

**CITY OF CHANUTE, KANSAS**

Financial Statements  
and  
Independent Auditors' Report

For the Year Ended December 31, 2009

# CITY OF CHANUTE, KANSAS

For the Year Ended December 31, 2009

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For the Year Ended December 31, 2009

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**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Commission  
City of Chanute, Kansas  
Chanute, Kansas

We have audited the accompanying financial statements of the City of Chanute, Kansas, 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 City of Chanute, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City's 2008 financial statements and, in our report dated July 8, 2009, we expressed an unqualified opinion on the financial statements of the City of Chanute, Kansas, prepared in accordance with the statutory basis of accounting.

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.

As described more fully in Note 1, the City has prepared these financial statements in conformity with the 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, are presumed to be material.

In our opinion, because of the effects of the matters 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 Chanute, Kansas as of December 31, 2009, or the changes in its financial position, or where applicable, its cash flows for the year then ended.

Also, in our opinion, the financial statements referred above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Chanute, 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.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

July 22, 2010  
Chanute, Kansas

## CITY OF CHANUTE, KANSAS

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

Funds	Beginning	Cash	Expenditures	Ending	Add	Cash Balance	
	Unencumbered Cash Balances			Unencumbered Cash Balances	Encumbrances and Accounts Payable	2009	2008
General Fund	\$ 208,086.46	\$ 5,254,573.38	\$ 5,226,863.53	\$ 235,796.31	\$ 193,016.03	\$ 428,812.34	\$ 475,974.36
Special Revenue Funds:							
Industrial	77,611.39	17,691.08	-	95,302.47	-	95,302.47	82,059.90
Library	6,878.85	296,307.16	296,307.16	6,878.85	-	6,878.85	6,878.85
Library Employee Benefit	3,691.77	45,197.81	45,197.81	3,691.77	-	3,691.77	3,691.77
City Employee Benefit	590,188.51	751,720.95	759,996.97	581,912.49	634.28	582,546.77	590,457.01
Special Liability Expense	555,089.38	16,563.69	11,496.97	560,156.10	-	560,156.10	555,089.38
Special Parks and Recreation	105,896.33	52,214.90	27,204.36	130,906.87	-	130,906.87	106,519.85
Special Alcohol Programs	88,756.97	28,040.81	7,236.33	109,561.45	-	109,561.45	88,756.97
Tourism and Convention	109,876.90	66,247.68	88,425.63	87,698.95	-	87,698.95	109,960.49
Emergency Telephone	54,431.27	35,412.70	3,372.08	86,471.89	-	86,471.89	54,431.27
Special Highway Improvement	4,986,314.37	232,435.52	2,082,242.46	3,136,507.43	9,566.00	3,146,073.43	5,269,056.48
Capital Improvement #1	3,900,458.15	77,549.11	1,533,430.14	2,444,577.12	159,606.28	2,604,183.40	4,106,716.37
Capital Improvement #2	428,653.34	3,815,845.33	2,259,923.52	1,984,575.15	316,117.16	2,300,692.31	471,940.06
Equipment Reserve	483,488.92	219,292.32	238,615.68	464,165.56	1.99	464,167.55	495,367.79
Debt Service Fund:							
General Obligation Bond and Interest	108,774.75	14,484,261.13	14,144,644.44	448,391.44	-	448,391.44	108,774.75
Special Obligation Bond and Interest	15,213.24	57,687.83	57,877.00	15,024.07	-	15,024.07	15,213.24
Enterprise Funds:							
Electric Utility	1,934,114.87	20,007,298.30	19,185,419.98	2,755,993.19	985,909.23	3,741,902.42	4,168,447.98
Water Utility	208,697.11	1,226,157.21	1,251,532.72	183,321.60	34,259.17	217,580.77	262,159.60
Gas Utility	655,986.54	4,745,790.82	3,876,587.72	1,525,189.64	410,296.57	1,935,486.21	1,083,706.80
Refuse Utility	220,959.63	1,095,527.28	1,129,563.78	186,923.13	9,143.79	196,066.92	262,816.04
Sewer Utility	276,415.17	1,198,661.36	1,010,356.49	464,720.04	30,524.22	495,244.26	309,507.27
Electric, Water & Gas Bond and Interest	989,257.60	2,367,032.49	2,370,612.50	985,677.59	-	985,677.59	989,257.60
Electric, Water & Gas Bond Reserve	2,932,262.21	19,933.21	-	2,952,195.42	-	2,952,195.42	2,932,262.21
Intergovernmental Service Funds							
Vehicle Services	17.87	421,079.15	421,097.02	-	10,580.22	10,580.22	8,746.50
Utility Services	3.91	883,263.69	883,267.60	-	17,652.75	17,652.75	35,127.46
Public Works and Utility Complex	1,229.02	140,564.37	141,793.39	-	5,664.52	5,664.52	13,284.00
Total Primary Government (Excluding Agency Funds)	18,942,354.53	57,556,349.28	57,053,065.28	19,445,638.53	2,182,972.21	21,628,610.74	22,606,204.00
Component Units							
Chanute Public Library	364,442.63	399,079.30	355,677.43	407,844.50	24,745.03	432,589.53	385,715.05
The Housing Authority of the City of Chanute, Kansas	225,646.00	896,290.00	937,586.00	184,350.00	92,570.00	276,920.00	319,067.00
Total Reporting Entity (Excluding Agency Funds)	\$ 19,532,443.16	\$ 58,851,718.58	\$ 58,346,328.71	\$ 20,037,833.03	\$ 2,300,287.24	\$ 22,338,120.27	\$ 23,310,986.05

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

## CITY OF CHANUTE, KANSAS

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

	2009	2008
Total Cash to be accounted for:	\$ 22,338,120.27	\$ 23,310,986.05
Composition of Cash:		
Cash on Hand	\$ 2,065.00	\$ 2,015.00
Checking Accounts:		
City Treasurer .....	4,269,928.47	8,779,779.33
Payroll Account .....	7,267.78	7,267.78
Health Plan Account .....	-	581,540.40
ISF Check Account .....	7,289.63	9,845.66
General Petty Cash .....	3,500.00	3,500.00
Security Deposit Account .....	106,044.16	108,131.38
Utility Petty Cash Account.....	500.00	500.00
Investments:		
Certificates of Deposit .....	6,587,747.00	2,847,747.00
UMB Escrow Accounts .....	0.24	189.41
U.S. Treasury Notes .....	972,343.15	3,897,029.63
U.S. Treasury Bills .....	8,198,580.28	5,057,990.81
Federal Home Loan Banks .....	1,669,417.10	1,669,417.10
Federal Natl. Mortgage Assn. ....	1,174,530.38	1,174,530.38
Total Primary Government	22,999,213.19	24,139,483.88
Total Component Units	709,509.53	704,782.05
Total Cash	23,708,722.72	24,844,265.93
Agency Funds Per Statement 4	(1,370,602.45)	(1,533,279.88)
Total Reporting Entity (Excluding Agency Funds)	\$ 22,338,120.27	\$ 23,310,986.05

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

**CITY OF CHANUTE, KANSAS**  
Summary of Expenditures - Actual and Budget  
(Budgeted Funds Only)  
For the Year Ended December 31, 2009

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Fund	\$ 5,482,170.00	\$ 109,305.28	\$ 5,591,475.28	\$ 5,226,863.53	\$ (364,611.75)
Special Revenue Funds:					
Library	303,900.00	-	303,900.00	296,307.16	(7,592.84)
Library Employee Benefit	45,525.00	-	45,525.00	45,197.81	(327.19)
City Employee Benefit	785,770.00	23,697.88	809,467.88	759,996.97	(49,470.91)
Special Liability Expense	20,000.00	4,499.24	24,499.24	11,496.97	(13,002.27)
Special Parks & Recreation	50,000.00	-	50,000.00	27,204.36	(22,795.64)
Special Alcohol Programs	20,000.00	-	20,000.00	7,236.33	(12,763.67)
Tourism and Convention	91,000.00	-	91,000.00	88,425.63	(2,574.37)
Emergency Telephone	6,000.00	-	6,000.00	3,372.08	(2,627.92)
Special Highway Improvement	2,270,775.00	-	2,270,775.00	2,082,242.46	(188,532.54)
Debt Service Fund:					
General Obligation Bond and Interest	14,052,862.00	12,420,000.00	26,472,862.00	14,144,644.44	(12,328,217.56)
Special Obligation Bond and Interest	72,900.00	-	72,900.00	57,877.00	(15,023.00)
Enterprise Funds:					
Electric Utility	27,598,000.00	28,370.75	27,626,370.75	19,185,419.98	(8,440,950.77)
Water Utility	1,423,000.00	-	1,423,000.00	1,251,532.72	(171,467.28)
Gas Utility	7,740,377.00	293.01	7,740,670.01	3,876,587.72	(3,864,082.29)
Refuse Utility	1,133,255.00	-	1,133,255.00	1,129,563.78	(3,691.22)
Sewer Utility	1,286,000.00	-	1,286,000.00	1,010,356.49	(275,643.51)
Electric, Water & Gas Bond and Interest	2,247,161.00	-	2,247,161.00	2,370,612.50	123,451.50

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

**CITY OF CHANUTE, KANSAS**  
**GENERAL FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 842,980.49	\$ 688,176.54	\$ 726,954.00	\$ (38,777.46)
Delinquent Tax	27,850.89	22,602.42	-	22,602.42
Motor Vehicle Tax	174,824.35	145,152.07	144,665.00	487.07
Rental Motor Vehicle Tax	371.36	220.59	-	220.59
Recreational Vehicle Tax	1,811.49	1,646.63	1,602.00	44.63
16M-20M Truck Tax	1,936.72	2,125.52	1,186.00	939.52
Machinery and Equipment	-	26,856.43	-	26,856.43
Payments in Lieu of Taxes	4,072.66	3,009.75	-	3,009.75
Sales Tax	2,738,102.32	2,134,470.07	2,650,000.00	(515,529.93)
Franchise Taxes	89,887.78	345,578.15	88,000.00	257,578.15
Special Assessments	6,874.25	7,929.38	-	7,929.38
Intergovernmental				
Highway Connecting Links	16,721.51	16,698.50	18,000.00	(1,301.50)
Local Alcoholic Liquor Tax	24,926.67	26,759.43	22,000.00	4,759.43
Federal Grants - Click Step	-	2,719.38	-	2,719.38
Federal Grants - ESG	450.00	12,318.00	-	12,318.00
Federal Grants - FEMA	-	60,822.20	-	60,822.20
State Grants - FEMA	-	8,109.63	-	8,109.63
Licenses and Permits				
Business Licenses, Permits & Fees	12,031.00	11,580.00	50,000.00	(38,420.00)
Non-Business Licenses, Permits & Fees	30,037.53	36,700.99	-	36,700.99
Charges for Services				
General Government Services	6,560.00	9,697.78	359,724.00	(350,026.22)
Public Safety Services	65,677.40	56,060.40	-	56,060.40
Public Works Services	5,449.40	71,381.30	-	71,381.30
Health Services	5,185.00	32,202.50	-	32,202.50
Culture and Recreation Services	15,633.50	16,084.03	-	16,084.03
Fines, Forfeitures and Penalties				
Fines	191,494.07	204,171.94	198,000.00	6,171.94
Use of Money and Property				
Rents & Royalties	33,865.73	36,349.47	70,000.00	(33,650.53)
Sale of Equipment and Property	251,283.69	111,115.54	-	111,115.54
Other Revenues				
Miscellaneous	7,386.19	4,729.46	80,000.00	(75,270.54)
Reimbursed Expense	55,172.62	109,305.28	-	109,305.28
Operating Transfers from:				
Electric Utility Fund	586,496.55	768,834.00	768,834.00	-
Gas Utility Fund	226,343.72	281,166.00	331,166.00	(50,000.00)
Total Cash Receipts	5,423,426.89	5,254,573.38	\$ 5,510,131.00	\$ (255,557.62)

