

CITY OF ATWOOD, KANSAS
Independent Audit Report
January 1, 2009 to December 31, 2009

MAPES & MILLER
Certified Public Accountants
Norton, Kansas

CITY OF ATWOOD, KANSAS
Financial Statements
January 1, 2009 to December 31, 2009

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MAPES & MILLER

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A PARTNERSHIP OF PROFESSIONAL CORPORATIONS

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Honorable Mayor and City Council
City of Atwood
Atwood, Kansas 67730

We have audited the accompanying financial statements of the City of Atwood, Kansas, as of and for the year ended December 31, 2009, which collectively comprise the basic financial statements of the City's primary government as listed in the table of contents. These financial statements are the responsibility of the City of Atwood, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the Kansas Municipal Audit Guide. Those standards and guidance 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 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.

The financial statements do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require the financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. The effect on the financial statements of the omission of the component units, although not reasonably determinable, is presumed to be material.

As described more fully in Note 1, the City has prepared these financial statements in conformity with accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

Honorable Mayor and City Council
City of Atwood
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In our opinion, because of the omission of the component units, as discussed above, and because of the effects of the matter 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 City of Atwood, Kansas, as of December 31, 2009, or the changes in financial position or, where applicable, its cash flows 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 primary government of the City of Atwood, Kansas, as of December 31, 2009, and its cash receipts and expenditures, and budget to actual comparisons for the year then ended, taken as a whole, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the governing body and management of the City of Atwood, Kansas, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and other federal and state agencies to whose jurisdiction the City is subject and is not intended to be and should not be used by any one other than these specified parties. This restriction is not intended to limit the distribution of this report, which upon acceptance by the City Council, is a matter of public record.

Mapes & Miller

Certified Public Accountants

Norton, Kansas
August 19, 2010

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

STATEMENT 1
 Page 1

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Types:							
General	\$ 98,200	0	561,759	522,390	137,569	4,786	142,355
Special Revenue Funds:							
Airport	214	0	4,924	5,000	138	0	138
Library	0	0	38,907	38,437	470	0	470
Special Highway	13,247	0	27,231	35,370	5,108	0	5,108
Special Parks and Recreation	8,559	0	4,996	8,052	5,503	102	5,605
Tourism and Convention Promotion	12,064	0	4,713	500	16,277	0	16,277
Obert Park	5,331	0	2,993	161	8,163	0	8,163
Atwood Township	1,777	0	58,041	58,781	1,037	1,434	2,471
Atwood Centennial	7,362	0	0	0	7,362	0	7,362
Atwood Walkway	2,434	0	3,380	2,355	3,459	0	3,459
Community Playground	1,583	0	0	0	1,583	0	1,583
Special Street Equipment	13,224	0	0	0	13,224	0	13,224
Special Equipment	1,409	0	0	0	1,409	0	1,409
Debt Service Funds:							
Bond and Interest	4,653	0	480	0	5,133	0	5,133
Proprietary Fund Types:							
Enterprise Funds:							
Airport Fuel	11,697	0	2,903	5,842	8,758	0	8,758
Jayhawk Theater	2,324	0	0	0	2,324	0	2,324
Theater Reserve	24,039	0	19,089	3,109	40,019	144	40,163
Waterworks	337,996	0	423,559	395,390	366,165	8,073	374,238
Water Loan	383,961	0	210,012	88,650	505,323	0	505,323
Water Project	995	0	2,534,541	1,058,005	1,477,531	0	1,477,531
Sewer	40,355	0	70,854	59,535	51,674	4	51,678
Sewer Loan	275,233	0	99,409	64,291	310,351	0	310,351
Landfill	5,713	0	5,029	2,250	8,492	0	8,492
Recycling	0	0	4,050	4,003	47	0	47
Total Primary Government (Excluding Agency Funds)	\$ <u>1,252,370</u>	<u>0</u>	<u>4,076,870</u>	<u>2,352,121</u>	<u>2,977,119</u>	<u>14,543</u>	<u>2,991,662</u>

