

CITY OF COLBY, KANSAS

Primary Government Financial Statements
With Independent Auditors' Report

For the Year Ended December 31, 2009

CITY OF COLBY, KANSAS
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 For the Year Ended December 31, 2009

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Colby
Colby, Kansas

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit Guide*. Those standards and the audit guide 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 opinions.

The financial statements referred to above include only the primary government of the **City of Colby, Kansas**, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include financial data for the City's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the **City of Colby, Kansas**, as of December 31, 2009, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with accounting principles generally accepted in the United States of America, **City of Colby, Kansas**, has issued separate reporting entity financial statements for which we have issued our report dated June 15, 2010.

As described more fully in Note 1, the **City of Colby, Kansas**, has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects 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 matter discussed in the preceding two paragraphs, 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 Colby, Kansas**, as of December 31, 2009, or the changes in its financial position for the year then ended. Further, the **City of Colby, Kansas**, has not

presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of the **City of Colby, Kansas**, as of December 31, 2009, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2010, on our consideration of the **City of Colby, Kansas**' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **City of Colby, Kansas**' basic financial statements. The general fund detail on pages 53-55 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of **City of Colby, Kansas**. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The general fund detail and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole on the basis of accounting described in Note 1-C.



ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

June 15, 2010

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

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Fund	\$ 914,825	13,344	2,204,013	2,328,111	804,071	315,701	1,119,772
Special Revenue Funds							
Library Fund	8,321	-	217,311	207,956	17,676	-	17,676
Recreation Fund	4,978	-	130,370	124,774	10,574	-	10,574
Noxious Weed Fund	2,925	-	6,723	4,826	4,822	6,300	11,122
Special Fire and Police Fund	71,454	-	35,509	65,225	41,738	2,356	44,094
Special Street Fund	446,913	-	129,766	150,309	426,370	-	426,370
Special Liability Fund	9,156	-	16,657	17,787	8,026	-	8,026
Special Parks and Recreation Fund	18,491	-	22,608	28,427	12,672	23,742	36,414
Employee Benefits Fund	426,275	-	717,619	741,165	402,729	758	403,487
Risk Management Reserve Fund	368,377	-	2,944	-	371,321	-	371,321
Municipal Equipment Reserve Fund	633,076	-	363,013	168,108	827,981	174	828,155
Capital Improvement Reserve Fund	3,027,315	-	1,153,999	2,029,759	2,151,555	307,723	2,459,278
Convention/Tourism Fund	58,571	-	192,283	189,738	61,116	-	61,116
Economic Development Fund	1,041,507	-	437,785	330,784	1,148,508	6,000	1,154,508
Debt Service Fund							
Bond and Interest Fund	237,587	-	639,678	755,602	121,663	-	121,663
Capital Projects Fund							
Financed Projects Fund	-	-	2,164,770	1,338,257	826,513	-	826,513
Proprietary Fund Category							
Enterprise Funds							
Electric Utility Fund	2,726,139	8,929	5,500,523	6,325,633	1,909,958	780,785	2,690,743
Water Utility Fund	562,714	-	574,528	789,932	347,310	174,683	521,993
Sewage Disposal Utility Fund	594,147	-	1,564,035	1,767,318	390,864	328,178	719,042
Solid Waste Disposal Utility Fund	158,172	-	578,453	574,491	162,134	36,664	198,798
Meter Deposits Fund	-	-	51,125	51,125	-	284,545	284,545
Electric Reserve for Depreciation Fund	1,279,953	-	200,000	-	1,479,953	-	1,479,953
Water Reserve for Depreciation Fund	401,405	-	-	-	401,405	-	401,405
Fiduciary Fund Categories							
Private Purpose Trust Funds							
CDBG Repayment Fund (Embark)	(7,500)	-	453,749	446,249	-	-	-
Special Law Enforcement Trust Fund	2,107,005	-	66,734	109,711	2,064,028	485	2,064,513
Water Treatment Fund	(42,189)	-	546,749	546,608	(42,048)	7,122	(34,926)
Total Primary Government (Excluding Agency Funds)	\$ 15,049,617	22,273	17,970,944	19,091,895	13,950,939	2,275,216	16,226,155

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

Composition of Cash

Checking Accounts	\$	9,447,025
Petty Cash		300
Certificates of Deposits		<u>6,800,000</u>
Total Cash		16,247,325
Agency Funds per Statement 4		<u>(21,170)</u>
Total Primary Government (Excluding Agency Funds)	\$	<u><u>16,226,155</u></u>

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

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

Funds	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
Governmental Fund Categories					
General Fund	\$ 2,662,876	-	2,662,876	2,328,111	334,765
Special Revenue Funds					
Library Fund	207,956	-	207,956	207,956	-
Recreation Fund	124,774	-	124,774	124,774	-
Noxious Weed Fund	7,300	-	7,300	4,826	2,474
Special Fire and Police Fund	102,840	-	102,840	65,225	37,615
Special Street Fund	1,702,500	-	1,702,500	150,309	1,552,191
Special Liability Fund	23,500	-	23,500	17,787	5,713
Special Parks and Recreation Fund	34,665	-	34,665	28,427	6,238
Employee Benefits Fund	1,082,563	-	1,082,563	741,165	341,398
Municipal Equipment Reserve Fund	385,387	-	385,387	168,108	217,279
Capital Improvement Reserve Fund	1,058,500	971,914	2,030,414	2,029,759	655
Convention/Tourism Fund	189,738	-	189,738	189,738	-
Economic Development Fund	1,630,817	-	1,630,817	330,784	1,300,033
Debt Service Fund					
Bond and Interest Fund	436,144	360,000	796,144	755,602	40,542
Proprietary Fund Category					
Enterprise Funds					
Electric Utility Fund	7,412,655	-	7,412,655	6,325,633	1,087,022
Water Utility Fund	1,002,051	-	1,002,051	789,932	212,119
Sewage Disposal Utility Fund	2,038,593	-	2,038,593	1,767,318	271,275
Solid Waste Disposal Utility Fund	619,681	-	619,681	574,491	45,190