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



**CITY OF CHANUTE, KANSAS**  
**GENERAL FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures and Transfers				
Subject to Budget				
City Commission	\$ 82,251.48	\$ 57,789.49	\$ 62,000.00	\$ (4,210.51)
Municipal Court	92,984.61	103,337.92	102,000.00	1,337.92
City Manager's Office	211,851.72	227,335.79	226,170.00	1,165.79
General Administrative Services	337,676.91	347,005.98	169,500.00	177,505.98
Engineering & Inspection	337,548.37	403,561.71	528,000.00	(124,438.29)
Legal Services	96,946.31	96,270.16	95,500.00	770.16
Information Services	15,424.88	57.96	29,000.00	(28,942.04)
Public Buildings & Grounds	235,539.25	243,460.07	200,000.00	43,460.07
Police Department	1,453,661.61	1,323,606.28	1,500,000.00	(176,393.72)
Fire Department	841,532.15	826,960.95	886,000.00	(59,039.05)
Animal Control	62,882.24	56,961.16	65,000.00	(8,038.84)
Civil Defense	499.21	1,796.50	-	1,796.50
Streets and Roads	973,260.34	802,371.53	870,000.00	(67,628.47)
Cemetery	151,533.32	118,853.69	181,000.00	(62,146.31)
Airport	279,536.61	237,973.32	227,000.00	10,973.32
Parks	310,742.50	267,180.84	304,000.00	(36,819.16)
Swimming Pool	147.49	220.83	-	220.83
Tree Program	-	690.00	-	690.00
Auditorium Management Services	22,963.87	25,231.09	37,000.00	(11,768.91)
Economic Development	84,426.20	442.13	-	442.13
Operating Transfers to:				
Capital Improvement #2 Fund	9,450.00	53,256.13	-	53,256.13
Special Obligation Bond and Interest Fund	49,044.78	32,500.00	-	32,500.00
Total Certified Budget			5,482,170.00	(255,306.47)
Adjustments for Qualifying Budget Credits			109,305.28	(109,305.28)
Total Expenditures and Transfers Subject to Budget	5,649,903.85	5,226,863.53	\$ 5,591,475.28	\$ (364,611.75)
Receipts Over(Under) Expenditures	(226,476.96)	27,709.85		
Unencumbered Cash, Beginning	434,563.42	208,086.46		
Unencumbered Cash, Ending	\$ 208,086.46	\$ 235,796.31		

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

**CITY OF CHANUTE, KANSAS**  
**INDUSTRIAL FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Delinquent Tax	\$ 175.69	\$ 114.98	\$ -	\$ 114.98
Use of Money and Property				
Interest Income	6,006.63	-	-	-
Revolving Loan Principal	-	14,323.32	-	14,323.32
Revolving Loan Interest	4,577.00	3,252.78	-	3,252.78
Total Cash Receipts	10,759.32	17,691.08	\$ -	\$ 17,691.08
Expenditures and Transfers				
Subject to Budget				
General Government				
Contractual Services	16,864.12	-	\$ -	\$ -
Total Expenditures and Transfers				
Subject to Budget	16,864.12	-	\$ -	\$ -
Receipts Over(Under) Expenditures	(6,104.80)	17,691.08		
Unencumbered Cash, Beginning	83,716.19	77,611.39		
Unencumbered Cash, Ending	\$ 77,611.39	\$ 95,302.47		

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

**CITY OF CHANUTE, KANSAS**  
**LIBRARY FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 246,691.45	\$ 246,129.37	\$ 259,985.00	\$ (13,855.63)
Delinquent Tax	6,983.39	6,282.09	9,062.00	(2,779.91)
Motor Vehicle Tax	40,145.08	41,763.29	44,004.00	(2,240.71)
Rental Motor Vehicle Tax	80.31	67.10	-	67.10
Recreational Vehicle Tax	418.95	475.47	487.00	(11.53)
16M-20M Truck Tax	371.96	513.47	361.00	152.47
Payments in Lieu of Taxes	1,238.88	1,076.37	-	1,076.37
Total Cash Receipts	295,930.02	296,307.16	\$ 313,899.00	\$ (17,591.84)
Expenditures and Transfers Subject to Budget				
Culture and Recreation				
Library Appropriations	289,400.00	296,307.16	\$ 303,900.00	\$ (7,592.84)
Total Expenditures and Transfers Subject to Budget	289,400.00	296,307.16	\$ 303,900.00	\$ (7,592.84)
Receipts Over(Under) Expenditures	6,530.02	-		
Unencumbered Cash, Beginning	348.83	6,878.85		
Unencumbered Cash, Ending	\$ 6,878.85	\$ 6,878.85		

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

**CITY OF CHANUTE, KANSAS**  
**LIBRARY EMPLOYEE BENEFITS FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 38,050.81	\$ 37,016.18	\$ 39,098.00	\$ (2,081.82)
Delinquent Tax	1,104.12	948.71	1,178.00	(229.29)
Motor Vehicle Tax	6,051.26	6,161.11	6,626.00	(464.89)
Rental Motor Vehicle Tax	13.52	10.11	-	10.11
Recreational Vehicle Tax	62.30	70.24	73.00	(2.76)
16M-20M Truck Tax	76.99	70.16	54.00	16.16
Machinery and Equipment	-	759.42	-	759.42
Payments in Lieu of Taxes	186.53	161.88	-	161.88
Total Cash Receipts	45,545.53	45,197.81	\$ 47,029.00	\$ (1,831.19)
Expenditures and Transfers				
Subject to Budget				
Culture and Recreation				
Library Appropriations	43,000.00	45,197.81	\$ 45,525.00	\$ (327.19)
Total Expenditures and Transfers				
Subject to Budget	43,000.00	45,197.81	\$ 45,525.00	\$ (327.19)
Receipts Over(Under) Expenditures	2,545.53	-		
Unencumbered Cash, Beginning	1,146.24	3,691.77		
Unencumbered Cash, Ending	\$ 3,691.77	\$ 3,691.77		

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

**CITY OF CHANUTE, KANSAS**  
**CITY EMPLOYEE BENEFITS FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 754,958.82	\$ 551,279.32	\$ 564,632.00	\$ (13,352.68)
Delinquent Tax	19,986.52	18,170.24	18,170.00	0.24
Motor Vehicle Tax	126,569.74	128,097.87	128,098.00	(0.13)
Rental Motor Vehicle Tax	257.16	204.95	-	204.95
Recreational Vehicle Tax	1,318.55	1,457.96	1,458.00	(0.04)
16M-20M Truck Tax	1,133.59	1,598.66	-	1,598.66
Payments on Lieu of Taxes	3,783.77	2,411.10	2,411.00	0.10
Machinery and Equipment	-	13,353.09	-	13,353.09
Use of Money and Property				
Interest Income	15,256.55	11,449.88	9,828.00	1,621.88
Other Revenues				
Reimbursed Expense	103,553.78	23,697.88	25,501.00	(1,803.12)
Total Cash Receipts	1,026,818.48	751,720.95	\$ 750,098.00	\$ 1,622.95
Expenditures and Transfers				
Subject to Budget				
General Government				
Employee Benefits	830,953.08	759,996.97	\$ 785,770.00	\$ (25,773.03)
Total Certified Budget			785,770.00	(25,773.03)
Adjustments for Qualifying				
Budget Credits			23,697.88	(23,697.88)
Total Expenditures and Transfers				
Subject to Budget	830,953.08	759,996.97	\$ 809,467.88	\$ (49,470.91)
Receipts Over(Under) Expenditures	195,865.40	(8,276.02)		
Unencumbered Cash, Beginning	394,323.11	590,188.51		
Unencumbered Cash, Ending	\$ 590,188.51	\$ 581,912.49		

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

**CITY OF CHANUTE, KANSAS**  
**SPECIAL LIABILITY EXPENSE FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 0.01	\$ -	\$ -	\$ -
Delinquent Tax	560.36	253.97	-	253.97
Motor Vehicle Tax	1,602.53	368.25	-	368.25
Rental Motor Vehicle Tax	3.24	-	-	-
Recreational Vehicle Tax	16.78	3.92	-	3.92
16M-20M Truck Tax	14.38	19.75	-	19.75
Use of Money and Property				
Interest Income	18,868.17	11,418.56	-	11,418.56
Other Revenues				
Reimbursed Expense	53,384.13	4,499.24	-	4,499.24
Total Cash Receipts	74,449.60	16,563.69	\$ -	\$ 16,563.69
Expenditures and Transfers				
Subject to Budget				
General Government				
Contractual Services	72,665.52	11,496.97	\$ 20,000.00	\$ (8,503.03)
Total Certified Budget			20,000.00	(8,503.03)
Adjustments for Qualifying				
Budget Credits			4,499.24	(4,499.24)
Total Expenditures and Transfers				
Subject to Budget	72,665.52	11,496.97	\$ 24,499.24	\$ (13,002.27)
Receipts Over(Under) Expenditures	1,784.08	5,066.72		
Unencumbered Cash, Beginning	553,305.30	555,089.38		
Unencumbered Cash, Ending	\$ 555,089.38	\$ 560,156.10		

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

**CITY OF CHANUTE, KANSAS**  
**SPECIAL PARKS AND RECREATION FUND**

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

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Local Alcoholic Liquor Tax	\$ 24,926.68	\$ 26,759.43	\$ 19,661.00	\$ 7,098.43
Intergovernmental				
Federal Grants	15,741.22	-	-	-
State Grants	2,044.32	-	-	-
Use of Money and Property				
Interest Income	1,745.88	1,803.87	1,642.00	161.87
Other Revenues				
Donations	3,918.15	23,651.60	23,652.00	(0.40)
Total Cash Receipts	48,376.25	52,214.90	\$ 44,955.00	\$ 7,259.90
Expenditures and Transfers				
Subject to Budget				
Culture and Recreation				
Capital Outlay	33,691.81	27,204.36	\$ 50,000.00	\$ (22,795.64)
Total Expenditures and Transfers				
Subject to Budget	33,691.81	27,204.36	\$ 50,000.00	\$ (22,795.64)
Receipts Over(Under) Expenditures	14,684.44	25,010.54		
Unencumbered Cash, Beginning	91,211.89	105,896.33		
Unencumbered Cash, Ending	\$ 105,896.33	\$ 130,906.87		