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

CITY OF ATWOOD, KANSAS
Composition of Cash
For the Year Ended December 31, 2009

STATEMENT 1
Page 2

Cash on Hand	\$ 150
The Bank of Atwood, Atwood, Kansas	
Checking Account	1,485,636
NOW Account	676,583
Farmers State Bank, Atwood, Kansas	
Certificate of Deposit	15,581
Farmers Bank & Trust, Atwood, Kansas	
Checking Account	6,079
Savings Accounts	797,774
Certificate of Deposit	<u>10,000</u>
Total Cash	2,991,803
Less Agency Funds per Statement 4	<u>(141)</u>
Total Primary Government per Statement 1, Page 1	\$ <u>2,991,662</u>

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

CITY OF ATWOOD, KANSAS
 Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2009

STATEMENT 2

Description	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General	\$ 624,810	0	624,810	522,390	(102,420)
Special Revenue Funds:					
Airport	5,000	0	5,000	5,000	0
Library	38,437	0	38,437	38,437	0
Special Highway	42,999	0	42,999	35,370	(7,629)
Special Parks and Recreation	8,817	0	8,817	8,052	(765)
Tourism and Convention	6,766	0	6,766	500	(6,266)
Obert Park	7,750	611	8,361	161	(8,200)
Atwood Township	77,899	0	77,899	58,781	(19,118)
Atwood Centennial	3,681	0	3,681	0	(3,681)
Atwood Walkway	2,500	0	2,500	2,355	(145)
Community Playground	797	0	797	0	(797)
Debt Service Funds:					
Bond and Interest	2,808	0	2,808	0	(2,808)
Enterprise Funds:					
Waterworks	424,561	34,614	459,175	395,390	(63,785)
Water Loan	88,650	0	88,650	88,650	0
Sewer	91,054	0	91,054	59,535	(31,519)
Sewer Loan	64,291	0	64,291	64,291	0
Landfill	7,070	0	7,070	2,250	(4,820)
Recycling	6,500	0	6,500	4,003	(2,497)

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

CITY OF ATWOOD, KANSAS

GENERAL FUND

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem	\$ 206,916	212,882	(5,966)
Delinquent	3,516	0	3,516
Motor Vehicle	41,498	35,772	5,726
Recreational Vehicle	601	452	149
16/20M Vehicle	1,988	1,508	480
Slider Tax	1,386	1,400	(14)
Intangibles	38,879	34,611	4,268
Local Sales	84,287	61,800	22,487
Special Assessments	198	0	198
Intergovernmental			
Local Alcoholic Liquor	4,996	5,053	(57)
Franchise Fees	95,028	100,000	(4,972)
Licenses, Permits and Fees	3,566	2,100	1,466
Fines	19,862	16,400	3,462
Swimming Pool	7,132	7,200	(68)
Theater	47,016	35,000	12,016
Interest on Idle Funds	1,422	25,000	(23,578)
Donations and Grants	0	2,000	(2,000)
Miscellaneous	1,818	600	1,218
Reimbursed Expenses	3,754	22,400	(18,646)
Neighborhood Revitalization Rebate	(2,104)	0	(2,104)
Transfer from Sewer	0	10,000	(10,000)
Transfer from Waterworks	0	20,000	(20,000)
	<u>0</u>	<u>20,000</u>	<u>(20,000)</u>
Total Cash Receipts	\$ <u>561,759</u>	<u>594,178</u>	<u>(32,419)</u>

(Continued)