CITY OF COLBY, 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue	\$ 1,079,827	1,274,771	1,121,225	153,546
Intergovernmental Revenue	125,039	135,513	141,126	(5,613)
Licenses and Permits	131,833	107,522	81,600	25,922
Charges for Services	163,902	174,667	149,001	25,666
Fines, Forfeitures, and Penalties	70,256	77,416	46,500	30,916
Use of Money and Property	66,370	36,204	60,600	(24,396)
Other	2,782	2,464	1,000	1,464
Transfers In	387,000	395,456	395,456	-
Total Cash Receipts	<u>2,027,009</u>	<u>2,204,013</u>	<u>1,996,508</u>	<u>207,505</u>
Expenditures				
General Government	298,159	290,247	301,105	10,858
Police	780,950	740,099	845,588	105,489
Fire	362,899	317,244	377,209	59,965
Streets	534,155	569,066	585,853	16,787
Auditorium	170,777	142,296	176,356	34,060
Parks	110,393	115,257	139,834	24,577
Swimming Pool	66,995	53,613	94,716	41,103
Airport	143,248	100,289	142,215	41,926
Total Expenditures	<u>2,467,576</u>	<u>2,328,111</u>	<u>2,662,876</u>	<u>334,765</u>
Receipts Over (Under) Expenditures	(440,567)	(124,098)		
Unencumbered Cash, January 1	1,344,906	914,825		
Prior Year Cancelled Encumbrances	<u>10,486</u>	<u>13,344</u>		
Unencumbered Cash, December 31	<u>\$ 914,825</u>	<u>804,071</u>		

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

CITY OF COLBY, 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues -				
Ad Valorem	\$ 177,205	180,462	184,379	(3,917)
Delinquent	-	3,474	-	3,474
Motor Vehicle	30,323	30,327	22,485	7,842
Motor Vehicle and Equipment Slider 16/20	- 796	1,759 916	- 814	1,759 102
Recreational Vehicle	348	373	278	95
Total Cash Receipts	<u>208,672</u>	<u>217,311</u>	<u>207,956</u>	<u>9,355</u>
Expenditures				
Appropriations	<u>204,977</u>	<u>207,956</u>	<u>207,956</u>	<u>-</u>
Receipts Over (Under) Expenditures	3,695	9,355		
Unencumbered Cash, January 1	<u>4,626</u>	<u>8,321</u>		
Unencumbered Cash, December 31	<u>\$ 8,321</u>	<u>17,676</u>		

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

CITY OF COLBY, KANSAS
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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues -				
Ad Valorem	\$ 106,316	108,263	110,627	(2,364)
Delinquent	-	2,084	-	2,084
Motor Vehicle	18,193	18,195	13,491	4,704
Motor Vehicle and Equipment Slider 16/20	-	1,055	-	1,055
Recreational Vehicle	478	549	489	60
	209	224	167	57
Total Cash Receipts	125,196	130,370	124,774	5,596
Expenditures				
Appropriations	123,044	124,774	124,774	-
Receipts Over (Under) Expenditures	2,152	5,596		
Unencumbered Cash, January 1	2,826	4,978		
Unencumbered Cash, December 31	\$ 4,978	10,574		

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

CITY OF COLBY, KANSAS
Noxious Weed 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues -				
Ad Valorem	\$ 5,798	5,615	5,733	(118)
Delinquent	-	76	-	76
Motor Vehicle	487	934	740	194
Motor Vehicle and Equipment Slider 16/20	- 10	55 16	- 27	55 (11)
Recreational Vehicle	6	11	9	2
Other Revenue -				
Interest	122	16	-	16
Total Cash Receipts	<u>6,423</u>	<u>6,723</u>	<u>6,509</u>	<u>214</u>
Expenditures				
Salaries	1,110	1,326	3,000	1,674
Chemicals	3,485	3,500	3,550	50
Training Expense	-	-	250	250
Operational Equipment	-	-	500	500
Total Expenditures	<u>4,595</u>	<u>4,826</u>	<u>7,300</u>	<u>2,474</u>
Receipts Over (Under) Expenditures	1,828	1,897		
Unencumbered Cash, January 1	<u>1,097</u>	<u>2,925</u>		
Unencumbered Cash, December 31	<u>\$ 2,925</u>	<u>4,822</u>		

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

CITY OF COLBY, KANSAS
Special Fire and Police 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues -				
Ad Valorem	\$ 34,790	23,575	24,078	(503)
Delinquent	-	681	-	681
Motor Vehicle	6,022	5,956	4,415	1,541
Motor Vehicle and Equipment Slider 16/20	- 163	230 180	- 160	230 20
Recreational Vehicle	69	73	55	18
Other Revenue -				
Donations	-	4,722	18,000	(13,278)
Interest	1,527	92	1,150	(1,058)
Federal Aid	30,086	-	-	-
Total Cash Receipts	<u>72,657</u>	<u>35,509</u>	<u>47,858</u>	<u>(12,349)</u>
Expenditures				
Police Equipment	10,997	51,804	75,000	23,196
Fire Equipment	-	-	7,000	7,000
Grants/Donations Purchases	24,870	11,481	18,900	7,419
Transfers Out Municipal Equipment Reserve Fund	10,447	1,940	1,940	-
Total Expenditures	<u>46,314</u>	<u>65,225</u>	<u>102,840</u>	<u>37,615</u>
Receipts Over (Under) Expenditures	26,343	(29,716)		
Unencumbered Cash, January 1	<u>45,111</u>	<u>71,454</u>		
Unencumbered Cash, December 31	\$ <u>71,454</u>	<u>41,738</u>		

