-	-
Miscellaneous	-	-	150	[150]
Total Cash Receipts	<u>7,216</u>	<u>6,752</u>	<u>\$ 15,150</u>	<u>\$ [8,398]</u>
Expenditures and Transfers Subject to Budget				
Public safety	<u>8,994</u>	<u>9,147</u>	<u>\$ 15,000</u>	<u>\$ 5,853</u>
Total Expenditures and Transfers Subject to Budget	<u>8,994</u>	<u>9,147</u>	<u>\$ 15,000</u>	<u>\$ 5,853</u>
Receipts Over [Under] Expenditures	[1,778]	[2,395]		
Unencumbered Cash, Beginning	<u>7,485</u>	<u>5,707</u>		
Unencumbered Cash, Ending	<u>\$ 5,707</u>	<u>\$ 3,312</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, 2009  
 (With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
<b>Cash Receipts</b>				
Charges for services	\$ 105,740	\$ 97,864	\$ 115,000	\$ [17,136]
Intergovernmental	317,531	314,378	350,000	[35,622]
Use of money and property	4,510	701	3,000	[2,299]
<b>Total Cash Receipts</b>	<u>427,781</u>	<u>412,943</u>	<u>\$ 468,000</u>	<u>\$ [55,057]</u>
<b>Expenditures and Transfers Subject to Budget</b>				
Culture and recreation	194,235	155,178	\$ 230,000	\$ 74,822
Transfer out	269,469	288,770	288,770	-
<b>Total Expenditures and Transfers Subject to Budget</b>	<u>463,704</u>	<u>443,948</u>	<u>\$ 518,770</u>	<u>\$ 74,822</u>
<b>Receipts Over [Under] Expenditures</b>	[35,923]	[31,005]		
<b>Unencumbered Cash, Beginning</b>	<u>152,981</u>	<u>117,058</u>		
<b>Unencumbered Cash, Ending</b>	<u>\$ 117,058</u>	<u>\$ 86,053</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, 2009  
 (With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Donations	\$ 749	\$ 4,367	\$ 10,000	\$ [5,633]
Intergovernmental	14,816	13,010	-	13,010
Use of money and property	1,051	138	-	138
Miscellaneous	-	-	10,500	[10,500]
Total Cash Receipts	<u>16,616</u>	<u>17,515</u>	<u>\$ 20,500</u>	<u>\$ [2,985]</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation	<u>31,584</u>	<u>5,286</u>	<u>\$ 30,000</u>	<u>\$ 24,714</u>
Total Expenditures and Transfers Subject to Budget	<u>31,584</u>	<u>5,286</u>	<u>\$ 30,000</u>	<u>\$ 24,714</u>
Receipts Over [Under] Expenditures	[14,968]	12,229		
Unencumbered Cash, Beginning	<u>43,387</u>	<u>28,419</u>		
Unencumbered Cash, Ending	<u>\$ 28,419</u>	<u>\$ 40,648</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, 2009  
 (With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Donations	\$ 7,920	\$ 11,889	\$ 4,000	\$ 7,889
Fines and fees	4,532	3,173	10,000	[6,827]
Use of money and property	111	72	-	72
<b>Total Cash Receipts</b>	<u>12,563</u>	<u>15,134</u>	<u>\$ 14,000</u>	<u>\$ 1,134</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation	7,987	-	\$ 15,000	\$ 15,000
<b>Total Expenditures and Transfers Subject to Budget</b>	<u>7,987</u>	<u>-</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>
Receipts Over [Under] Expenditures	4,576	15,134		
Unencumbered Cash, Beginning	<u>6,836</u>	<u>11,412</u>		
Unencumbered Cash, Ending	<u>\$ 11,412</u>	<u>\$ 26,546</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, 2009 and 2008

	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>439,400</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>439,400</u>	<u>-</u>
Receipts Over [Under] Expenditures	[439,400]	-
Unencumbered Cash, Beginning	<u>439,400</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</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, 2009 and 2008