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

CITY OF ATWOOD, KANSAS

GENERAL FUND

Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

(Continued)	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Expenditures:			
General Government	\$ 120,184	124,694	(4,510)
Street Department	83,040	114,462	(31,422)
Police Department	150,124	142,950	7,174
Court	6,514	10,500	(3,986)
Fire Department	5,843	14,000	(8,157)
Street Lighting	29,002	39,000	(9,998)
Park and Pool	29,201	29,500	(299)
Employee Benefits	35,804	60,704	(24,900)
Capital Outlay	0	45,000	(45,000)
Economic Development Appropriation	14,000	14,000	0
Library	1,092	0	1,092
Theater	46,823	30,000	16,823
Lake Restrooms	13	0	13
Shelter Match	750	0	750
	<u>522,390</u>	<u>624,810</u>	<u>(102,420)</u>
Total Expenditures			
Cash Receipts Over (Under) Expenditures	39,369		
Unencumbered Cash, Beginning	<u>98,200</u>		
Unencumbered Cash, Ending	\$ <u><u>137,569</u></u>		

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

CITY OF ATWOOD, KANSAS

AIRPORT FUND

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem	\$ 4,011	4,123	(112)
Delinquent	70	121	(51)
Motor Vehicle	806	693	113
Recreational Vehicle	12	9	3
16/20M Vehicle	39	29	10
Slider Tax	27	0	27
Neighborhood Revitalization Rebate	<u>(41)</u>	<u>0</u>	<u>(41)</u>
Total Cash Receipts	<u>4,924</u>	<u>4,975</u>	<u>(51)</u>
Expenditures:			
Appropriations to Board	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	(76)		
Unencumbered Cash, Beginning	<u>214</u>		
Unencumbered Cash, Ending	\$ <u>138</u>		

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

CITY OF ATWOOD, KANSAS

LIBRARY FUND

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Taxes			
Ad Valorem	\$ 10,037	10,334	(297)
Delinquent	176	341	(165)
Motor Vehicle	2,021	1,736	285
Recreational Vehicle	29	22	7
16/20M Vehicle	98	73	25
Slider Tax	67	0	67
Neighborhood Revitalization Rebate	(102)	0	(102)
Intergovernmental			
Rawlins County	<u>26,581</u>	<u>25,867</u>	<u>714</u>
Total Cash Receipts	<u>38,907</u>	<u>38,373</u>	<u>534</u>
Expenditures:			
Appropriations to Board	<u>38,437</u>	<u>38,437</u>	<u>0</u>
Cash Receipts Over (Under) Expenditures	470		
Unencumbered Cash, Beginning	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>470</u>		

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

CITY OF ATWOOD, KANSAS
SPECIAL HIGHWAY FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Intergovernmental			
State of Kansas	\$ 27,231	<u>33,470</u>	<u>(6,239)</u>
Expenditures:			
Personal Services	35,370	29,213	6,157
Commodities	<u>0</u>	<u>13,786</u>	<u>(13,786)</u>
Total Expenditures	<u>35,370</u>	<u>42,999</u>	<u>(7,629)</u>
Cash Receipts Over (Under) Expenditures	(8,139)		
Unencumbered Cash, Beginning	<u>13,247</u>		
Unencumbered Cash, Ending	\$ <u>5,108</u>		

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

CITY OF ATWOOD, KANSAS
SPECIAL PARKS AND RECREATION FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Intergovernmental			
Local Alcoholic Liquor Tax	\$ 4,996	<u>5,000</u>	<u>(4)</u>
Expenditures:			
Contractual Services	6,052	8,817	(2,765)
Commodities	<u>2,000</u>	<u>0</u>	<u>2,000</u>
Total Expenditures	<u>8,052</u>	<u>8,817</u>	<u>(765)</u>
Cash Receipts Over (Under) Expenditures	(3,056)		
Unencumbered Cash, Beginning	<u>8,559</u>		
Unencumbered Cash, Ending	\$ <u>5,503</u>		

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

CITY OF ATWOOD, KANSAS
TOURISM AND CONVENTION FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Transient Guest Tax	\$ <u>4,713</u>	<u>2,100</u>	<u>2,613</u>
Expenditures:			
Contractual Services	<u>500</u>	<u>6,766</u>	<u>(6,266)</u>
Cash Receipts Over (Under) Expenditures	4,213		
Unencumbered Cash, Beginning	<u>12,064</u>		
Unencumbered Cash, Ending	\$ <u>16,277</u>		