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

CITY OF COLBY, KANSAS
Special Street 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Other Revenue -				
State Payments	\$ 141,024	121,411	146,310	(24,899)
Special Assessments	3,383	3,383	3,383	-
Temporary Note Proceeds	-	-	1,200,000	(1,200,000)
Interest	34,850	4,972	10,000	(5,028)
Total Cash Receipts	<u>179,257</u>	<u>129,766</u>	<u>1,359,693</u>	<u>(1,229,927)</u>
Expenditures				
Personal Services	-	-	50,000	50,000
Reconstruction	991,282	150,309	1,650,000	1,499,691
Equipment Expense	-	-	2,500	2,500
Total Expenditures	<u>991,282</u>	<u>150,309</u>	<u>1,702,500</u>	<u>1,552,191</u>
Receipts Over (Under) Expenditures	(812,025)	(20,543)		
Unencumbered Cash, January 1	<u>1,258,938</u>	<u>446,913</u>		
Unencumbered Cash, December 31	\$ <u>446,913</u>	<u>426,370</u>		

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

CITY OF COLBY, KANSAS
Special Liability 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues -				
Ad Valorem	\$ 13,329	13,857	14,170	(313)
Delinquent	-	269	-	269
Motor Vehicle	2,336	2,286	1,694	592
Motor Vehicle and Equipment Slider	-	135	-	135
16/20	63	70	61	9
Recreational Vehicle	27	28	21	7
Other Revenue -				
Interest	188	12	150	(138)
Total Cash Receipts	<u>15,943</u>	<u>16,657</u>	<u>16,096</u>	<u>561</u>
Expenditures				
Premiums	16,582	17,787	21,500	3,713
Claims	-	-	2,000	2,000
Total Expenditures	<u>16,582</u>	<u>17,787</u>	<u>23,500</u>	<u>5,713</u>
Receipts Over (Under) Expenditures	(639)	(1,130)		
Unencumbered Cash, January 1	<u>9,795</u>	<u>9,156</u>		
Unencumbered Cash, December 31	\$ <u>9,156</u>	<u>8,026</u>		

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

CITY OF COLBY, 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue -				
Special Liquor Tax	\$ 21,499	22,082	19,593	2,489
Other Revenue -				
Interest	606	51	250	(199)
Miscellaneous and Reimbursements	-	475	-	475
Total Cash Receipts	<u>22,105</u>	<u>22,608</u>	<u>19,843</u>	<u>2,765</u>
Expenditures				
Gas/Oil	-	-	800	800
Material and Supplies	7,000	6,927	7,000	73
Equipment Maintenance	-	4,000	4,000	-
Operational Equipment	-	-	5,365	5,365
Colby Tree Board	4,992	5,000	5,000	-
Ballfield Improvements	6,704	5,000	5,000	-
Transfers Out				
Capital Improvement Reserve Fund	7,500	7,500	7,500	-
Total Expenditures	<u>26,196</u>	<u>28,427</u>	<u>34,665</u>	<u>6,238</u>
Receipts Over (Under) Expenditures	(4,091)	(5,819)		
Unencumbered Cash, January 1	22,472	18,491		
Prior Year Cancelled Encumbrances	<u>110</u>	<u>-</u>		
Unencumbered Cash, December 31	<u>\$ 18,491</u>	<u>12,672</u>		

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

CITY OF COLBY, KANSAS
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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues -				
Ad Valorem	\$ 242,861	246,471	251,829	(5,358)
Delinquent	-	3,167	-	3,167
Motor Vehicle	17,273	38,765	30,815	7,950
Motor Vehicle and Equipment Slider 16/20	276	583	1,116	(533)
Recreational Vehicle	198	468	381	87
Other Revenue -				
Reimburse Medical Insurance	150,259	173,095	173,095	-
Insurance Premiums	273	(143)	-	(143)
Reimbursements	211,560	230,692	230,692	-
Miscellaneous	11,675	15,578	-	15,578
Interest	18,849	6,541	7,700	(1,159)
Total Cash Receipts	653,224	717,619	695,628	21,991
Expenditures				
Social Security	162,920	168,246	193,421	25,175
Medicare Insurance	38,101	39,351	45,236	5,885
KPERS Retirement Benefit	138,464	149,608	192,295	42,687
Workmen's Compensation	43,670	73,249	109,063	35,814
Unemployment Insurance	15,527	2,606	3,120	514
Medical Insurance	257,491	308,105	539,428	231,323
Total Expenditures	656,173	741,165	1,082,563	341,398
Receipts Over (Under) Expenditures	(2,949)	(23,546)		
Unencumbered Cash, January 1	428,962	426,275		
Prior Year Cancelled Encumbrances	262	-		
Unencumbered Cash, December 31	\$ 426,275	402,729		

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

CITY OF COLBY, KANSAS
Risk Management 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)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Other Revenue -		
Interest	\$ 11,382	2,944
Unencumbered Cash, January 1	<u>356,995</u>	<u>368,377</u>
Unencumbered Cash, December 31	<u>\$ 368,377</u>	<u>371,321</u>