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Charges for services	\$ 82,301	\$ 82,624
Use of money and property	<u>1,525</u>	<u>623</u>
Total Cash Receipts	<u>83,826</u>	<u>83,247</u>
Expenditures and Transfers Subject to Budget		
Operations	<u>-</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	83,826	83,247
Unencumbered Cash, Beginning	<u>33,107</u>	<u>116,933</u>
Unencumbered Cash, Ending	<u>\$ 116,933</u>	<u>\$ 200,180</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, 2009  
 (With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 27,901	\$ 18,910	\$ 30,000	\$ [11,090]
Donations	2,130	330	10,000	[9,670]
Use of money and property	<u>3,696</u>	<u>2,014</u>	<u>3,000</u>	<u>[986]</u>
Total Cash Receipts	<u>33,727</u>	<u>21,254</u>	<u>\$ 43,000</u>	<u>\$ [21,746]</u>
Expenditures and Transfers Subject to Budget				
General government	<u>31,853</u>	<u>33,284</u>	<u>\$ 70,000</u>	<u>\$ 36,716</u>
Total Expenditures and Transfers Subject to Budget	<u>31,853</u>	<u>33,284</u>	<u>\$ 70,000</u>	<u>\$ 36,716</u>
Receipts Over [Under] Expenditures	1,874	[12,030]		
Unencumbered Cash, Beginning	<u>108,007</u>	<u>109,881</u>		
Unencumbered Cash, Ending	<u>\$ 109,881</u>	<u>\$ 97,851</u>		

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

STATEMENT 3-11

CITY OF LOUISBURG, KANSAS  
 Fox Hall Commission Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Rents	\$ 4,696	\$ 6,925	\$ 9,000	\$ [2,075]
Use of money and property	491	314	400	[86]
Donations	<u>305</u>	<u>2,700</u>	<u>2,000</u>	<u>700</u>
Total Cash Receipts	<u>5,492</u>	<u>9,939</u>	<u>\$ 11,400</u>	<u>\$ [1,461]</u>
Expenditures and Transfers Subject to Budget				
Culture and recreation	<u>4,875</u>	<u>6,008</u>	<u>\$ 20,000</u>	<u>\$ 13,992</u>
Total Expenditures and Transfers Subject to Budget	<u>4,875</u>	<u>6,008</u>	<u>\$ 20,000</u>	<u>\$ 13,992</u>
Receipts Over [Under] Expenditures	617	3,931		
Unencumbered Cash, Beginning	<u>23,947</u>	<u>24,564</u>		
Unencumbered Cash, Ending	<u>\$ 24,564</u>	<u>\$ 28,495</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, 2009  
 (With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes	\$ 484,198	\$ 749,238	\$ 890,857	\$ [141,619]
Use of money and property	11,105	2,100	18,818	[16,718]
Transfer in	<u>897,546</u>	<u>1,016,185</u>	<u>987,254</u>	<u>28,931</u>
Total Cash Receipts	<u>1,392,849</u>	<u>1,767,523</u>	<u>\$ 1,896,929</u>	<u>\$ [129,406]</u>
Expenditures and Transfers Subject to Budget				
Principal	1,050,000	1,388,202	\$ 1,335,000	\$ [53,202]
Interest	581,089	448,403	508,403	60,000
Cash basis reserve	<u>-</u>	<u>-</u>	<u>180,000</u>	<u>180,000</u>
Total Expenditures and Transfers Subject to Budget	<u>1,631,089</u>	<u>1,836,605</u>	<u>\$ 2,023,403</u>	<u>\$ 186,798</u>
Receipts Over [Under] Expenditures	[238,240]	[69,082]		
Unencumbered Cash, Beginning	<u>308,025</u>	<u>69,785</u>		
Unencumbered Cash, Ending	<u>\$ 69,785</u>	<u>\$ 703</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, 2009  
 (With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges to customers	\$ 1,680,908	\$ 1,635,536	\$ 1,710,000	\$ [74,464]
Use of money and property	7,309	2,446	10,000	[7,554]
Miscellaneous	-	-	3,000	[3,000]
<b>Total Cash Receipts</b>	<u>1,688,217</u>	<u>1,637,982</u>	<u>\$ 1,723,000</u>	<u>\$ [85,018]</u>
Expenditures and Transfers Subject to Budget				
Operations	1,380,464	1,376,959	\$ 1,735,000	\$ 358,041
Capital outlay	-	-	50,000	50,000
Transfer out	81,962	79,585	154,585	75,000
<b>Total Expenditures and Transfers Subject to Budget</b>	<u>1,462,426</u>	<u>1,456,544</u>	<u>\$ 1,939,585</u>	<u>\$ 483,041</u>
Receipts Over [Under] Expenditures	225,791	181,438		
Unencumbered Cash, Beginning	<u>229,308</u>	<u>455,099</u>		
Unencumbered Cash, Ending	<u>\$ 455,099</u>	<u>\$ 636,537</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\*  
 For the Year Ended December 31, 2009 and 2008