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

CITY OF ATWOOD, KANSAS
OBERT PARK FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Obert Trust Donation	\$ 2,993	5,250	(2,257)
Expenditures:			
Personal Services	161	6,750	(6,589)
Commodities	0	1,000	(1,000)
Contractual Services	0	611	(611)
Total Expenditures	161	8,361	(8,200)
Cash Receipts Over (Under) Expenditures	2,832		
Unencumbered Cash, Beginning	5,331		
Unencumbered Cash, Ending	8,163		

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

CITY OF ATWOOD, KANSAS
ATWOOD TOWNSHIP FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Intergovernmental			
Atwood Township	\$ 58,041	77,899	(19,858)
Expenditures:			
Lake	45,827	45,899	(72)
Cemetery	12,954	32,000	(19,046)
Total Expenditures	58,781	77,899	(19,118)
Cash Receipts Over (Under) Expenditures	(740)		
Unencumbered Cash, Beginning	1,777		
Unencumbered Cash, Ending	1,037		

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

CITY OF ATWOOD, KANSAS
ATWOOD CENTENNIAL FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Interest on Idle Funds	\$ <u>0</u>	<u>0</u>	<u>0</u>
Expenditures:			
Contractual Services	<u>0</u>	<u>3,681</u>	<u>(3,681)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>7,362</u>		
Unencumbered Cash, Ending	\$ <u>7,362</u>		

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

CITY OF ATWOOD, KANSAS
ATWOOD WALKWAY
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Donations	\$ 3,380	1,600	1,780
Interest on Idle Funds	0	20	(20)
Total Cash Receipts	3,380	1,620	1,760
Expenditures:			
Walkway Maintenance	2,355	2,500	(145)
Cash Receipts Over (Under) Expenditures	1,025		
Unencumbered Cash, Beginning	2,434		
Unencumbered Cash, Ending	\$ 3,459		

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

CITY OF ATWOOD, KANSAS
COMMUNITY PLAYGROUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Interest on Idle Funds	\$ <u>0</u>	<u>5</u>	<u>(5)</u>
Expenditures:			
Playground Maintenance	<u>0</u>	<u>797</u>	<u>(797)</u>
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	<u>1,583</u>		
Unencumbered Cash, Ending	\$ <u>1,583</u>		

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

CITY OF ATWOOD, KANSAS
BOND AND INTEREST FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Taxes			
Delinquent	\$ 27	0	27
Special Assessments	353	0	353
Interest on Idle Funds	100	0	100
Total Cash Receipts	480	0	480
Expenditures:			
Cash Basis Reserve	0	2,808	(2,808)
Cash Receipts Over (Under) Expenditures	480		
Unencumbered Cash, Beginning	4,653		
Unencumbered Cash, Ending	\$ 5,133		

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

CITY OF ATWOOD, KANSAS
JAYHAWK THEATER COMMISSION FUND
 Statement of Cash Receipts and Expenditures
 Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:	0	0	0
Expenditures:	0	0	0
Cash Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	2,324		
Unencumbered Cash, Ending	\$	2,324	

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

CITY OF ATWOOD, KANSAS

WATERWORKS FUND

Statement of Cash Receipts and Expenditures

Actual and Budget

For the Year Ended December 31, 2009

	<u>Actual</u>	<u>Budget</u>	Variance Over (Under)
Cash Receipts:			
Service Fees	\$ 381,342	420,352	(39,010)
Hook-up and Reconnect Fees	2,674	0	2,674
Penalties	3,537	0	3,537
Miscellaneous	1,392	0	1,392
Reimbursed Expense	<u>34,614</u>	<u>0</u>	<u>34,614</u>
Total Cash Receipts	<u>423,559</u>	<u>420,352</u>	<u>3,207</u>
Expenditures:			
Production	21,941	25,000	(3,059)
Treatment	15,551	25,000	(9,449)
Distribution	77,319	55,000	22,319
Administration	65,703	68,561	(2,858)
Operations	9,876	0	9,876
Capital Outlay	0	27,000	(27,000)
Transfer to General	0	20,000	(20,000)
Transfer to Water Loan	205,000	89,000	116,000
Transfer to Water Project	0	115,000	(115,000)
Adjustments for Qualifying Budget Credits:			
Reimbursed Expenses	<u> </u>	<u>34,614</u>	<u>(34,614)</u>
Total Expenditures	<u>395,390</u>	<u>459,175</u>	<u>(63,785)</u>
Cash Receipts Over (Under) Expenditures	28,169		
Unencumbered Cash, Beginning	<u>337,996</u>		
Unencumbered Cash, Ending	<u>\$ 366,165</u>		