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

CITY OF COLBY, KANSAS
Municipal Equipment Reserve 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Other Revenue -				
Interest	\$ 17,623	4,202	16,500	(12,298)
Miscellaneous	1	-	-	-
Operating Transfers -				
General Fund	124,559	83,835	89,495	(5,660)
Fire Fund	-	-	9,040	(9,040)
Solid Waste Disposal Utility Fund	75,000	110,000	110,000	-
Water Utility Fund	48,000	44,490	41,340	3,150
Sewage Disposal Utility Fund	55,000	57,100	55,000	2,100
Electric Utility Fund	30,000	59,506	50,056	9,450
Special Law Enforcement Trust Fund	4,000	1,940	1,940	-
Special Fire and Police Fund	10,447	1,940	1,940	-
Total Cash Receipts	<u>364,630</u>	<u>363,013</u>	<u>375,311</u>	<u>(12,298)</u>
Expenditures				
Equipment:				
Special Street	38,990	20,000	120,000	100,000
Fire	-	459	27,040	26,581
Police	11,744	6,359	10,000	3,641
Sanitation	118,242	96,390	100,000	3,610
Water	16,412	-	9,837	9,837
Sewer	16,412	44,900	29,836	(15,064)
Electric	174,383	-	19,674	19,674
Parks and Special Parks	-	-	18,000	18,000
Administration	31,814	-	51,000	51,000
Total Expenditures	<u>407,997</u>	<u>168,108</u>	<u>385,387</u>	<u>217,279</u>
Receipts Over (Under) Expenditures	(43,367)	194,905		
Unencumbered Cash, January 1	<u>676,443</u>	<u>633,076</u>		
Unencumbered Cash, December 31	<u>\$ 633,076</u>	<u>827,981</u>		

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

CITY OF COLBY, KANSAS
Capital Improvement Reserve 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Operating Transfers -				
General Fund	\$ 121,210	50,970	408,770	(357,800)
Water Utility Fund	150,000	151,800	150,000	1,800
Electric Utility Fund	340,000	645,400	640,000	5,400
Parks Fund	-	-	7,500	(7,500)
Special Parks and Recreation Fund	7,500	7,500	7,500	-
Sewage Disposal Utility Fund	-	1,200	-	1,200
Other Revenue -				
Temporary Bond Proceeds	2,850,000	-	6,000	(6,000)
Law Enforcement Trust	-	21,750	21,750	-
Federal Aid - FAA	-	256,393	-	256,393
Federal Aid - FTA	20,085	-	-	-
State Aid - FEMA	63,873	-	-	-
Miscellaneous- Insurance Proceeds	35,994	-	-	-
Interest	47,112	18,986	47,346	(28,360)
Total Cash Receipts	3,635,774	1,153,999	1,288,866	(134,867)
Expenditures				
Fire	1,531,508	49,483	-	(49,483)
Parks and Special Parks	1,611	-	-	-
Airport	85,528	296,660	424,500	127,840
Solid Waste	1,611	-	-	-
Street Department	3,208	-	-	-
Water Utility Fund	3,173	421,362	-	(421,362)
Sewage Disposal Utility Fund	3,173	249,200	100,000	(149,200)
Electric Utility Fund	3,173	-	360,000	360,000
Administration	26,250	13,420	99,000	85,580
Law Enforcement Trust	40,901	-	-	-
Ballfield Light Project	336,457	-	-	-
Community Building	-	27,720	75,000	47,280
Discount on Temporary Notes	10,125	-	-	-
Transfers Out	-	-	-	-
Financed Projects Fund	-	971,914	-	(971,914)
(a) Adjustment for Qualifying Budget Credits	-	-	971,914	971,914
Total Expenditures	2,046,718	2,029,759	2,030,414	655
Receipts Over (Under) Expenditures	1,589,056	(875,760)		
Unencumbered Cash, January 1	1,438,259	3,027,315		
Unencumbered Cash, December 31	\$ 3,027,315	2,151,555		
(a) Adjustments for Qualifying Budget Credits				
Transfer of Fund Balance to New Financed Projects Fund. This Fund Split Out For Portion Paid by Debt Financing.		\$ 971,914		

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

CITY OF COLBY, KANSAS
Convention/Tourism 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Other Revenue -				
Transient Guest Tax	\$ 214,834	192,283	<u>173,000</u>	<u>19,283</u>
Expenditures				
Contractual Services	<u>203,698</u>	189,738	<u>189,738</u>	<u>-</u>
Receipts Over (Under) Expenditures	11,136	2,545		
Unencumbered Cash, January 1	<u>47,435</u>	58,571		
Unencumbered Cash, December 31	\$ <u>58,571</u>	61,116		

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

CITY OF COLBY, KANSAS
Economic Development 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues -				
Ad Valorem	\$ 42,604	53,987	55,160	(1,173)
Delinquent	-	876	-	876
Motor Vehicle	7,743	7,330	5,409	1,921
Motor Vehicle and Equipment Slider 16/20	- 216	526 230	- 196	526 34
Recreational Vehicle	89	90	67	23
City Sales Tax	380,418	372,880	340,000	32,880
Other Revenue -				
Interest	22,837	1,866	23,400	(21,534)
Total Cash Receipts	<u>453,907</u>	<u>437,785</u>	<u>424,232</u>	<u>13,553</u>
Expenditures				
Special Projects	211,839	270,668	1,570,492	1,299,824
Development	54,325	54,325	54,325	-
Advertising	2,583	5,791	6,000	209
Total Expenditures	<u>268,747</u>	<u>330,784</u>	<u>1,630,817</u>	<u>1,300,033</u>
Receipts Over (Under) Expenditures	185,160	107,001		
Unencumbered Cash, January 1	<u>856,347</u>	<u>1,041,507</u>		
Unencumbered Cash, December 31	<u>\$ 1,041,507</u>	<u>1,148,508</u>		