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ 1,650	\$ 54
Total Cash Receipts	<u>1,650</u>	<u>54</u>
Expenditures and Transfers Subject to Budget		
Capital outlay	<u>58,888</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>58,888</u>	<u>-</u>
Receipts Over [Under] Expenditures	[57,238]	54
Unencumbered Cash, Beginning	<u>70,161</u>	<u>12,923</u>
Unencumbered Cash, Ending	<u>\$ 12,923</u>	<u>\$ 12,977</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  
 Water Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2009  
 (With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
<b>Cash Receipts</b>				
Charges to customers	\$ 1,002,644	\$ 997,741	\$ 1,672,531	\$ [674,790]
Transfer in	-	239,116	-	239,116
Use of money and property	<u>4,171</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Cash Receipts</b>	<u>1,006,815</u>	<u>1,236,857</u>	<u>\$ 1,672,531</u>	<u>\$ [435,674]</u>
<b>Expenditures and Transfers Subject to Budget</b>				
Administration	256,713	166,968	\$ 250,000	\$ 83,032
Operations	80,125	260,580	245,000	[15,580]
Production	208,463	190,305	155,000	[35,305]
Rebate	9,000	2,250	40,000	37,750
Capital outlay	6,366	2,683	150,000	147,317
Transfer out	<u>1,843,540</u>	<u>614,071</u>	<u>832,531</u>	<u>218,460</u>
<b>Total Expenditures and Transfers Subject to Budget</b>	<u>2,404,207</u>	<u>1,236,857</u>	<u>\$ 1,672,531</u>	<u>\$ 435,674</u>
Receipts Over [Under] Expenditures	[1,397,392]	-		
Unencumbered Cash, Beginning	<u>1,397,392</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

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

CITY OF LOUISBURG, KANSAS  
 Water Capital Improvement Fund  
 Statement of Cash Receipts and Expenditures - Actual\*  
 For the Year Ended December 31, 2009 and 2008

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ 18,601	\$ 3,072
Total Cash Receipts	<u>18,601</u>	<u>3,072</u>
Expenditures and Transfers Subject to Budget		
Capital outlay	<u>61,731</u>	<u>282,519</u>
Total Expenditures and Transfers Subject to Budget	<u>61,731</u>	<u>282,519</u>
Receipts Over [Under] Expenditures	[43,130]	[279,447]
Unencumbered Cash, Beginning	<u>779,018</u>	<u>735,888</u>
Unencumbered Cash, Ending	<u>\$ 735,888</u>	<u>\$ 456,441</u>

\* - This fund is not required to be budgeted.

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, 2009 and 2008

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ 28,001	\$ 5,730
Transfer in	<u>1,374,639</u>	<u>146,540</u>
Total Cash Receipts	<u>1,402,640</u>	<u>152,270</u>
 Expenditures and Transfers Subject to Budget		
Transfers out	<u>-</u>	<u>239,116</u>
 Receipts Over [Under] Expenditures	 1,402,640	 [86,846]
 Unencumbered Cash, Beginning	 <u>-</u>	 <u>1,402,640</u>
 Unencumbered Cash, Ending	 <u>\$ 1,402,640</u>	 <u>\$ 1,315,794</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, 2009  
(With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges to customers	\$ 436,901	\$ 410,342	\$ 500,000	\$ [89,658]
Use of money and property	-	-	20,000	[20,000]
Miscellaneous	<u>32,175</u>	<u>5,593</u>	<u>1,000</u>	<u>4,593</u>
Total Cash Receipts	<u>469,076</u>	<u>415,935</u>	<u>\$ 521,000</u>	<u>\$ [105,065]</u>
Expenditures and Transfers Subject to Budget				
Operations	226,453	274,502	\$ 350,000	\$ 75,498
Capital outlay	29,298	3,306	455,000	451,694
Transfer out	<u>177,809</u>	<u>206,909</u>	<u>306,909</u>	<u>100,000</u>
Total Expenditures and Transfers Subject to Budget	<u>433,560</u>	<u>484,717</u>	<u>\$ 1,111,909</u>	<u>\$ 627,192</u>
Receipts Over [Under] Expenditures	35,516	[68,782]		
Unencumbered Cash, Beginning	<u>1,364,466</u>	<u>1,399,982</u>		
Unencumbered Cash, Ending	<u>\$ 1,399,982</u>	<u>\$ 1,331,200</u>		