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

CITY OF ATWOOD, KANSAS
WATER LOAN FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Interest on Idle Funds	\$ 5,012	5,000	12
Transfer from Water	205,000	89,000	116,000
Total Cash Receipts	210,012	94,000	116,012
Expenditures:			
Principal	19,000	19,000	0
Interest	69,650	69,650	0
Total Expenditures	88,650	88,650	0
Cash Receipts Over (Under) Expenditures	121,362		
Unencumbered Cash, Beginning	383,961		
Unencumbered Cash, Ending	\$ 505,323		

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

CITY OF ATWOOD, KANSAS
SEWER FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Service Fees	\$ 70,854	<u>77,500</u>	<u>(6,646)</u>
Expenditures:			
Personal Services	6,740	15,207	(8,467)
Contractual Services	4,436	20,647	(16,211)
Commodities	3,090	5,200	(2,110)
Capital Outlay	17,452	25,000	(7,548)
Sewer Line Cleaning	27,817	15,000	12,817
Transfer to General	<u>0</u>	<u>10,000</u>	<u>(10,000)</u>
Total Expenditures	<u>59,535</u>	<u>91,054</u>	<u>(31,519)</u>
Cash Receipts Over (Under) Expenditures	11,319		
Unencumbered Cash, Beginning	<u>40,355</u>		
Unencumbered Cash, Ending	\$ <u><u>51,674</u></u>		

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

CITY OF ATWOOD, KANSAS
SEWER LOAN FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Service Fees	\$ 96,214	79,500	16,714
Interest on Idle Funds	3,195	3,000	195
Total Cash Receipts	99,409	82,500	16,909
Expenditures:			
Principal	45,510	45,510	0
Interest	18,781	18,781	0
Total Expenditures	64,291	64,291	0
Cash Receipts Over (Under) Expenditures	35,118		
Unencumbered Cash, Beginning	275,233		
Unencumbered Cash, Ending	\$ 310,351		

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

CITY OF ATWOOD, KANSAS
LANDFILL FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Service Fees	\$ 5,029	<u>5,000</u>	<u>29</u>
Expenditures:			
Landfill Costs	0	2,500	(2,500)
Grant Expense	0	0	0
Transfer to Recycling	<u>2,250</u>	<u>4,570</u>	<u>(2,320)</u>
Total Expenditures	<u>2,250</u>	<u>7,070</u>	<u>(4,820)</u>
Cash Receipts Over (Under) Expenditures	2,779		
Unencumbered Cash, Beginning	<u>5,713</u>		
Unencumbered Cash, Ending	\$ <u>8,492</u>		

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

CITY OF ATWOOD, KANSAS
RECYCLING FUND
Statement of Cash Receipts and Expenditures
Actual and Budget
For the Year Ended December 31, 2009

	Actual	Budget	Variance Over (Under)
Cash Receipts:			
Intergovernmental			
Rawlins County	\$ 1,800	1,800	0
Transfer from Landfill	2,250	4,570	(2,320)
Total Cash Receipts	4,050	6,370	(2,320)
Expenditures:			
Contractual Services	4,003	6,500	(2,497)
Cash Receipts Over (Under) Expenditures	47		
Unencumbered Cash, Beginning	0		
Unencumbered Cash, Ending	\$ 47		