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

CITY OF COLBY, KANSAS
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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues -				
Ad Valorem	\$ 387,185	171,284	175,000	(3,716)
Delinquent	-	5,663	-	5,663
Motor Vehicle	40,239	62,919	49,127	13,792
Motor Vehicle and Equipment Slider 16/20	-	1,669	-	1,669
Recreational Vehicle	1,123	1,192	1,779	(587)
Special Assessments	461	764	608	156
Accrued Interest	-	4,783	-	4,783
General Obligation Bond Proceeds	2,032	-	-	-
Reimbursed Expense	-	360,000	-	360,000
Other Revenue -				
Transfer In	-	26,329	-	26,329
Total Cash Receipts	<u>431,040</u>	<u>639,678</u>	<u>226,514</u>	<u>413,164</u>
Expenditures				
Bond Principal	240,000	615,000	255,000	(360,000)
Cash Requirements	-	-	50,000	50,000
Interest	104,778	135,702	131,019	(4,683)
Commission and Postage	22,591	4,900	125	(4,775)
(a) Adjustment for Qualifying Budget Credits	-	-	360,000	360,000
Total Expenditures	<u>367,369</u>	<u>755,602</u>	<u>796,144</u>	<u>40,542</u>
Receipts Over (Under) Expenditures	63,671	(115,924)		
Unencumbered Cash, January 1	<u>173,916</u>	<u>237,587</u>		
Unencumbered Cash, December 31	\$ <u>237,587</u>	<u>121,663</u>		
(a) Adjustments for Qualifying Budget Credits				
Temporary Notes Paid Early Due to General Obligation Bond Issue		\$ <u>360,000</u>		

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

CITY OF COLBY, KANSAS
Financed Projects 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		
Transfers In -		
Capital Improvement Reserve Fund	\$ -	971,914
Other Revenue -		
Temporary Note Proceeds	-	1,190,000
Miscellaneous Income	-	2,856
Total Cash Receipts	<u>-</u>	<u>2,164,770</u>
Expenditures		
Fire Station Project	-	940,229
Ballfield Light Project	-	11,945
Sewell Project	-	186,266
Aquatic Center Project	-	173,488
Transfers Out		
Bond and Interest Fund	-	26,329
Total Expenditures	<u>-</u>	<u>1,338,257</u>
Receipts Over (Under) Expenditures	-	826,513
Unencumbered Cash, January 1	<u>-</u>	<u>-</u>
Unencumbered Cash, December 31	<u>\$ -</u>	<u>826,513</u>

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

CITY OF COLBY, 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Sale of Electricity -				
Residential	\$ 1,908,462	1,803,822	1,968,829	(165,007)
Commercial	1,099,682	1,029,198	1,364,584	(335,386)
Industrial	2,590,101	2,481,340	2,215,051	266,289
Other Revenue -				
Penalties	26,093	32,649	29,000	3,649
Connection Fees	11,945	24,595	5,000	19,595
Reconnect Fees	8,692	8,484	8,000	484
Equipment/Pole Rental	8,045	7,763	2,500	5,263
Service Agreement	-	78	-	78
Interest	132,741	54,369	112,000	(57,631)
Miscellaneous	776	828	-	828
Capital Credits	57,801	57,397	6,000	51,397
Total Cash Receipts	5,844,338	5,500,523	5,710,964	(210,441)
Expenditures				
Electric Production -				
Personal Services	219,347	238,259	245,744	7,485
Contractual Services	121,861	181,023	288,500	107,477
Commodities	3,830,901	3,309,307	4,069,150	759,843
Capital Outlay	14,957	93,104	180,500	87,396
Transfers Out				
Capital Improvement Reserve Fund	100,000	300,000	300,000	-
Total Electric Production	4,287,066	4,121,693	5,083,894	962,201
Electric Transmission and Distribution -				
Personal Services	227,517	235,878	214,555	(21,323)
Contractual Services	96,137	64,397	95,000	30,603
Commodities	105,358	78,880	82,225	3,345
Capital Outlay	327,175	268,023	327,350	59,327
Transfers Out				
Capital Improvement Reserve Fund	240,000	340,000	340,000	-
Municipal Equipment Reserve Fund	30,000	50,056	50,056	-
Total Transmission and Distribution	1,026,187	1,037,234	1,109,186	71,952
Electric Commercial and General -				
Personal Services	205,300	215,748	240,365	24,617
Contractual Services	300,492	362,476	371,219	8,743
Commodities	25,279	22,287	21,000	(1,287)
Capital Outlay	6,017	7,126	10,395	3,269
Transfers Out				
Capital Improvement Reserve Fund	15,272	5,400	5,400	-
Municipal Equipment Reserve Fund	17,100	9,450	9,450	-
Total Commercial and General	569,460	622,487	657,829	35,342