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

## STATEMENT 3-19

CITY OF LOUISBURG, KANSAS  
Benefit District Fund  
Statement of Cash Receipts and Expenditures - Actual\*  
For the Year Ended December 31, 2009 and 2008

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Miscellaneous	\$ 32,000	\$ 54,182
Total Cash Receipts	<u>32,000</u>	<u>54,182</u>
Expenditures and Transfers		
Capital outlay	<u>58,032</u>	<u>2,846</u>
Total Expenditures and Transfers	<u>58,032</u>	<u>2,846</u>
Receipts Over [Under] Expenditures	[26,032]	51,336
Unencumbered Cash, Beginning	<u>298,037</u>	<u>272,005</u>
Unencumbered Cash, Ending	<u>\$ 272,005</u>	<u>\$ 323,341</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, 2009 and 2008

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Bond proceeds	\$ 1,568,000	\$ -
Miscellaneous	<u>13,056</u>	<u>873</u>
Total Cash Receipts	<u>1,581,056</u>	<u>873</u>
Expenditures and Transfers Subject to Budget		
Principal	1,253,000	-
Interest	48,554	-
Capital outlay	<u>655</u>	<u>401,680</u>
Total Expenditures and Transfers Subject to Budget	<u>1,302,209</u>	<u>401,680</u>
Receipts Over [Under] Expenditures	278,847	[400,807]
Unencumbered Cash, Beginning	[240,618]	409,678
Prior Period Adjustment	<u>371,449</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 409,678</u>	<u>\$ 8,871</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, 2009  
 (With Comparative Actual Amounts For the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
<b>Cash Receipts</b>				
Use of money and property	\$ 1,406	\$ 251	\$ 1,000	\$ [749]
Transfer in	<u>59,228</u>	<u>59,867</u>	<u>59,867</u>	<u>-</u>
<b>Total Cash Receipts</b>	<u>60,634</u>	<u>60,118</u>	<u>\$ 60,867</u>	<u>\$ [749]</u>
<b>Expenditures and Transfers Subject to Budget</b>				
Principal	49,120	51,211	\$ 51,210	\$ [1]
Interest	10,746	8,656	8,142	[514]
Miscellaneous	-	-	515	515
<b>Total Expenditures and Transfers Subject to Budget</b>	<u>59,866</u>	<u>59,867</u>	<u>\$ 59,867</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	768	251		
Unencumbered Cash, Beginning	<u>56,402</u>	<u>57,170</u>		
Unencumbered Cash, Ending	<u>\$ 57,170</u>	<u>\$ 57,421</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, 2009 and 2008

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Miscellaneous	\$ _____ -	\$ _____ -
Total Cash Receipts	_____ -	_____ -
Expenditures and Transfers		
Miscellaneous	_____ -	_____ -
Total Expenditures and Transfers	_____ -	_____ -
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	_____ 280,000	_____ 280,000
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, 2009 and 2008

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Use of money and property	\$ 88	\$ 349
Transfer in	<u>60,000</u>	<u>60,000</u>
Total Cash Receipts	<u>60,088</u>	<u>60,349</u>
Expenditures and Transfers		
Miscellaneous	<u>-</u>	<u>-</u>
Total Expenditures and Transfers	<u>-</u>	<u>-</u>
Receipts Over [Under] Expenditures	60,088	60,349
Unencumbered Cash, Beginning	<u>-</u>	<u>60,088</u>
Unencumbered Cash, Ending	<u>\$ 60,088</u>	<u>\$ 120,437</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, 2009 and 2008

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Assessments	\$ 32,240	\$ -
Use of money and property	<u>3,668</u>	<u>398</u>
Total Cash Receipts	<u>35,908</u>	<u>398</u>
Expenditures and Transfers		
Transfer out	<u>18,633</u>	<u>93,257</u>
Total Expenditures and Transfers	<u>18,633</u>	<u>93,257</u>
Receipts Over [Under] Expenditures	17,275	[92,859]
Unencumbered Cash, Beginning	<u>161,836</u>	<u>179,111</u>
Unencumbered Cash, Ending	<u>\$ 179,111</u>	<u>\$ 86,252</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, 2009

<u>FUNDS</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Municipal Court	\$ 4,275	\$ 8,150	\$ 4,347	\$ 8,078
Freedom Fund	<u>4,439</u>	<u>4,990</u>	<u>5,830</u>	<u>3,599</u>
 Total Agency Funds	 <u>\$ 8,714</u>	 <u>\$ 13,140</u>	 <u>\$ 10,177</u>	 <u>\$ 11,677</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, 2009

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, 2009

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 – is used 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.