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

**CITY OF CHANUTE, KANSAS**  
**SPECIAL ALCOHOL PROGRAMS FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Local Alcoholic Liquor Tax	\$ 24,926.68	\$ 26,759.44	\$ 20,000.00	\$ 6,759.44
Use of Money and Property				
Interest Income	1,365.49	1,281.37	-	1,281.37
Total Cash Receipts	26,292.17	28,040.81	\$ 20,000.00	\$ 8,040.81
Expenditures and Transfers				
Subject to Budget				
Culture and Recreation				
Alcohol Programs	8,203.14	7,236.33	\$ 20,000.00	\$ (12,763.67)
Total Expenditures and Transfers				
Subject to Budget	8,203.14	7,236.33	\$ 20,000.00	\$ (12,763.67)
Receipts Over(Under) Expenditures	18,089.03	20,804.48		
Unencumbered Cash, Beginning	70,667.94	88,756.97		
Unencumbered Cash, Ending	\$ 88,756.97	\$ 109,561.45		

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



**CITY OF CHANUTE, KANSAS**  
**TOURISM AND CONVENTION FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Transient Guest Tax	\$ 102,910.17	\$ 58,951.37	\$ 58,951.00	\$ 0.37
Charges for Services				
Ticket Sales	1,200.00	5,995.00	5,995.00	-
Use of Money and Property				
Interest Income	1,907.02	1,301.31	977.00	324.31
Total Cash Receipts	106,017.19	66,247.68	\$ 65,923.00	\$ 324.68
Expenditures and Transfers				
Subject to Budget				
General Government				
Contractual Services	67,840.84	88,425.63	\$ 91,000.00	\$ (2,574.37)
Total Expenditures and Transfers				
Subject to Budget	67,840.84	88,425.63	\$ 91,000.00	\$ (2,574.37)
Receipts Over(Under) Expenditures	38,176.35	(22,177.95)		
Unencumbered Cash, Beginning	71,700.55	109,876.90		
Unencumbered Cash, Ending	\$ 109,876.90	\$ 87,698.95		

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

**CITY OF CHANUTE, KANSAS**  
**EMERGENCY TELEPHONE FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Emergency Telephone Tax	\$ 36,623.00	\$ 34,208.12	\$ 35,000.00	\$ (791.88)
Use of Money and Property				
Interest Income	1,557.22	1,204.58	-	1,204.58
Total Cash Receipts	38,180.22	35,412.70	\$ 35,000.00	\$ 412.70
Expenditures and Transfers				
Subject to Budget				
General Government				
Contractual Services	14,097.98	3,372.08	\$ 6,000.00	\$ (2,627.92)
Total Expenditures and Transfers				
Subject to Budget	14,097.98	3,372.08	\$ 6,000.00	\$ (2,627.92)
Receipts Over(Under) Expenditures	24,082.24	32,040.62		
Unencumbered Cash, Beginning	30,349.03	54,431.27		
Unencumbered Cash, Ending	\$ 54,431.27	\$ 86,471.89		

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

**CITY OF CHANUTE, KANSAS**  
**SPECIAL HIGHWAY IMPROVEMENT FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Motor Fuel Tax	\$ 255,133.96	\$ 223,168.81	\$ 223,169.00	\$ (0.19)
KDOT Road & Bridge Grant	-	2,590.30	-	2,590.30
Use of Money and Property				
Interest Income	218,972.04	6,676.41	6,676.00	0.41
Other Revenues				
Reimbursed Expense	31,921.04	-	-	-
Total Cash Receipts	506,027.04	232,435.52	\$ 229,845.00	\$ 2,590.52
Expenditures and Transfers				
Subject to Budget				
General Government				
Contractual Services	2,397,504.99	1,862,513.54	\$ 2,270,775.00	\$ (408,261.46)
Capital Outlay	298,505.83	219,728.92	-	219,728.92
Operating Transfer to				
Capital Improvement #1 Fund	35,988.40	-	-	-
Total Expenditures and Transfers				
Subject to Budget	2,731,999.22	2,082,242.46	\$ 2,270,775.00	\$ (188,532.54)
Receipts Over(Under) Expenditures	(2,225,972.18)	(1,849,806.94)		
Unencumbered Cash, Beginning	7,212,286.55	4,986,314.37		
Unencumbered Cash, Ending	\$ 4,986,314.37	\$ 3,136,507.43		

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

**CITY OF CHANUTE, KANSAS**  
**CAPITAL IMPROVEMENT #1 FUND**

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

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Taxes and Shared Revenue		
KDOT Road & Bridge Grant	\$ -	\$ 49,215.75
Use of Money and Property		
Interest Income	267,894.25	28,333.36
Other Revenues		
Reimbursed Expense	59,937.55	-
Operating Transfers from:		
Special Highway Fund	35,988.40	-
Electric Utility Fund	1,000,000.00	-
Electric, Water, and Gas		
Replacement Reserve Fund	300,000.00	-
Total Cash Receipts	1,663,820.20	77,549.11
Expenditures and Transfers		
Capital Projects		
Capital Outlay	3,880,727.02	1,452,995.58
Operating Transfer to		
General Obligation Bond		
and Interest Fund	-	80,434.56
Total Expenditures and Transfers	3,880,727.02	1,533,430.14
Receipts Over(Under) Expenditures	(2,216,906.82)	(1,455,881.03)
Unencumbered Cash, Beginning	6,117,364.97	3,900,458.15
Unencumbered Cash, Ending	\$ 3,900,458.15	\$ 2,444,577.12

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

**CITY OF CHANUTE, KANSAS**  
**CAPITAL IMPROVEMENT #2 FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Taxes and Shared Revenue		
Federal Grants - FEMA	\$ -	\$ 52,189.79
Federal Grants - FAA - 06	-	79,952.00
Federal Grants - FAA - 05	-	4,135.00
Federal Grants - HOME	105,000.00	-
Federal Grants - CDBG - Rehab	-	6,250.00
Federal Grants - CDBG - Flood	-	6,939.00
Federal Grants - USDA	18,350.00	31,650.00
State Grants - FEMA	-	6,777.90
State Grants - KHRC	-	25,000.00
Use of Money and Property		
Interest Income	113,422.03	32,723.43
Sale of Property and Materials	4,942.11	4,492.48
Reimbursed Expense	-	532.00
Operating Transfers from:		
General Fund	9,450.00	53,256.13
G.O. Bond and Interest Fund	-	3,511,947.60
Total Cash Receipts	251,164.14	3,815,845.33
Expenditures and Transfers		
Capital Projects		
Capital Outlay	294,904.68	2,259,923.52
Total Expenditures and Transfers	294,904.68	2,259,923.52
Receipts Over(Under) Expenditures	(43,740.54)	1,555,921.81
Unencumbered Cash, Beginning	472,393.88	428,653.34
Unencumbered Cash, Ending	\$ 428,653.34	\$ 1,984,575.15

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

**CITY OF CHANUTE, KANSAS**  
**EQUIPMENT RESERVE FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Taxes and Shared Revenue		
Federal Grants - FEMA	\$ 82,640.00	\$ -
Federal Grants - SHSP	61,886.56	-
Federal Grants - Law Enforcement	6,730.00	-
Use of Money and Property		
Interest Income	41,671.44	23,292.32
Capital Lease Proceeds	-	6,000.00
Operating Transfers from Refuse Utility Fund	-	190,000.00
Total Cash Receipts	192,928.00	219,292.32
Expenditures and Transfers		
Equipment and Machinery		
Capital Outlay	958,559.50	227,555.81
Debt Service		
Capital Lease Payments	11,059.87	11,059.87
Total Expenditures and Transfers	969,619.37	238,615.68
Receipts Over(Under) Expenditures	(776,691.37)	(19,323.36)
Unencumbered Cash, Beginning	1,260,180.29	483,488.92
Unencumbered Cash, Ending	\$ 483,488.92	\$ 464,165.56

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

**CITY OF CHANUTE, KANSAS**  
**GENERAL OBLIGATION BOND AND INTEREST FUND**

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

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 215,364.71	\$ 403,868.97	\$ 403,869.00	\$ (0.03)
Delinquent Tax	1,898.87	3,643.35	3,673.00	(29.65)
Motor Vehicle Tax	13,980.31	31,515.77	31,518.00	(2.23)
Rental Motor Vehicle Tax	81.31	58.56	-	58.56
Recreational Vehicle Tax	92.91	362.49	362.00	0.49
16M-20M Truck Tax	142.60	174.19	-	174.19
Payments in Lieu of Taxes	1,081.14	1,765.93	1,967.00	(201.07)
Sales Tax	-	247,505.03	208,721.00	38,784.03
Special Assessments	243,402.72	10,188.28	10,188.00	0.28
Use of Money and Property				
Bond Proceeds 2009A	-	5,765,000.00	12,309,498.00	(6,544,498.00)
Bond Proceeds 2009B	-	3,080,000.00	-	3,080,000.00
Bond Proceeds 2009C	-	3,575,000.00	-	3,575,000.00
Interest Income	4,564.06	-	-	-
Operating Transfers from:				
Electric Utility Fund	1,091,760.00	1,091,760.00	1,177,400.00	(85,640.00)
Refuse Utility Fund	213,528.00	192,984.00	-	192,984.00
Capital Improvement #1 Fund	-	80,434.56	80,435.00	(0.44)
<b>Total Cash Receipts</b>	<b>1,785,896.63</b>	<b>14,484,261.13</b>	<b>\$ 14,227,631.00</b>	<b>\$ 256,630.13</b>
Expenditures and Transfers				
Subject to Budget				
Debt Service				
Bond Principal	955,000.00	9,655,000.00	\$ 9,553,386.00	\$ 101,614.00
Bond Interest	917,465.00	868,544.85	868,545.00	(0.15)
Bond Issuance Cost	-	109,151.99	100,263.00	8,888.99
Cash Basis Reserve	-	-	18,720.00	(18,720.00)
Operating Transfers to				
Capital Improvement #1 Fund	-	3,511,947.60	3,511,948.00	(0.40)
Total Certified Budget			14,052,862.00	91,782.44
Adjustments for Qualifying				
Budget Credits			12,420,000.00	(12,420,000.00)
<b>Total Expenditures and Transfers</b>				
Subject to Budget	<b>1,872,465.00</b>	<b>14,144,644.44</b>	<b>\$ 26,472,862.00</b>	<b>\$ (12,236,435.12)</b>
Receipts Over(Under) Expenditures	(86,568.37)	339,616.69		
Unencumbered Cash, Beginning	195,343.12	108,774.75		
Unencumbered Cash, Ending	<u>\$ 108,774.75</u>	<u>\$ 448,391.44</u>		