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

CITY OF COLBY, 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 Favorable (Unfavorable)
		Actual	Budget	
Non-Operating Expenses -				
Commodities	30,549	29,773	47,300	17,527
Transfers Out				
Electric Reserve for Depreciation Fund	200,000	200,000	200,000	-
General Fund	300,000	314,446	314,446	-
Total Non-Operating Expenses	530,549	544,219	561,746	17,527
Total Expenditures	6,413,262	6,325,633	7,412,655	1,087,022
Receipts Over (Under) Expenditures	(568,924)	(825,110)		
Unencumbered Cash, January 1	3,294,822	2,726,139		
Prior Year Cancelled Encumbrances	241	8,929		
Unencumbered Cash, December 31	\$ 2,726,139	1,909,958		

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

CITY OF COLBY, 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Sale of Water	\$ 571,015	536,752	585,000	(48,248)
Other Revenue -				
Penalties	3,703	4,226	4,300	(74)
Environmental Protection Agency	-	1,094	-	1,094
Connection Fees	19,838	18,152	2,500	15,652
Sales of Material and Use of Equipment	37	451	125	326
Interest	36,262	13,515	20,000	(6,485)
Miscellaneous	(341)	338	-	338
Total Cash Receipts	<u>630,514</u>	<u>574,528</u>	<u>611,925</u>	<u>(37,397)</u>
Expenditures				
Water Production -				
Personal Services	38,007	36,550	74,193	37,643
Commodities	2,560	2,864	8,000	5,136
Contractual Services	39,042	51,119	70,600	19,481
Capital Outlay	113,772	48,519	73,000	24,481
Transfers Out				
Capital Improvement Reserve Fund	150,000	150,000	150,000	-
Total Water Production	<u>343,381</u>	<u>289,052</u>	<u>375,793</u>	<u>86,741</u>
Water Transmission and Distribution -				
Personal Services	88,209	90,659	100,386	9,727
Contractual Services	40,898	39,606	38,000	(1,606)
Commodities	16,708	21,975	24,000	2,025
Capital Outlay	67,614	89,869	80,000	(9,869)
Transfers Out				
Municipal Equipment Reserve Fund	48,000	41,340	41,340	-
Total Water Trans. and Distribution	<u>261,429</u>	<u>283,449</u>	<u>283,726</u>	<u>277</u>
Water Commercial and General -				
Personal Services	71,588	77,074	84,322	7,248
Contractual Services	73,342	80,818	93,843	13,025
Commodities	10,339	9,574	11,000	1,426
Capital Outlay	1,995	2,260	3,465	1,205
Transfers Out				
Capital Improvement Reserve Fund	5,091	1,800	1,800	-
Municipal Equipment Reserve Fund	5,700	3,150	3,150	-
Total Water Commercial and General	<u>168,055</u>	<u>174,676</u>	<u>197,580</u>	<u>22,904</u>

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

CITY OF COLBY, 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 Favorable (Unfavorable)
		Actual	Budget	
Non-Operating Expenses -				
Commodities	2,144	3,353	5,550	2,197
Transfers Out				
Water Reserve for Depreciation Fund	-	-	100,000	100,000
General Fund	55,000	39,402	39,402	-
Total Non-Operating Expense	57,144	42,755	144,952	102,197
Total Expenditures	830,009	789,932	1,002,051	212,119
Receipts Over (Under) Expenditures	(199,495)	(215,404)		
Unencumbered Cash, January 1	762,174	562,714		
Prior Year Cancelled Encumbrances	35	-		
Unencumbered Cash, December 31	\$ 562,714	347,310		

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

CITY OF COLBY, KANSAS
Sewage Disposal 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Sewer Service	\$ 1,082,239	1,062,935	1,085,000	(22,065)
Payment from State/EPA	2,951,173	364,538	364,538	-
Federal Aid - ARRA	-	70,500	70,500	-
Special Assessments	19,582	19,582	32,582	(13,000)
Other Revenue -				
Penalties	7,838	8,840	-	8,840
Connection Fees	14,432	13,970	-	13,970
Farm Income Contract	14,657	14,656	5,000	9,656
Interest	29,928	9,014	12,500	(3,486)
Miscellaneous	15	-	-	-
Total Cash Receipts	4,119,864	1,564,035	1,570,120	(6,085)
Expenditures				
Production -				
Personal Services	57,044	72,536	73,714	1,178
Commodities	11,508	14,280	18,700	4,420
Contractual Services	77,302	104,744	133,250	28,506
Capital Outlay	3,443,293	637,982	645,950	7,968
Transfers Out				
Municipal Equipment Reserve Fund	50,000	50,000	50,000	-
Total Production Expense	3,639,147	879,542	921,614	42,072
Transmission and Distribution Expense -				
Personal Services	39,328	39,496	45,312	5,816
Contractual Services	18,399	17,421	19,000	1,579
Commodities	13,533	15,746	15,000	(746)
Capital Outlay	93,472	74,254	282,900	208,646
Transfers Out				
Municipal Equipment Reserve Fund	5,000	5,000	5,000	-
Total Transmission and Distrib. Exp.	169,732	151,917	367,212	215,295
Commercial and General Expense -				
Personal Services	45,249	47,770	52,748	4,978
Contractual Services	47,073	75,964	77,822	1,858
Commodities	3,047	2,421	3,334	913
Capital Outlay	1,330	1,507	2,310	803
Transfers Out				
Capital Improvement Reserve Fund	3,394	1,200	1,200	-
Municipal Equipment Reserve Fund	3,800	2,100	2,100	-
Total Commercial and General Exp.	103,893	130,962	139,514	8,552