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 – are used 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 – are used 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, 2009

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 2009 budget was not amended.

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, 2009

**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 5.54% from January 1 to December 31, 2009. The City employer contributions to KPERs for the years ending December 31, 2009, 2008, and 2007 were \$59,899, \$60,611, and \$46,224, 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%	\$ 545,000	\$ 995,000	09/01/01	09/01/16
Series 2003A	2.00 - 4.20%	2,930,000	7,085,000	06/05/03	09/01/18
Series 2003B	3.50 - 4.35%	875,000	1,200,000	12/12/03	09/01/19
Series 2006A	4.00 - 5.00%	3,310,000	3,590,000	01/15/06	09/01/26
Series 2006B	3.70 - 4.50%	2,725,000	2,990,000	11/01/06	09/01/22
Series 2008A	3.80 - 4.30%	<u>1,460,000</u>	1,600,000	11/04/08	9/1/2018
 Total		 <u>\$ 11,845,000</u>			

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

<u>Year Ending December 31.</u>	
2010	\$ 1,857,015
2011	1,851,055
2012	1,569,283
2013	1,364,363
2014	1,124,753
2015 - 2019	4,551,398
2020 - 2024	1,988,563
2025 - 2026	<u>552,185</u>
Total Principal and Interest	14,858,613
Less: Interest	<u>3,013,613</u>
Total	<u>\$ 11,845,000</u>

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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%	\$ 167,077	\$ 871,100	02/29/92	03/01/13

The Kansas Revolving loan debt service requirements to maturity:

<u>Year Ending December 31.</u>	
2010	\$ 59,482
2011	59,617
2012	<u>59,757</u>
Total Principal and Interest	178,856
Less: Interest	<u>11,779</u>
Total	<u>\$ 167,077</u>

Following is a summary of changes in long-term debt for the year ended December 31, 2009:

<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	\$ 13,180,000	\$ -	\$ 1,335,000	\$ 11,845,000
Kansas Revolving Loan	<u>218,287</u>	<u>-</u>	<u>51,210</u>	<u>167,077</u>
Total	<u>\$ 13,398,287</u>	<u>\$ -</u>	<u>\$ 1,386,210</u>	<u>\$ 12,012,077</u>

NOTE 5 - Operating Leases

The City rents office space under an operating lease. Rent expense for the year ended December 31, 2009 was \$47,736. Future minimum lease payments under the non-cancelable office space lease are as follows:

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

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**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 2009 follows:

<u>Fund</u>	<u>To</u>	<u>From</u>
Aquatic Center Operations	\$ -	\$ 288,770
Bond and Interest	1,016,185	-
Natural Gas	-	79,585
Water	239,116	614,071
Water Utility Surplus	146,540	239,116
Wastewater	-	206,909
Water/Sewer Depreciation Reserve	60,000	-
State Revolving Loan	59,867	-
Deferred Bond Payment	-	93,257
	<u>          </u>	<u>          </u>
Total	<u>\$ 1,521,708</u>	<u>\$ 1,521,708</u>

**NOTE 8 - Customer Deposits**

Customer deposits payable, in the amount of \$25,900 and \$19,005, 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 \$63,078 at December 31, 2009.

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 \$36,777 at December 31, 2009.

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**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>
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	270,000	1,465,613	1,735,613
2015 - 2019	2,490,000	7,102,863	9,592,863
2020 - 2024	4,025,000	6,470,763	10,495,763
2025 - 2029	5,905,000	5,423,113	11,328,113
2030 - 2034	8,350,000	3,879,756	12,229,756
2035 - 2038	<u>11,570,000</u>	<u>1,553,306</u>	<u>13,123,306</u>
<b>Total</b>	<b><u>\$ 33,000,000</u></b>	<b><u>\$ 31,809,863</u></b>	<b><u>\$ 64,809,863</u></b>

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.