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

**CITY OF CHANUTE, KANSAS**  
**SPECIAL OBLIGATION BOND AND INTEREST FUND**

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

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Sales Tax	\$ 13,000.00	\$ 25,187.27	\$ 25,187.00	\$ 0.27
Use of Money and Property				
Interest Income	61.27	0.56	-	0.56
Operating Transfers from General Fund	49,044.78	32,500.00	32,500.00	-
Total Cash Receipts	62,106.05	57,687.83	\$ 57,687.00	\$ 0.83
Expenditures and Transfers Subject to Budget				
Debt Service				
Bond Principal	13,000.00	24,000.00	\$ 23,688.00	\$ 312.00
Bond Interest	33,744.00	32,832.00	32,955.00	(123.00)
Debt Service Cost	1,695.00	1,045.00	1,045.00	-
Cash Basis Reserve	-	-	15,212.00	(15,212.00)
Total Expenditures and Transfers Subject to Budget	48,439.00	57,877.00	\$ 72,900.00	\$ (15,023.00)
Receipts Over(Under) Expenditures	13,667.05	(189.17)		
Unencumbered Cash, Beginning	1,546.19	15,213.24		
Unencumbered Cash, Ending	\$ 15,213.24	\$ 15,024.07		

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



**CITY OF CHANUTE, KANSAS**  
**ELECTRIC UTILITY FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Utility Revenue	\$ 26,520,816.35	\$ 19,527,922.76	\$ 27,598,000.00	\$ (8,070,077.24)
Service Revenue	470,897.52	390,469.89	-	390,469.89
Use of Money and Property				
Interest Income	23,723.12	16,776.60	-	16,776.60
Sale of Property and Materials	6,145.93	2,268.75	-	2,268.75
Other Revenues				
Claims	-	11,855.45	-	11,855.45
Recovery of Bad Debts	15,563.83	22,682.10	-	22,682.10
Miscellaneous Income	25,285.00	6,952.00	-	6,952.00
Refunds & Reimbursements	2,863.99	28,370.75	-	28,370.75
Operating Transfer from:				
Gas Utility Fund	184,940.36	-	-	-
Sewer Utility Fund	198,027.43	-	-	-
Total Cash Receipts	27,448,263.53	20,007,298.30	\$ 27,598,000.00	\$ (7,590,701.70)
Expenditures and Transfers				
Subject to Budget				
Production	20,638,495.56	12,774,296.49	\$ 20,460,000.00	\$ (7,685,703.51)
Distribution	1,532,854.75	1,315,024.96	1,548,136.00	(233,111.04)
Electric Customers Accounts	394,020.00	482,511.72	950,000.00	(467,488.28)
Fiber Communications	465,521.89	451,167.07	440,000.00	11,167.07
Administration and General	55,271.22	62,265.74	-	62,265.74
Operating Transfers to:				
General Fund	586,496.55	768,834.00	768,834.00	-
Capital Improvement #1 Fund	1,000,000.00	-	-	-
General Obligation Bond and Interest Fund	1,091,760.00	1,091,760.00	3,431,030.00	(2,339,270.00)
Electric, Water and Gas Bond and Interest Fund	2,016,802.29	2,239,560.00	-	2,239,560.00
Total Certified Budget			27,598,000.00	(8,412,580.02)
Adjustments for Qualifying Budget Credits			28,370.75	(28,370.75)
Total Expenditures and Transfers Subject to Budget	27,781,222.26	19,185,419.98	\$ 27,626,370.75	\$ (8,440,950.77)
Receipts Over(Under) Expenditures	(332,958.73)	821,878.32		
Unencumbered Cash, Beginning	2,267,073.60	1,934,114.87		
Unencumbered Cash, Ending	\$ 1,934,114.87	\$ 2,755,993.19		

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

**CITY OF CHANUTE, KANSAS**  
**WATER UTILITY FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Utility Revenues	\$ 1,307,740.23	\$ 1,206,611.24	\$ 1,423,000.00	\$ (216,388.76)
Service Revenues	895.00	550.00	-	550.00
Use of Money and Property				
Interest Income	948.35	1,045.07	-	1,045.07
Sale of Property and Materials	3,099.57	2,830.20	-	2,830.20
Rental Income	-	11,050.00	-	11,050.00
Other Revenues				
Recovery of Bad Debts	3,020.24	4,041.39	-	4,041.39
Refunds & Reimbursements	2,278.90	29.31	-	29.31
Operating Transfer from Gas Utility Fund	44,871.80	-	-	-
Total Cash Receipts	1,362,854.09	1,226,157.21	\$ 1,423,000.00	\$ (196,842.79)
Expenditures and Transfers				
Subject to Budget				
Source of Supply	18,877.60	15,201.34	\$ 20,000.00	\$ (4,798.66)
Treatment Plant	663,919.19	638,539.21	748,000.00	(109,460.79)
Transmission and Distribution	452,501.05	378,810.43	410,095.00	(31,284.57)
Administration and General	25,628.70	46,009.42	34,830.00	11,179.42
Debt Service - Revolving Loan	172,972.32	172,972.32	193,817.00	(20,844.68)
Operating Transfers to General Obligation Bond and Interest Fund	-	-	16,258.00	(16,258.00)
Total Expenditures and Transfers Subject to Budget	1,333,898.86	1,251,532.72	\$ 1,423,000.00	\$ (171,467.28)
Receipts Over(Under) Expenditures	28,955.23	(25,375.51)		
Unencumbered Cash, Beginning	179,741.88	208,697.11		
Unencumbered Cash, Ending	\$ 208,697.11	\$ 183,321.60		

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

**CITY OF CHANUTE, KANSAS**  
**GAS UTILITY FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Utility Revenues	\$ 5,820,186.64	\$ 4,709,527.18	\$ 7,740,377.00	\$ (3,030,849.82)
Service Revenues	3,405.00	220.00	-	220.00
Use of Money and Property				
Interest Income	16,307.71	11,466.30	-	11,466.30
Sale of Property and Materials	4,779.08	4,540.34	-	4,540.34
Other Revenues				
Claims	1,182.36	844.64	-	844.64
Recovery of Bad Debts	14,410.18	17,708.77	-	17,708.77
Miscellaneous	3,407.97	1,190.58	-	1,190.58
Reimbursed Expense	100.00	293.01	-	293.01
Total Cash Receipts	5,863,778.94	4,745,790.82	\$ 7,740,377.00	\$ (2,994,586.18)
Expenditures and Transfers				
Subject to Budget				
Gas Supply	3,879,280.48	2,133,569.57	\$ 3,721,500.00	\$ (1,587,930.43)
Gas Storage	519,736.39	594,689.59	2,678,000.00	(2,083,310.41)
Distribution	395,300.60	720,424.41	849,000.00	(128,575.59)
Administration and General	309,455.68	146,738.15	127,378.00	19,360.15
Operating Transfers to:				
General Fund	226,343.72	281,166.00	331,166.00	(50,000.00)
General Obligation Bond and Interest Fund	-	-	33,333.00	(33,333.00)
Electric Utility Fund	184,940.36	-	-	-
Water Utility Fund	44,871.80	-	-	-
Refuse Utility Fund	29,895.39	-	-	-
Sewer Utility Fund	14,727.75	-	-	-
Vehicle Services Fund	32,949.69	-	-	-
Utility Services Fund	4,585.69	-	-	-
Public Works and Utility Complex Fund	3,767.60	-	-	-
Total Certified Budget			7,740,377.00	(3,863,789.28)
Adjustments for Qualifying				
Budget Credits			293.01	(293.01)
Total Expenditures and Transfers Subject to Budget	5,645,855.15	3,876,587.72	\$ 7,740,670.01	\$ (3,864,082.29)
Receipts Over(Under) Expenditures	217,923.79	869,203.10		
Unencumbered Cash, Beginning	438,062.75	655,986.54		
Unencumbered Cash, Ending	\$ 655,986.54	\$ 1,525,189.64		

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

**CITY OF CHANUTE, KANSAS**  
**REFUSE UTILITY FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Utility Revenues	\$ 787,274.40	\$ 783,791.89	\$ 1,051,717.00	\$ (267,925.11)
Landfill Revenues	222,703.85	301,459.04	-	301,459.04
Use of Money and Property				
Interest Income	948.35	1,219.25	-	1,219.25
Sale of Property or Materials	-	5,858.00	-	5,858.00
Other Revenues				
Recovery of Bad Debts	2,010.87	3,027.73	-	3,027.73
Reimbursed Expense	-	46.37	-	46.37
Refuse Licenses & Permits	550.00	125.00	-	125.00
Operating Transfer from Gas Utility Fund	29,895.39	-	-	-
Total Cash Receipts	1,043,382.86	1,095,527.28	\$ 1,051,717.00	\$ 43,810.28
Expenditures and Transfers				
Subject to Budget				
Collections	297,637.78	309,209.49	\$ 402,602.00	\$ (93,392.51)
Refuse Landfill	375,298.62	406,170.13	347,653.00	58,517.13
Customers Accounts	38,687.39	22,175.96	15.00	22,160.96
Administration and General	-	9,024.20	-	9,024.20
Operating Transfers to:				
Equipment Reserve Fund	-	190,000.00	190,000.00	-
General Obligation Bond and Interest Fund	213,528.00	192,984.00	192,985.00	(1.00)
Total Expenditures and Transfers Subject to Budget	925,151.79	1,129,563.78	\$ 1,133,255.00	\$ (3,691.22)
Receipts Over(Under) Expenditures	118,231.07	(34,036.50)		
Unencumbered Cash, Beginning	102,728.56	220,959.63		
Unencumbered Cash, Ending	\$ 220,959.63	\$ 186,923.13		

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

**CITY OF CHANUTE, KANSAS**  
**SEWER UTILITY FUND**

Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Utility Revenues	\$ 1,202,695.51	\$ 1,186,974.61	\$ 1,286,000.00	\$ (99,025.39)
Service Revenues	250.00	150.00	-	150.00
Use of Money and Property				
Interest Income	2,654.41	3,135.23	-	3,135.23
Sale of Property and Materials	24.90	235.01	-	235.01
Other Revenues				
Reimbursed Expense	10,285.00	945.76	-	945.76
Recovery of Bad Debts	3,644.60	5,206.02	-	5,206.02
Miscellaneous	1,819.65	2,014.73	-	2,014.73
Operating Transfer from Gas Utility Fund	12,755.18	-	-	-
Total Cash Receipts	1,234,129.25	1,198,661.36	\$ 1,286,000.00	\$ (87,338.64)
Expenditures and Transfers				
Subject to Budget				
Collections	139,135.43	223,118.02	\$ 139,500.00	\$ 83,618.02
Pumping	10,244.08	8,072.41	9,000.00	(927.59)
Treatment and Disposal	491,526.01	528,671.89	651,670.00	(122,998.11)
Sewer Customers Accounts	34,106.75	21,960.28	266,217.00	(244,256.72)
Storm Drainage Maintenance	207,688.31	138,097.47	181,000.00	(42,902.53)
Debt Service - Revolving Loan	103,420.36	81,412.22	-	81,412.22
Administration and General	-	9,024.20	-	9,024.20
Operating Transfers to:				
Electric Utility Fund	198,027.43	-	-	-
General Obligation Bond and Interest Fund	-	-	38,613.00	(38,613.00)
Total Expenditures and Transfers Subject to Budget	1,184,148.37	1,010,356.49	\$ 1,286,000.00	\$ (275,643.51)
Receipts Over(Under) Expenditures	49,980.88	188,304.87		
Unencumbered Cash, Beginning	226,434.29	276,415.17		
Unencumbered Cash, Ending	\$ 276,415.17	\$ 464,720.04		