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

CITY OF ATWOOD, KANSAS
 Nonbudgeted Funds
 Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2009

	Special Street Equipment	Special Equipment	Airport Fuel
Cash Receipts:			
Fuel Sales	\$ <u>0</u>	<u>0</u>	<u>2,903</u>
Expenditures:			
Fuel Purchases	<u>0</u>	<u>0</u>	<u>5,842</u>
Cash Receipts Over (Under) Expenditures	0	0	(2,939)
Unencumbered Cash, Beginning	<u>13,224</u>	<u>1,409</u>	<u>11,697</u>
Unencumbered Cash, Ending	\$ <u>13,224</u>	<u>1,409</u>	<u>8,758</u>

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

CITY OF ATWOOD, KANSAS
 Nonbudgeted Funds
 Statement of Cash Receipts and Expenditures
For the Year Ended December 31, 2009

	Theater Reserve	Water Project
Cash Receipts:		
Donations	\$ 19,089	0
Loan Proceeds	0	2,367,000
USDA Grant	0	166,541
Interest on Idle Funds	0	1,000
Total Cash Receipts	19,089	2,534,541
Expenditures:		
Capital Outlay	3,109	0
Project Costs	0	1,058,005
Total Expenditures	3,109	1,058,005
Cash Receipts Over (Under) Expenditures	15,980	1,476,536
Unencumbered Cash, Beginning	24,039	995
Unencumbered Cash, Ending	\$ 40,019	1,477,531

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

CITY OF ATWOOD, KANSAS

STATEMENT 4

Agency Funds

Summary of Cash Receipts and Cash Disbursements
For the Year Ended December 31, 2009

	Beginning Cash Balance	Cash Receipts	Cash Disburse- ments	Ending Cash Balance
Sanitation	\$ 0	81,312	81,171	141
Cafeteria 125 Plan	<u>0</u>	<u>11,100</u>	<u>11,100</u>	<u>0</u>
Total Agency Funds	<u>\$ 0</u>	<u>92,412</u>	<u>92,271</u>	<u>141</u>

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

CITY OF ATWOOD, KANSAS

Notes to the Financial Statements

December 31, 2009

1. Summary of Significant Accounting Policies

Reporting Entity

The City of Atwood, Kansas, the primary government, operates as a third class city in accordance with the laws of the State of Kansas. The City operates under a mayor-council form of government and provides the following services: public safety (police and fire protection), highways and streets, water, sewer, sanitation, social, culture and recreation, planning and zoning, public improvements and general administrative services.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financial accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the following are component units of the City:

Atwood Public Library
Housing Authority of the City of Atwood

Financial information for these component units has not been reported in the City's financial statements. Accordingly, these financial statements present the activities of the primary government only and are not a complete presentation in accordance with generally accepted accounting principles.

Unaudited financial reports for the Atwood Public Library may be obtained from the Head Librarian, 102 South 6th Street, Atwood, KS 67730.

The Housing Authority of the City of Atwood issues separately audited financial statements that may be obtained from the Executive Director, Atwood Housing Authority, 801 South 3rd, Atwood, KS 67730.

Fund Accounting

In governmental accounting a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or 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.

The following types of funds comprise the financial activities of the City of Atwood for the year 2009:

Governmental Funds:

General Fund--To account for all unrestricted financial resources except those required to be accounted for in another fund.

Special Revenue Funds--To account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for specified purposes.

Debt Service Funds--To account for the accumulation of resources for and the payment of interest and principal on general long-term debt and the financing of special assessments which are general obligations of the City.

Proprietary Funds:

Enterprise Funds--To account for operations that are financed and operated in a manner similar to private business enterprises--where the stated intent 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--or where periodic determination of revenues earned, expenses incurred and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Funds:

Private Purpose Trust and Agency Funds--To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Reimbursed Expenditures

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expenses was directly tied to the amount of the original cash disbursement.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's 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. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund and an expenditure is charged in the fund from which the transfer is made.

The City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the statutory basis of accounting.