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

CITY OF COLBY, KANSAS
Sewage Disposal 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 Favorable (Unfavorable)
		Actual	Budget	
Non-Operating Expenses -				
Commodities	\$ -	-	150	150
Interest Coupons	135,585	192,590	204,134	11,544
Principal	419,459	351,593	344,109	(7,484)
Commission/Postage	13,451	19,106	20,252	1,146
Transfers Out General Fund	32,000	41,608	41,608	-
Total Non-Operating Expenses	600,495	604,897	610,253	5,356
Total Expenditures	4,513,267	1,767,318	2,038,593	271,275
Receipts Over (Under) Expenditures	(393,403)	(203,283)		
Unencumbered Cash, January 1	987,549	594,147		
Prior Year Cancelled Encumbrances	1	-		
Unencumbered Cash, December 31	\$ 594,147	390,864		

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

CITY OF COLBY, KANSAS
Solid Waste Disposal 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Refuse Collection	\$ 553,678	558,568	555,000	3,568
Other Revenue -				
Sale of Garbage Bags	9,110	7,548	8,000	(452)
Sale of Tipper Cans	14,950	6,634	3,000	3,634
Penalties	4,794	5,373	4,750	623
Interest	2,973	330	4,200	(3,870)
Total Cash Receipts	<u>585,505</u>	<u>578,453</u>	<u>574,950</u>	<u>3,503</u>
Expenditures				
Sanitation -				
Personal Services	170,761	158,537	173,868	15,331
Commodities	35,539	26,096	34,250	8,154
Contractual Services	65,669	88,117	94,013	5,896
Capital Outlay	28,754	25,011	25,050	39
Transfers Out				
Municipal Equipment Reserve Fund	75,000	110,000	110,000	-
Total Sanitation	<u>375,723</u>	<u>407,761</u>	<u>437,181</u>	<u>29,420</u>
Sanitary/Landfill -				
Contractual Services	149,745	166,730	182,500	15,770
Total Expenditures	<u>525,468</u>	<u>574,491</u>	<u>619,681</u>	<u>45,190</u>
Receipts Over (Under) Expenditures	60,037	3,962		
Unencumbered Cash, January 1	98,117	158,172		
Prior Year Cancelled Encumbrances	18	-		
Unencumbered Cash, December 31	<u>\$ 158,172</u>	<u>162,134</u>		

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

CITY OF COLBY, KANSAS
Meter Deposits 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		
Other Revenue -		
Customer Deposits	\$ 49,060	51,125
Expenditures		
Refunds on Meter Deposits	49,060	51,125
Receipts Over (Under) Expenditures	-	-
Unencumbered Cash, January 1	-	-
Unencumbered Cash, December 31	\$ -	-

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

CITY OF COLBY, KANSAS
Electric Reserve for Depreciation 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)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts		
Operating Transfer from Electric Utility Fund	\$ 200,000	200,000
Unencumbered Cash, January 1	<u>1,079,953</u>	<u>1,279,953</u>
Unencumbered Cash, December 31	<u>\$ 1,279,953</u>	<u>1,479,953</u>

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

CITY OF COLBY, KANSAS
Water Reserve for Depreciation 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	\$ -	-
Unencumbered Cash, January 1	401,405	401,405
Unencumbered Cash, December 31	\$ 401,405	401,405

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

CITY OF COLBY, KANSAS
CDBG Repayment Fund (Embark)
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		
Community Development Block Grant	\$ -	438,417
Interest	-	15,332
Total Cash Receipts	-	453,749
Expenditures		
Contract Payment to Embark	7,500	446,249
Receipts Over (Under) Expenditures	(7,500)	7,500
Unencumbered Cash, January 1	-	(7,500)
Unencumbered Cash, December 31	\$ (7,500)	-

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

CITY OF COLBY, KANSAS
Special Law Enforcement Trust 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 Favorable (Unfavorable)
		Actual	Budget**	
Cash Receipts				
Other Revenue -				
Impound Vehicle Proceeds	\$ 4,000	-	2,000	(2,000)
Diversion Funds	4,157	7,500	3,000	4,500
Interest	80,615	59,081	58,000	1,081
Miscellaneous	-	153	-	153
Total Cash Receipts	88,772	66,734	63,000	3,734
Expenditures				
Salaries	46,257	52,239	58,247	6,008
Office Supplies/Dues/Memberships	3,376	4,245	9,000	4,755
Quad County Drug Funds	-	-	2,000	2,000
Utilities	3,991	3,171	6,250	3,079
Communications	-	-	600	600
Employee Benefits	7,679	8,417	8,417	-
Medical Insurance	2,335	7,671	7,671	-
Insurance	-	-	1,050	1,050
Training Expense	423	(556)	2,000	2,556
Special Services	18,065	11,700	12,000	300
Building/Grounds Maintenance	1,213	1,524	10,000	8,476
Operational Equipment	6,378	(2,390)	15,000	17,390
New Building, Land, Additions	21,500	-	-	-
Transfers Out				
Municipal Equipment Reserve Fund	4,000	21,750	21,750	
Capital Improvement Reserve Fund	-	1,940	1,940	-
Total Expenditures	115,217	109,711	155,925	46,214
Receipts Over (Under) Expenditures	(26,445)	(42,977)		
Unencumbered Cash, January 1	2,133,450	2,107,005		
Unencumbered Cash, December 31	\$ 2,107,005	2,064,028		