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

**CITY OF CHANUTE, KANSAS**  
**ELECTRIC, WATER, AND GAS BOND AND INTEREST FUND**  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Use of Money and Property				
Interest Income	\$ 157,061.99	\$ 127,472.49	\$ -	\$ 127,472.49
Operating Transfers from				
Electric Utility Fund	2,016,802.29	2,239,560.00	3,481,293.00	(1,241,733.00)
Total Cash Receipts	2,173,864.28	2,367,032.49	\$ 3,481,293.00	\$ (1,114,260.51)
Expenditures and Transfers				
Subject to Budget				
Debt Service				
Bond Principal	755,000.00	855,000.00	\$ 2,247,161.00	\$ (1,392,161.00)
Bond Interest	1,484,570.00	1,515,612.50	-	1,515,612.50
Bond Issuance Costs	4,050.00	-	-	-
Total Expenditures and Transfers				
Subject to Budget	2,243,620.00	2,370,612.50	\$ 2,247,161.00	\$ 123,451.50
Receipts Over(Under) Expenditures	(69,755.72)	(3,580.01)		
Unencumbered Cash, Beginning	1,059,013.32	989,257.60		
Unencumbered Cash, Ending	\$ 989,257.60	\$ 985,677.59		

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

**CITY OF CHANUTE, KANSAS**  
**ELECTRIC, WATER, AND GAS BOND RESERVE FUND**

Statement of Cash Receipts and Expenditures - Actual

For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Use of Money and Property		
Interest Income	\$ 5,616.88	\$ 19,933.21
Total Cash Receipts	5,616.88	19,933.21
Expenditures and Transfers		
Debt Service		
Bond Principal	-	-
Total Expenditures and Transfers	-	-
Receipts Over(Under) Expenditures	5,616.88	19,933.21
Unencumbered Cash, Beginning	2,926,645.33	2,932,262.21
Unencumbered Cash, Ending	\$ 2,932,262.21	\$ 2,952,195.42

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

**CITY OF CHANUTE, KANSAS**  
**ELECTRIC, WATER, AND GAS REPLACEMENT RESERVE FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Use of Money and Property		
Interest Income	\$ -	\$ -
Total Cash Receipts	-	-
Expenditures and Transfers		
Operating Transfer to		
Capital Improvement #1 Fund	300,000.00	-
Total Expenditures and Transfers	300,000.00	-
Receipts Over(Under) Expenditures	(300,000.00)	-
Unencumbered Cash, Beginning	300,000.00	-
Unencumbered Cash, Ending	\$ -	\$ -

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



**CITY OF CHANUTE, KANSAS**  
**VEHICLE SERVICES FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Charges for Services		
Internal Vehicle Service Charges	\$ 477,692.90	\$ 415,674.87
Use of Money and Property		
Interest Income	2,148.48	1,388.69
Sale of Property and Materials	2,649.76	1,236.25
Other Revenues		
Reimbursed Expense	2,870.38	2,779.34
Operating Transfer from Gas Utility Fund	32,949.69	-
Total Cash Receipts	518,311.21	421,079.15
Expenditures and Transfers		
Vehicle Services Shop	526,005.38	421,097.02
Total Expenditures and Transfers	526,005.38	421,097.02
Receipts Over(Under) Expenditures	(7,694.17)	(17.87)
Unencumbered Cash, Beginning	7,712.04	17.87
Unencumbered Cash, Ending	\$ 17.87	\$ -

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

**CITY OF CHANUTE, KANSAS**  
**UTILITY SERVICES FUND**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Charges for Services		
Utility Internal Service Charges	\$ 743,524.00	\$ 762,851.83
Utility Service Initiation Fee	24,780.00	24,470.00
Utility Service Reconnection Fee	5,260.00	3,780.68
Utility Late Payment Fees	77,369.09	81,953.55
Bad Check Charges	1,630.00	1,310.00
Use of Money and Property		
Interest Income	12,058.38	3,806.12
Other Revenues		
Recovery of Bad Debts	4,228.95	5,028.37
Miscellaneous	980.39	63.14
Operating Transfer from Gas Utility Fund	4,585.69	-
Total Cash Receipts	874,416.50	883,263.69
Expenditures and Transfers		
City Clerk's Office	282,766.82	299,733.35
Utility Office	205,020.40	228,725.34
Data Processing	236,083.97	202,394.57
Meter Reading	155,358.19	152,414.34
Total Expenditures and Transfers	879,229.38	883,267.60
Receipts Over(Under) Expenditures	(4,812.88)	(3.91)
Unencumbered Cash, Beginning	4,816.79	3.91
Unencumbered Cash, Ending	\$ 3.91	\$ -

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

**CITY OF CHANUTE, KANSAS**  
**PUBLIC WORKS AND UTILITY COMPLEX FUND**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009

(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Actual
Cash Receipts		
Charges for Services		
Public Works Internal Charges	\$ 150,800.00	\$ 137,800.72
Use of Money and Property		
Interest Income	3,690.07	2,763.65
Operating Transfer from		
Gas Utility Fund	3,767.60	-
	<u>158,257.67</u>	<u>140,564.37</u>
Total Cash Receipts	<u>158,257.67</u>	<u>140,564.37</u>
Expenditures and Transfers		
Public Works and Utility Complex	158,225.72	141,793.39
	<u>158,225.72</u>	<u>141,793.39</u>
Total Expenditures and Transfers	<u>158,225.72</u>	<u>141,793.39</u>
Receipts Over(Under) Expenditures	31.95	(1,229.02)
Unencumbered Cash, Beginning	1,197.07	1,229.02
Unencumbered Cash, Ending	<u>\$ 1,229.02</u>	<u>\$ -</u>

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

## CITY OF CHANUTE, KANSAS

## Agency Funds

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

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll Clearing	\$ 28,590.34	\$ 3,153,458.64	\$ 3,155,709.42	\$ 26,339.56
Health Insurance Fund	981,540.40	787,221.17	1,017,954.49	750,807.08
Sales Tax Collections	(13,146.36)	424,748.78	429,694.70	(18,092.28)
State Water Fees	2,678.63	9,936.73	10,166.78	2,448.58
Kansas Solid Waste Fees	25,389.29	11,512.88	33,178.38	3,723.79
Utility Security Deposit	225,117.86	56,572.27	57,296.40	224,393.73
Utility Security Deposit Interest	73,013.52	4,650.32	6,013.41	71,650.43
Law Enforcement Drug Funds	1,581.68	4,834.54	3,595.94	2,820.28
Alliance of Churches Utility Aid	790.04	539.65	800.04	529.65
City Revolving Loan	204,682.17	119,090.58	20,833.43	302,939.32
Fire Insurance Proceeds	2,388.95	10,000.00	10,000.00	2,388.95
Veterans Day Parade Account	653.36	-	-	653.36
	<u>\$ 1,533,279.88</u>	<u>\$ 4,582,565.56</u>	<u>\$ 4,745,242.99</u>	<u>\$ 1,370,602.45</u>

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

**CITY OF CHANUTE, KANSAS**  
**CHANUTE PUBLIC LIBRARY**

Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Taxes and Shared Revenue		
SEK Library Association	\$ 11,631.00	\$ 11,579.00
City of Chanute	332,400.00	341,504.97
State Aid	6,033.00	5,477.00
Use of Money and Property		
Interest Income	10,970.73	9,432.64
Other Receipts		
Fines and Fees	7,474.48	5,969.41
Grants	12,683.00	11,816.00
Gifts and Donations	3,398.00	6,978.78
Miscellaneous	7,478.52	6,321.50
Total Cash Receipts	392,068.73	399,079.30
Expenditures and Transfers		
Culture and Recreation		
Personal Services	212,623.61	217,619.15
Contractual Services	58,963.11	61,363.79
Commodities	44,192.18	51,295.98
Capital Outlay	48,759.57	25,398.51
Total Expenditures and Transfers	364,538.47	355,677.43
Receipts Over(Under) Expenditures	27,530.26	43,401.87
Unencumbered Cash, Beginning	336,912.37	364,442.63
Unencumbered Cash, Ending	\$ 364,442.63	\$ 407,844.50

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

**CITY OF CHANUTE, KANSAS**  
**THE HOUSING AUTHORITY OF THE CITY OF CHANUTE, KANSAS**  
Statement of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2009  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2008)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Taxes and Shared Revenue		
Federal Grant Income	\$ 426,525.00	\$ 668,471.00
Use of Money and Property		
Interest Income	2,773.00	2,058.00
Rental Income	208,534.00	194,003.00
Other Receipts		
Miscellaneous	19,440.00	31,758.00
Total Cash Receipts	657,272.00	896,290.00
Expenditures and Transfers		
Culture and Recreation		
Administrative	205,587.00	194,016.00
Tenant Services	16,936.00	14,844.00
Utilities	86,189.00	73,393.00
Maintenance and Operations	197,018.00	201,681.00
Protective Services	5,439.00	7,574.00
Insurance, Taxes, and Collection Losses	49,723.00	50,859.00
Extraordinary Maintenance	13,470.00	2,376.00
Housing Assistance Payments	81,203.00	90,486.00
Capital Outlay	33,322.00	302,357.00
Total Expenditures and Transfers	688,887.00	937,586.00
Receipts Over(Under) Expenditures	(31,615.00)	(41,296.00)
Unencumbered Cash, Beginning	257,261.00	225,646.00
Unencumbered Cash, Ending	\$ 225,646.00	\$ 184,350.00

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

## **CITY OF CHANUTE, KANSAS**

Notes to Financial Statements  
For the Year Ended December 31, 2009

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Chanute, Kansas (the City) is incorporated as a city of the second class under the provisions of the Kansas Constitution, Article 12, Section 5 and K.S.A. 14-101 *et seq.* The City operates under a Commission-City Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, electric, trash and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

The financial statements of the City of Chanute, Kansas have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principle standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

#### Reporting Entity

The City of Chanute is a municipal corporation governed by an elected five-member commission. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

#### Component Units

The component units section of the financial statements includes the financial data of the discretely presented component units. These component units are reported separately to emphasize that they are legally separate from the City. The governing bodies of these component units are appointed by the City.