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 non-cash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balances 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, building, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

2. **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 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 final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

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

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds and the following funds:

	<u>Statutory Authority for Exemption</u>
Special Revenue Funds:	
Special Street Equipment	K.S.A. 12-1,117
Special Equipment	K.S.A. 12-1,117
Enterprise Funds:	
Theater Reserve	K.S.A. 12-825d
Water Project	K.S.A. 12-825d
Airport Fuel	K.S.A. 79-2925

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

3. **Property Taxes**

Property taxes are levied November 1st of the calendar year. A lien is placed on the property when the taxes are levied. The taxes are due 1/2 on December 20th and 1/2 the following May 10th. Any taxes unpaid at the due dates are considered delinquent. Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year: such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operation of the City and therefore are not susceptible to accrual.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material to the financial statements taken as a whole.

4. **Inventories and Prepaid Expenses**

Inventories and prepaid expenses that benefit future periods are recorded as expenditures during the year of purchase.

5. **Compensated Absences**

Vacation Pay

Employees are eligible for paid vacation after completing one full year of full-time employment with the City. Employees with less than twenty years of service receive one day of paid vacation for each month worked. Employees with more than twenty years of service receive one and one half days of paid vacation for each month worked. A maximum of thirty-six days of unused vacation is allowed to accumulate. Employees are compensated for all unused accumulated vacation time upon termination of employment. The cost of accumulated vacation pay as of December 31, 2009 was \$12,852.

Sick Leave

All full-time employees are eligible for paid sick leave immediately upon employment and receive one day of paid sick leave for each month worked with no limit on the number of days allowed to accumulate. Employees who voluntarily separate from employment with the City prior to retirement are compensated for a maximum of thirty days of unused accumulated sick leave at a rate of 33% of their regular pay rate. Employees who retire are compensated for a maximum of thirty days of unused accumulated sick leave at their current rate of pay. The cost of accumulated sick leave calculated at the 33% of regular pay as of December 31, 2009 was \$3,152.

6. **Defined Benefit Pension Plan**

Plan Description

The City of Atwood, Kansas 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. That report may be obtained by writing to KPERs (611 S. Kansas, Suite 100; Topeka, KS 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 basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established for the year ended December 31, 2009 is 5.54%. The City of Atwood, Kansas' employer contributions to KPERS for the years ended December 31, 2009, 2008, and 2007 were \$13,168, \$10,123, and \$9,017 respectively, equal to the required contributions for each year.

7. Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan. Each retiree would pay the full amount of the applicable premium, conceptually, the City would be subsidizing the retirees because each participant would be charged a level premium regardless of age. As of December 31, 2009 the City had no retirees participating in the group health insurance plan.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

8. Deposits and Investments

At December 31, 2009, the City had no investments except for certificates of deposit which are considered as a component of deposits.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on the funds. In addition, K.S.A 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has not designated any "peak periods" with eligible depositories. All deposits were legally secured at December 31, 2009.

At December 31, 2009, the City's carrying amount of deposits was \$2,991,653 and the bank balance was \$3,015,565. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$521,660 was covered by federal depository insurance, and the remaining \$2,493,905 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

9. **Capital Projects**

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

	Project Authorization	Expenditures To Date
Water System Project	\$ 6,337,500	1,058,005

10. **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 property and casualty, general liability, and worker's compensation insurance coverage from commercial insurance carriers. Settled claims resulting from these risks of loss have not exceeded commercial insurance coverage in any of the past three fiscal years.