1. Chanute Public Library – The City of Chanute Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separate financial statements are internally prepared and are available at the Chanute Public Library.
2. The Housing Authority – The Housing Authority of the City of Chanute, Kansas operates the City's housing projects. The Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. The Housing Authority's financial statements should be included with the City's financial statements. However, the statements are omitted in an apparent departure from accounting principles generally accepted in the United States of America. Separate audited financial statements are prepared and are available at the Housing Authority of the City of Chanute, Kansas. The Housing Authority is considered a major component unit.

There are no other separate entities related to the City which should be accounted for in the City's financial statements.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its cash, liabilities, fund equity, revenues and expenditures. The various funds are grouped by type in the financial statements. The types of funds maintained by the City are as follows:

### **GOVERNMENTAL FUNDS**

General Fund – The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities are financed through revenues received by the General Fund.

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

Debt Service Fund – The Bond and Interest Fund is used to account for payment of principal and interest on the City's general obligation and special obligation bonds which are recorded in the general long-term debt group of accounts. Revenues for this purpose include ad valorem property taxes, sales taxes, special assessment taxes and investment interest income.

Capital Project Funds – The Capital Project Funds account for capital improvements (except for those financed by proprietary funds) which are financed from the City's general obligation bond issues, special assessments, certain federal grants and other specific receipts.

### **PROPRIETARY FUNDS**

Enterprise Funds – Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), federal grants and other City funds.

Internal Service Funds – Internal Service Funds are used to account for the financing of goods and services provided to other departments on a cost reimbursement basis.

### **FIDUCIARY FUNDS**

Expendable Trust Funds – These funds account for funds held in trust for others. The funds are accounted for in essentially the same manner as governmental funds.



## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### Basis of Presentation – Statutory Basis of Accounting

The statutory basis of accounting, as used in 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 would be 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 municipality to use the statutory basis of accounting.

### Departures 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, expenditures, 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 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 generally accepted accounting principles. Capital assets that account for the land, buildings, 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.

### Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

### Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System or the State of Kansas Police and Fire Retirement System, both of which are multi-employer, state-wide pension plans. The City's policy is to fund all pension costs accrued; such costs to be funded are actuarially determined annually by the State of Kansas.

### Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as revenues. In the financial statements and budget comparisons presented in this report, reimbursements and refunds are recorded as revenues. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

### Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data in each of the statements have not been presented since their inclusion would make the statements unduly complex and difficult to read.

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### 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. Although directory rather than mandatory, 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 1.
2. Publication in local newspaper on or before August 5 of the proposed budget and notice of public hearing on the budget.
3. Public Hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow 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. During the year ended December 31, 2009, the City amended the Tourism and Convention Fund, Special Parks and recreation Fund, Special Highway Fund, General Obligation Bond and Interest Fund, Special Obligation Bond and Interest Fund, Refuse Utility Fund, and City Employee Benefit Fund.

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

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 municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds and fiduciary funds.

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

### Compliance with Bond Ordinances

The City is required, under ordinances on general obligation utility bond issues and on revenue bond issues, to maintain in its Enterprise Funds certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts as described below:

### Electric, Water, and Gas Bond Reserves

The City has outstanding general obligation utility bonds and revenue bonds segregated and defined as follows:

#### General Obligation Utility Bonds:

Series 2001 B  
Series 2006 A  
Series 2009 B

#### Subordinate Lien Bonds

Senior Lien Bonds (Parity Bonds)  
Senior Lien Bonds (Parity Bonds)

#### Revenue Bonds:

Series 2001 D  
Series 2006 B  
Series 2006 C  
Series 2007 A

Senior Lien Bonds (Parity Bonds)  
Senior Lien Bonds (Parity Bonds)  
Senior Lien Bonds (Parity Bonds)  
Senior Lien Bonds (Parity Bonds)

## 2. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

### Electric, Water, and Gas Bond Reserves (Continued)

The debt service reserve requirements only apply to Parity Bonds, and must be maintained in an amount equal to the least of the following:

- (a) 10% of the stated principal amount of all Parity Bonds at issued date;
- (b) the Maximum Annual Debt Service Requirements for all Parity Bonds, which is the principal and interest due for the then current year or any future fiscal year;
- (c) 125% of the average annual Debt Service Requirements for all Parity Bonds over the term of the Parity Bonds.

The least of (a), (b), or (c) above is (c), calculated as follows:

Average Annual Payment	\$ 1,931,586.88
	X 125%
Debt Service Bond Reserves Required	<u>\$ 2,414,483.59</u>
Actual Debt Service Bond Reserves	<u>\$ 2,952,195.42</u>

<u>Debt Service Reserves</u>	<u>REQUIRED RESERVES</u>	<u>ACTUAL</u>
General Obligation Bonds:		
Electric Light, Water, and Gas Systems \$4,900,000 general obligation bond issue, Series 2001B, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	\$ 40,833.33	
Electric Light, Water, and Gas Systems \$2,300,000 general obligation bond issue, Series 2006A, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	17,250.00	
Electric Light, Water, and Gas Systems \$3,080,000 general obligation bond issue, Series 2009B, requires transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	<u>119,842.50</u>	
Total General Obligation Bonds	<u>177,925.83</u>	<u>\$ 448,391.44</u>

## 2. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

	<u>REQUIRED RESERVES</u>	<u>ACTUAL</u>
Revenue Bonds:		
Electric Light, Water, and Gas Systems revenue bonds, Series 2001D require transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	\$ 292,745.42	
Electric Light, Water, and Gas Systems revenue bonds, Series 2006B require transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	44,432.92	
Electric Light, Water, and Gas Systems revenue bonds, Series 2006C require transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	33,139.58	
Electric Light, Water, and Gas Systems revenue bonds, Series 2007A require transfers monthly of 1/6 of next maturing interest and 1/12 of next maturing principal.	<u>20,237.92</u>	
Total Revenue Bonds	<u>394,555.83</u>	<u>\$ 985,677.59</u>
Total Electric, Water, and Gas Debt Service Reserves	<u>\$ 572,481.66</u>	<u>\$ 1,434,069.03</u>

The City agrees to fix, establish, maintain and collect such rates, fees or charges for service furnished by or through the Electric System, Gas System, and Water System which will be sufficient to enable the City to produce, in each fiscal year, Net Revenues in an amount that will be not less than 125% of the 2010 Annual Debt Service (as defined in the Indenture) of all electric, gas and water system Senior Lien Bonds (Series 2001d, 2006b, 2006c, and 2007a) of the City at the time outstanding, and 100% of the 2009 Annual Debt Service for all Subordinate Lien Bonds (Series 2009b, 2006a, and 2001b). Net revenues are defined as gross operating revenues of the systems less operation and maintenance expenses, excluding items such as transfers out, capital purchases, principal and interest payments or transfers, and administrative expenses not related to the operation of the system. Compliance is calculated as follows:

	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Gas Utility</u>	<u>Total</u>
Receipts Over (Under)				
Expenditures	\$ 821,878.32	\$ (25,375.51)	\$ 869,203.10	\$ 1,665,705.91
Add:				
Administrative Expenses:				
Utility Customer				
Accounts	482,511.72	--	--	482,511.72
Administration and General	62,265.74	46,009.42	146,738.15	255,013.31
Debt Service	--	172,972.32	--	172,972.32
Transfers Out	4,100,154.00	--	281,166.00	4,381,320.00
Capital Outlays	<u>--</u>	<u>353.75</u>	<u>--</u>	<u>353.75</u>
Net Revenues as defined in the Indenture	<u>\$ 5,466,809.78</u>	<u>\$ 195,959.98</u>	<u>\$ 1,297,107.25</u>	<u>\$ 6,957,877.01</u>
Required Net Revenue as Defined in the Indenture				<u>\$ 4,026,723.75</u>

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

### Compliance with Kansas Statutes

Statements 1 and 2 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 the City was in apparent compliance with Kansas cash basis laws. As shown in Statement 2, the City was in apparent violation of K.S.A. 79-2935, as the City has obligated expenditures in excess budgeted limits in the Electric, Water & Gas Bond and Interest Fund.

## **3. DEPOSITS AND INVESTMENTS**

As of year end, the City has the following investments.

<u>Investment Type</u>	<u>Cost</u>	<u>Rating</u>
U.S. Treasury Notes	\$ 972,343.15	N/A
U.S. Treasury Bills	8,198,580.28	N/A
Federal Home Loan Banks	1,669,417.10	N/A
Federal Natl. Mortgage Assn.	1,174,530.38	N/A
UMB Trust – Fidelity Treasury	.24	N/A

These investments are reflected at cost in these statutory basis financial statements of the City of Chanute, Kansas.

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 branch or branch bank in the county in which the City is located, or in an adjoining county is such institution has been designated as an official depository, and the bank provide an acceptable rate of return on 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 Government 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. All deposits were legally secured at December 31, 2009.

*Deposits:* At year-end, the City's carrying amount of deposits was \$10,982,277.04 and the bank balance was \$11,071,739.20. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$4,442,942.96 was covered by FDIC insurance, \$6,628,796.24 was collateralized with pledged securities held by the pledging financial institutions' agents in the City's name.

#### 4. Long-Term Debt

Changes in long-term debt for the City for the year ended December 31, 2009, were as follows:

Issue	Interest Rates	Date of Issue	Original 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										
Paid by Tax Levies:										
Series 2005-A	3.30-5.00%	November 1, 2005	3,700,000.00	November 1, 2025	\$ 3,285,000.00	\$ -	\$ (140,000.00)		\$ 3,145,000.00	\$ 125,992.50
Temporary Notes	3.95%	June 15, 2007	5,145,000.00	May 1, 2010	5,145,000.00	-	(5,145,000.00)		-	87,500.73
Series 2009A	1.15-5.00%	March 23, 2009	5,765,000.00	November 1, 2029	-	5,765,000.00	(175,000.00)		5,590,000.00	116,868.51
Paid by Sales Tax Collections:										
Series 2009C	1.50-4.875%	July 27, 2009	3,575,000.00	September 1, 2019	-	3,575,000.00	-		3,575,000.00	-
Paid by Utility Revenues:										
Series 2001B	5.00%	October 15, 2001	4,900,000.00	November 1, 2021	4,900,000.00	-	-		4,900,000.00	245,000.00
Series 2001E	2.20-4.45%	December 15, 2001	1,615,000.00	October 1, 2011	530,000.00	-	(530,000.00)		-	11,811.74
Series 2002A	2.10-4.45%	September 15, 2002	5,225,000.00	November 1, 2013	3,030,000.00	-	(3,030,000.00)		-	47,012.37
Series 2006A	4.50%	March 28, 2006	2,300,000.00	November 1, 2022	2,300,000.00	-	-		2,300,000.00	103,500.00
Series 2009B	1.15-2.30%	March 23, 2009	3,080,000.00	November 1, 2013	-	3,080,000.00	(635,000.00)		2,445,000.00	29,245.25
Special Obligation Bonds										
Paid by Tax Levies:										
Tax Incentive Fund Series 2006	4.80%	September 27, 2006	703,000.00	September 1, 2026	690,000.00	-	(24,000.00)		666,000.00	32,832.00
Revenue Bonds										
Series 2001D	3.35-7.40%	October 15, 2001	20,400,000.00	November 1, 2021	15,555,000.00	-	(630,000.00)		14,925,000.00	1,123,012.50
Series 2006B	3.9-5.0%	March 28, 2006	6,195,000.00	November 1, 2022	6,195,000.00	-	-		6,195,000.00	290,597.50
Series 2006C	5.4-5.65%	March 28, 2006	740,000.00	November 1, 2011	510,000.00	-	(175,000.00)		335,000.00	28,550.00
Series 2007A	4.05-5.0%	September 27, 2007	1,620,000.00	November 1, 2027	1,570,000.00	-	(50,000.00)		1,520,000.00	73,452.50
Revolving Loans										
Kansas Water Pollution Control	3.34%	December 14, 2000	1,500,000.00	March 1, 2022	662,941.91	-	(59,948.63)		602,993.28	21,463.59
Kansas Public Water Supply 2022	4.11%	April 18, 2001	1,750,000.00	February 1, 2023	1,390,658.69	-	(71,835.75)		1,318,822.94	56,425.47
Kansas Public Water Supply 2364	3.62%	April 5, 2004	632,556.99	February 1, 2025	575,876.44	-	(24,080.35)		551,796.09	20,630.75
Fireman's Relief										
Fire Truck	4.00%	May 31, 2007	18,500.00	May 31, 2013	14,278.63	-	(2,956.83)		11,321.80	541.87
Ambulance	4.00%	July 20, 2009	6,000.00	June 9, 2015	-	6,000.00	(447.36)		5,552.64	120.00
Capital Leases										
Therma Camera	3.49%	March 7, 2005	49,950.00	March 7, 2010	21,013.37	-	(10,326.50)		10,686.87	733.37
Total Bonded Indebtedness					46,374,769.04	12,426,000.00	(10,703,595.42)		48,097,173.62	2,415,290.65
Compensated Absences										
Vacation Benefits	N/A	N/A	N/A	N/A	205,112.93			6,761.25	211,874.18	N/A
Landfill Closure and Post Closure Care	N/A	N/A	N/A	N/A	827,307.80			18,011.10	845,318.90	N/A
Total Long-Term Debt					<u>\$ 47,407,189.77</u>	<u>\$ 12,426,000.00</u>	<u>\$ (10,703,595.42)</u>	<u>\$ 24,772.35</u>	<u>\$ 49,154,366.70</u>	<u>\$ 2,415,290.65</u>

#### 4. Long-Term Debt (Continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity is as follows:

Issue	2010	2011	2012	2013	2014	2015-2019	2020-2024	2025-2029	Total
Principal									
General Obligation Bonds									
Paid by Tax Levies:									
Series 2005-A	\$ 145,000.00	\$ 150,000.00	\$ 155,000.00	\$ 165,000.00	\$ 170,000.00	\$ 945,000.00	\$ 1,155,000.00	\$ 260,000.00	\$ 3,145,000.00
Series 2009A	375,000.00	380,000.00	200,000.00	205,000.00	210,000.00	1,140,000.00	1,375,000.00	1,705,000.00	5,590,000.00
Paid by Sales Tax Collections:									
Series 2009C	295,000.00	310,000.00	320,000.00	330,000.00	345,000.00	1,975,000.00			3,575,000.00
Paid by Utility Revenues:									
Series 2001B	-	-	-	-	-	2,735,000.00	2,165,000.00	-	4,900,000.00
Series 2006A	-	-	-	-	-	-	2,300,000.00	-	2,300,000.00
Series 2009B	675,000.00	670,000.00	695,000.00	405,000.00	-	-	-	-	2,445,000.00
Special Obligation Bonds									
Paid by Tax Levies:									
Tax Incentive Fund Series 2006	26,000.00	28,000.00	28,000.00	30,000.00	32,000.00	182,000.00	232,000.00	108,000.00	666,000.00
Revenue Bonds									
Series 2001D	670,000.00	710,000.00	760,000.00	1,330,000.00	1,600,000.00	5,895,000.00	3,960,000.00	-	14,925,000.00
Series 2006B	-	130,000.00	205,000.00	-	265,000.00	2,650,000.00	2,945,000.00	-	6,195,000.00
Series 2006C	180,000.00	155,000.00	-	-	-	-	-	-	335,000.00
Series 2007A	50,000.00	50,000.00	55,000.00	55,000.00	60,000.00	345,000.00	430,000.00	475,000.00	1,520,000.00
Revolving Loans									
Kansas Water Pollution Control	39,591.95	40,925.37	42,303.69	43,728.43	45,201.16	249,892.32	141,350.36	-	602,993.28
Kansas Public Water Supply 2022	74,818.54	77,925.17	81,160.81	84,530.80	88,040.70	498,170.27	414,176.65	-	1,318,822.94
Kansas Public Water Supply 2364	24,959.94	25,871.67	26,816.70	27,796.26	28,811.58	160,634.42	192,195.38	64,710.14	551,796.09
Fireman's Relief									
Fire Truck	3,076.28	3,200.57	3,329.87	1,715.08	-	-	-	-	11,321.80
Ambulance	921.74	958.98	997.72	1,038.03	1,079.97	556.20	-	-	5,552.64
Capital Leases									
Therma Camera	10,686.87	-	-	-	-	-	-	-	10,686.87
Total Principal Payments	2,570,055.32	2,731,881.76	2,572,608.79	2,678,808.60	2,845,133.41	16,776,253.21	15,309,722.39	2,612,710.14	48,097,173.62



#### 4. Long-Term Debt (Continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity is as follows:

Issue	2010	2011	2012	2013	2014	2015-2019	2020-2024	2025-2029	Total
Interest									
General Obligation Bonds									
Paid by Tax Levies:									
Series 2005-A	\$ 119,692.50	\$ 113,892.50	\$ 108,942.50	\$ 103,672.50	\$ 97,897.50	\$ 392,932.50	\$ 195,690.00	\$ 10,660.00	\$ 1,143,380.00
Series 2009A	203,220.00	197,970.00	191,510.00	187,510.00	182,795.00	817,410.00	587,867.50	256,110.00	2,624,392.50
Paid by Sales Tax Revenues:									
Series 2009C	138,317.36	126,612.50	120,025.00	111,625.00	384,987.50				881,567.36
Paid by Utility Revenues:									
Series 2001B	245,000.00	245,000.00	245,000.00	245,000.00	245,000.00	1,092,500.00	166,500.00	-	2,484,000.00
Series 2006A	103,500.00	103,500.00	103,500.00	103,500.00	103,500.00	517,500.00	310,500.00	-	1,345,500.00
Series 2009B	44,055.00	34,605.00	9,315.00					-	111,190.00
Special Obligation Bonds									
Paid by Tax Levies:									
Tax Incentive Fund Series 2006	31,680.00	30,384.00	29,040.00	27,696.00	26,208.00	106,512.00	57,744.00	6,576.00	315,840.00
Revenue Bonds									
Series 2001D	1,086,472.50	1,045,602.50	1,000,517.50	944,467.50	846,380.00	2,563,858.76	519,110.00	-	8,006,408.76
Series 2006B	290,597.50	290,597.50	285,527.50	277,327.50	277,327.50	1,159,675.00	333,250.00		2,914,302.50
Series 2006C	18,837.50	8,757.50	-	-	-	-	-	-	27,595.00
Series 2007A	71,427.50	69,352.50	67,277.50	64,940.00	62,602.50	270,357.50	183,300.00	56,000.00	845,257.50
Revolving Loans									
Kansas Water Pollution Control	19,812.13	18,478.71	17,100.39	15,675.65	14,202.92	47,128.08	7,159.84	-	139,557.72
Kansas Public Water Supply 2022	53,442.68	50,336.05	47,100.41	43,730.42	40,220.52	143,135.83	34,737.62	-	412,703.53
Kansas Public Water Supply 2364	19,751.16	18,839.43	17,894.40	16,914.84	15,899.52	62,921.08	31,360.12	2,356.51	185,937.06
Fireman's Relief									
Fire Truck	422.42	298.13	168.83	34.30	-	-	-	-	923.68
Ambulance	212.98	175.74	137.00	96.69	54.75	11.12	-	-	688.28
Capital Leases									
Therma Camera	373.00	-	-	-	-	-	-	-	373.00
Total Interest Payments	<u>2,446,814.23</u>	<u>2,354,402.06</u>	<u>2,243,056.03</u>	<u>2,142,190.40</u>	<u>2,297,075.71</u>	<u>7,173,941.87</u>	<u>2,427,219.08</u>	<u>331,702.51</u>	<u>21,439,616.89</u>
Total Principal and Interest	<u>\$ 5,016,869.55</u>	<u>\$ 5,086,283.82</u>	<u>\$ 4,815,664.82</u>	<u>\$ 4,820,999.00</u>	<u>\$ 5,142,209.12</u>	<u>\$ 23,950,195.08</u>	<u>\$ 17,736,941.47</u>	<u>\$ 2,944,412.65</u>	<u>\$ 69,536,790.51</u>

## **5. INDUSTRIAL REVENUE BONDS**

The City has entered into various agreements to induce businesses to locate or expand operations in Chanute, Kansas. In connection therewith, the City has issued industrial revenue bonds (IRB's) which require the businesses to make lease payments to trust accounts sufficient to pay debt service on the IRB's. The City is under no obligation to pay the IRB debt, which is to be paid from the lease payments made by the related businesses. At December 31, 2009, there were nine industrial revenue bond issues with principal balances due totaling \$10,595,033.11.

## **6. CAPITAL LEASE OBLIGATIONS**

The City entered into a capital lease agreement dated March 7, 2005, for the purchase of a Thermal Camera. The total cost was \$49,950.00. The lease calls for annual payments of \$11,059.87, including interest at 3.49% per annum, maturing March 7, 2010. Debt requirements are as follows:

2010	\$ 11,059.87
Total Net Minimum Lease Payments	11,059.87
Less: Imputed Interest	(373.00)
Net Present Value	10,686.87
Less: Current Maturities	(10,686.87)
Long-Term Capital Lease Obligations	\$ - -

## **7. OPERATING LEASES**

As of December 31, 2009 the City has entered an operating lease for a copier. Rent expense for the year ended December 31, 2009, was \$812.00. Under the current lease agreements, the future minimum rental payments are as follows:

2010	\$	812.00
------	----	--------

As of December 31, 2009 the City has entered an operating lease for a five acre tract of land for monitoring wells, renewable annually. Rent expense for the year ended December 31, 2009, was \$3,500.00.