11. **Interfund Transactions**

Operating transfers were as follows:

From	To	Statutory Authority	Amount
Waterworks	Water Loan	K.S.A. 12-825d	\$ 205,000
Landfill	Recycling	K.S.A. 12-2104	2,250

12. **Long-term Debt**

Changes in long-term liabilities for the City of Atwood, Kansas for the year ended December 31, 2009, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 2004 Water System	4.375%	06/28/04	\$ 1,642,900	06/28/44	1,592,000	0	19,000		1,573,000	69,650
Series 2009 Water System	1.200%	11/19/09	2,367,000	12/01/11	0	2,367,000	0		2,367,000	0
Total General Obligation Bonds					<u>1,592,000</u>	<u>2,367,000</u>	<u>19,000</u>		<u>3,940,000</u>	<u>69,650</u>
KDHE Loans:										
Water Pollution Control Project	3.490%	12/31/99	827,519	09/01/21	549,409	0	45,510		503,899	18,781
Capital Lease:										
Bobcat and Attachments	5.250%	12/30/09	47,899	12/30/13	0	47,899	10,515		37,384	90
Total Contractual Indebtedness					<u>2,141,409</u>	<u>2,414,899</u>	<u>75,025</u>		<u>4,481,283</u>	<u>88,431</u>
Compensated Absences:										
Vacation Pay	N/A	N/A	N/A	N/A	16,251			(3,399)	12,852	
Sick Pay	N/A	N/A	N/A	N/A	4,153			(1,001)	3,152	
Total Long-Term Debt					<u>\$ 2,161,813</u>	<u>2,414,899</u>	<u>75,025</u>	<u>(4,400)</u>	<u>4,497,287</u>	<u>88,431</u>

12. Long-term Debt - (Continued)

Current maturities of long-term debt and interest for the next five years through maturity are as follows:

	2010	2011	2012	2013	2014	2015-2019	2020-2024	2025-2029	2030-2034	2035-2039	2040-2044	Total
PRINCIPAL												
General Obligation Bonds:												
Series 2004 Water System	\$ 19,000	20,000	21,000	22,000	23,000	132,000	164,000	205,000	256,000	317,000	394,000	1,573,000
Series 2009 Water System	0	2,367,000	0	0	0	0	0	0	0	0	0	2,367,000
Total General Obligation Bonds	19,000	2,387,000	21,000	22,000	23,000	132,000	164,000	205,000	256,000	317,000	394,000	3,940,000
KDHE Loans:												
Water Pollution Control Project	47,113	48,771	50,488	52,265	54,105	251,157	0	0	0	0	0	503,899
Capital Lease:												
Bobcat and Attachments	8,642	9,096	9,570	10,076	0	0	0	0	0	0	0	37,384
Total Principal	<u>74,755</u>	<u>2,444,867</u>	<u>81,058</u>	<u>84,341</u>	<u>77,105</u>	<u>383,157</u>	<u>164,000</u>	<u>205,000</u>	<u>256,000</u>	<u>317,000</u>	<u>394,000</u>	<u>4,481,283</u>
INTEREST												
General Obligation Bonds:												
Series 2004 Water System	68,819	67,988	67,113	66,194	65,231	310,144	278,556	239,313	190,094	128,975	53,244	1,535,671
Series 2009 Water System	0	56,808	0	0	0	0	0	0	0	0	0	56,808
Total General Obligation Bonds	68,819	124,796	67,113	66,194	65,231	310,144	278,556	239,313	190,094	128,975	53,244	1,592,479
KDHE Loans:												
Water Pollution Control Project	17,179	15,520	13,803	12,026	10,186	21,274	0	0	0	0	0	89,988
Capital Lease:												
Bobcat and Attachments	1,963	1,509	1,034	529	0	0	0	0	0	0	0	5,035
Total Principal	<u>87,961</u>	<u>141,825</u>	<u>81,950</u>	<u>78,749</u>	<u>75,417</u>	<u>331,418</u>	<u>278,556</u>	<u>239,313</u>	<u>190,094</u>	<u>128,975</u>	<u>53,244</u>	<u>1,687,502</u>
Total Principal and Interest	<u>\$ 162,716</u>	<u>2,586,692</u>	<u>163,008</u>	<u>163,090</u>	<u>152,522</u>	<u>714,575</u>	<u>442,556</u>	<u>444,313</u>	<u>446,094</u>	<u>445,975</u>	<u>447,244</u>	<u>6,168,785</u>