## **8. REFUNDING BONDS**

On March 28, 2006, the City issued General Obligation Electric Light and Gas Utility Systems Revenue Bonds, Series 2006-A, in the amount of \$2,300,000.00 to defease in substance the outstanding Electric Light and Gas Utility System Revenue Bonds, Series 2001-C. The net cash flow difference between the debt service requirements of the old debt compared to the debt service requirements of the new debt was \$287,865.86. The present value of the savings on refunding the bonds was \$83,532.15. The proceeds of the bond issue were irrevocably placed in a trust account and used to purchase United States Government Securities for the purpose of paying the debt requirements of the refunded revenue bonds as they come due. The following schedule lists the refunding revenue bond issues and the principal outstanding of refunded debt as of December 31, 2009.

Electric Light and Gas Utility System Revenue Bonds, Series 2001-C	\$ 2,300,000.00
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## **9. DEFINED BENEFIT PENSION PLAN**

Plan Description - The City contributes to the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas Ave., Suite 100, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for 2009 was 6.54%. The City's contributions to KPERS for the years ending December 31, 2009, 2008, and 2007, were \$367,612.70, \$325,554.80, and \$295,235.52, respectively, equal to the statutory required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2009 is 13.51%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City's contributions to KP&F for years ending December 31, 2009, 2008, and 2007, were \$237,145.95, \$240,948.79, and \$230,601.28, respectively, equal to the statutory required contributions for each year.

## **10. UTILITY ACCOUNTS RECEIVABLE**

The City records electric, water, sewer, gas, and trash revenue as the customers are billed each month. The City maintains accounts receivable for each of the utility services. Listed below are amounts of the accounts receivable for the five utilities as of December 31, 2009:

Electric Utility	\$ 362,268.25
Water Utility	58,701.22
Sewer Utility	73,106.11
Gas Utility	323,900.42
Refuse Utility	<u>46,622.18</u>
TOTAL UTILITY ACCOUNTS RECEIVABLE	<u>\$ 864,598.21</u>

The City adjusts the utility revenue to the cash basis for presentation in these statutory basis financial statements.

Total utility users as of December 31, 2009, were as follows:

Electric	5,664
Water	4,448
Sewer	4,176
Gas	4,350
Refuse	4,089

## **11. NOTES RECEIVABLE AND LOANS RECEIVABLE**

The City has established an Economic Development Revolving Loan Fund. The Fund is the recipient of money paid back to the City by Chanute industries which received Community Development Block Grants in earlier years. As repayment is made by these industries, the City makes loans to other qualifying industries. The loans due to the City at December 31, 2009, through the Economic Development Revolving Loan Fund are as follows:

Creative Molding	\$ 51,112.47
Magna Tech	194,969.86
R.A.W. Sound, Inc.	50,000.00
Tioga Suite	161,811.61
Launching Pad	3,505.44
McKinney Motors	43,181.02
Shape and Bake	92,340.98
Hi-Lo Tables	<u>235,525.10</u>
TOTAL NOTES RECEIVABLE	<u>\$ 832,446.48</u>

The City has made Industrial Development Loans through the Industrial Fund. The Fund was the recipient of various HUD Grants in earlier years. Loans made with these monies are repaid and the City makes additional development loans from these repayments. The Community Development loans due to the City at December 31, 2009, are as follows:

Sierra Midwest	\$ <u>165,676.68</u>
TOTAL LOANS	<u>\$ 165,676.68</u>

The City has made Community Development Loans through the Community Development Fund. The Fund was the recipient of various HUD Grants in earlier years. Loans made with these monies are repaid and the City makes additional development loans from these repayments. The Community Development loans due to the City at December 31, 2009, are as follows:

T & R Displays, Inc.	\$ 223,840.72
Hi Lo Tables	<u>485,000.00</u>
TOTAL LOANS	<u>\$ 708,840.72</u>

These notes receivable and loans are not reflected in these statutory basis financial statements of the City of Chanute, Kansas.

## **12. ECONOMIC DEPENDENCY**

During 2009, the City collected 48.04% of its electric utility revenues and provided 52.74% of its kilowatt hours produced to Ash Grove Cement Company.

## **13. OTHER POST EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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.

#### **14. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in the Kansas Eastern Region Insurance Trust (KERIT). The City participates in the decision making of KERIT through trustee representation. KERIT files its annual audited financial statements with the Kansas Insurance Commissioner. The City pays annual premium to KERIT for its workers' compensation insurance coverage. The agreement to participate provides that KERIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KERIT management.

The City has established a Special Liability Fund. The purpose of this fund is to provide the cost for an investigation of, a defense to and the payment of any claim which the City is legally obligated to pay pursuant to the Kansas Tort Claims Act, to the extent that any such claim may be uninsured by the City. The Special Liability Fund is funded by charges to other funds.

The City has established a Health Insurance Fund. The purpose of this fund is to provide for an employee welfare benefit plan for health insurance. Contributions from eligible employees and the City are deposited in the name of the plan, subject to withdrawal for purposes of paying approved claims and expenses. The City has contracted with Blue Cross Blue Shield of Kansas to be the claims supervisor. The supervisor reviews all claims for allowability and issues monthly reports to the City. The City has a stop-gap policy which pays any aggregate claims over \$50,000.00.

#### **15. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE**

The City operates a municipal solid waste landfill which is regulated by state and federal agencies, including the State of Kansas Department of Health and Environment and the United States Environmental Protection Agency. The City's permitted landfill area is presently 80 acres with 10 acres currently open. Regulations require the City to properly close each cell upon reaching maximum capacity and to monitor the landfill for 30 years after closure.

The following estimates have been developed by management of the landfill as of May 2010, which is considered to be substantially the same at December 31, 2009:

Total Volume Capacity of Original Site	2,753,000 cu. yds.
Total Remaining Volume Capacity of Site	1,783,976 cu. yds.
Percentage of cell capacity used to date	35.20%
Remaining Life of Landfill	86.3 Years

Projected estimate of closure and post  
closure costs

Landfill Closure	\$ 818,879.00
Landfill Post-closure care	1,582,594.00
	<u>\$ 2,401,473.00</u>

Current estimate of closure and post  
closure costs at December 31, 2009  
(\$2,401,473.00 x 35.20%)

\$ 845,318.50

**15. MUNICIPAL SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE CARE** (Continued)

The cost of closure and post-closure care will be paid when due from funds accumulated for the purpose in restricted cash accounts, from allocation of ad valorem tax collections, from the proceeds of debt, or a combination of these. The City has accrued a liability for these estimated costs of landfill closure and post-closure in Footnote 4.

**16. COMPENSATED ABSENCES**

All full-time employees of the City with one year of employment are eligible for vacation benefits in varying annual amounts. Vacation must be used by each anniversary date. In the event of termination, unused accrued vacation time is paid. Accrued vacation pay at December 31, 2009 is \$113,093.35.

Sick leave accrues to all full-time employees at the rate of one day per month and is unlimited. Employees who terminate by other than retirement or death will not be paid for accumulated sick leave. An employee shall be paid for accumulated sick leave up to 120 days upon termination by death or retirement.

The City accrues a liability for compensated absences which meet the following criteria:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributed to employee's services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City has disclosed the liability for vacation benefits in Footnote 4, and not accrued a liability for sick pay which has been earned, but not taken by City employees, inasmuch as the amount cannot be reasonably estimated.

**17. COMMITMENTS AND CONTINGENCIES**

The City has entered into multi year agreements with the various unions representing policemen, firemen, and electrical and public works employees, and other utility workers.

The City has entered into a ten year agreement with Municipal Energy Resource Corporation for the purchase of natural gas effective until December 31, 2017.

The City has entered into a five year agreement with the Kansas Power Pool for electric facilitation and transmission effective until December 31, 2015.

The City has entered into a eight year agreement with Southern Star central Gas Pipeline, Inc. for natural gas storage effective until October 1, 2013.

The City has entered into a fifteen year agreement with Kansas Municipal Energy Agency for peek power purchasing and selling of electricity effective until December 31, 2018.

## 18. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Electric Utility	General	K.S.A 12-825	\$ 768,834.00
Gas Utility	General	K.S.A12-825	281,166.00
General	Capital Improvement #2	K.S.A 12-1,118	53,256.13
General	Special Obligation B & I	K.S.A 12-197	32,500.00
Capital Improvement #1	G.O. Bond & Interest	K.S.A 12-825	80,434.56
G.O. Bond & Interest	Capital Improvement #2	K.S.A 12-1,118	3,511,947.60
Refuse Utility	Equipment Reserve	K.S.A 12-1,117	190,000.00
Electric Utility	G.O. Bond & Interest	K.S.A 12-825	1,091,760.00
Refuse Utility	G.O. Bond & Interest	K.S.A 12-825	192,984.00
	Electric, Water, & Gas		
Electric Utility	Bond and Interest	K.S.A 12-825	2,239,560.00

## 19. SIGNIFICANT DISCLOSURES FOR THE CHANUTE PUBLIC LIBRARY - A COMPONENT UNIT

### Deposits and Investments

As of year end, the Library has the following investments.

<u>Investment Type</u>	<u>Cost</u>	<u>Rating</u>
U.S. Treasury Bills	\$ 4,960.54	N/A

These investments are reflected at cost in these statutory basis financial statements of the Chanutte Public Library.

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

K.S.A 12-1675 limits the Library'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 Library has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State Statutes place no limit on the amount the Government 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 Library's deposits may not be returned to it. State statutes require the Library'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 Library, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2009.

**19. SIGNIFICANT DISCLOSURES FOR THE CHANUTE PUBLIC LIBRARY – A COMPONENT UNIT** (Continued)

Deposits and Investments

At year-end, the Library's carrying amount of deposits was \$427,392.80 and the bank balance was \$437,599.88. The bank balance was held by five banks resulting in a concentration of credit risk. Of the bank balance, \$437,599.88 was covered by FDIC insurance.

Defined Benefit Pension Plan

The Library contributes to the KPERS retirement system as described in Footnote 9. The Library's contributions for the years ended December 31, 2009, 2008, and 2007, were \$8,582.67, \$8,459.33, and \$6,991.79, respectively, equal to the required contributions for each year.

**20. SIGNIFICANT DISCLOSURES FOR THE CHANUTE PUBLIC HOUSING AUTHORITY – A COMPONENT UNIT**

Deposits and Investments

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

K.S.A 12-1675 limits the Authority'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 Authority has no investment policy that would further limit its investment choices.

Concentration of credit risk. State statutes place no limit on the amount the Government 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 Authority's deposits may not be returned to it. State statutes require the Government'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. All deposits were legally secured at December 31, 2009.

At year-end, the Authority's carrying amount of deposits was \$276,821 and the bank balance was \$300,753. The bank balance was held by three resulting in a concentration of credit risk. Of the bank balance, \$300,753 was covered by federal depository insurance (FDIC).

Defined Benefit Pension Plan

The Authority contributes to the KPERS retirement system as described in Footnote 9. The Authority's contributions for the years ended December 31, 2009, 2008, and 2007, were \$13,079, \$11,920, and \$11,707, respectively, equal to the required contributions for each year.



## **21. SUBSEQUENT EVENTS**

The City evaluated events and transactions occurring subsequent to December 31, 2009 through July 22, 2010, the date the financial statements were available to be issued. During this period, there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.