** The budget is used for management purposes only.

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

CITY OF COLBY, KANSAS
Water Treatment 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 Favorable (Unfavorable)
		Actual	Budget **	
Cash Receipts				
EPA Payment	\$ 678,640	546,749	954,789	(408,040)
Expenditures				
Salaries	47,292	55,287	45,205	(10,082)
Office Supplies	2,344	547	2,800	2,253
Electric for Wells/Operation	79,480	58,651	68,985	10,334
Operating Supplies and Expense	3,823	994	-	(994)
Communications	2,814	2,149	-	(2,149)
Utilities	7,312	5,156	60,000	54,844
Employee Benefits	11,788	15,354	17,131	1,777
Training Expense	1,429	1,661	3,500	1,839
Annual Audit	5,000	5,000	5,300	300
Special Services	510,058	391,436	743,368	351,932
Equipment Maintenance	1,936	1,827	-	(1,827)
System Repair and Maintenance	5,649	8,546	-	(8,546)
Building/Grounds Maintenance	30	-	-	-
Office Furniture	-	-	6,000	6,000
Operational Equipments	-	-	2,500	2,500
Total Expenditures	678,955	546,608	954,789	408,181
Receipts Over (Under) Expenditures	(315)	141		
Unencumbered Cash, January 1	(41,874)	(42,189)		
Unencumbered Cash, December 31	\$ (42,189)	(42,048)		

** The budget is used for management purposes only.

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

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

Funds	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll Clearing Fund	\$ 12,792	2,793,596	2,797,466	8,922
Municipal Court Fund	2,193	95,509	94,228	3,474
LEC Impound Lot Fund	9,999	12,892	14,117	8,774
Total	<u>\$ 24,984</u>	<u>2,901,997</u>	<u>2,905,811</u>	<u>21,170</u>

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

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

1. Summary of Significant Accounting Policies

The **City of Colby, Kansas** has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the statutory basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

A. Financial Reporting Entity

The **City of Colby, Kansas** is a municipal corporation governed by an elected Mayor and eight elected council members. The City receives funding from local, state, and federal government sources and must comply with the requirements of these funding sources.

The financial statements of the City consist of all the funds of the City and governmental entities that are considered to be controlled by or dependent on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

The **City of Colby, Kansas** is the primary government as defined in GASB #14 and further amended by GASB #39. The City Council is elected by the public. The Council has the authority to make decisions, levy taxes, influence operations and has the primary accountability in fiscal matters.

The following are component units of the **City of Colby, Kansas**. The City exercises significant influence or accountability based primarily on operational or financial relationships with the City (as distant from legal relationships).

Pioneer Memorial Library – The **City of Colby, Kansas' Library Board** operate the City's public library. Acquisition or disposition of real property by the board must be approved by the City. Bond issuances must also be approved by the City. The seven member library board is appointed by the Mayor with the consent of the majority of the council members. The City substantially funds the Board's operations by levying tax dollars for the library. Their financial statements are not included in this report. Contact the City Finance Director for information on how to obtain their financial information.

Recreation Commission – The **City of Colby, Kansas' Recreation Commission** oversees recreation activities. The governing body of the **Recreation Commission** is appointed by the Mayor with the consent of the majority of the council members and consists of one recreation commission appointment and five mayoral appointments. The recreation commission operates as a separate governing body but the City levies the taxes for the recreation commission and the recreation commission has only the powers granted by statute, K.S.A. 12-1928. Their financial statements are not included in this report. Contact the City Finance Director for information on how to obtain their financial information.

Housing Authority – The **City of Colby, Kansas' Housing Authority** operates the City's housing projects. The Housing Authority can sue and be sued, and can buy, sell, or lease real property. The five-member Board of this entity is appointed by the Mayor, subject to the consent of the majority of the council members. The City is entitled to the resources of the Housing Authority. The Housing Authority is organized under Kansas Statutes in the **City of Colby, Kansas**, for the purpose of operating an agency to administer Public Housing Programs authorized by the United States Housing Act. Their financial statements are not included in this report. Contact the City Finance Director for information on how to obtain their financial information.

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

B. Basis of Presentation – Fund Accounting

The accounts of the City are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the City for the year ended December 31, 2009.

Governmental Fund Categories

General Fund – Reports as the primary fund of the City. The fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds - To account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds - To account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Project Funds – To account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets.

Proprietary Fund Category

Enterprise Funds - To account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Categories

Agency Funds - To account for assets held by the City as trustee or agent for others.

Private Purpose Trust Funds - To account for assets held by governmental units as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

C. Basis of Accounting

Statutory Basis of Accounting - The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure 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 City to use the statutory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America -

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There was a budget amendment this year for the Sewer Fund.

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

D. Budgetary Information (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, fiduciary funds, permanent funds, and the following special revenue fund: Risk Management Reserve Fund.

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

E. Deposits and Investments

The City follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in summary of cash receipts, expenditures, and unencumbered cash.

As of December 31, 2009, the City had no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, 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 City has no other policies that would further limit interest rate risk.

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

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

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

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

E. Deposits and Investments (continued)

At December 31, 2009, the City's carrying amount of deposits was \$16,247,325 and the bank balance was \$16,688,544. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$15,738,544 was covered by federal depository insurance, including the CDAR's placement program, \$950,000 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

F. Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

G. Compensated Absences

The City's policy regarding vacation leave entitles regular full time employees with up to and completion of five continuous years of service since date of last hire to earn ten (10) working days per year at their regular rate of pay. Regular full time employees completing five or more continuous years of service since date of last hire, earn fifteen (15) working days per year at their regular pay.

Any employee who is eligible for a vacation but has not used vacation time as of date of termination or resignation will receive a vacation payment at regular rates upon termination or resignation. Vacation days must be used within 12 months of earning them or they will be lost.

All regular full time employees earn sick leave at the rate of one (1) working day per month with a maximum accumulation of 120 days. No allowance for unused sick leave is paid upon termination or resignation. As of December 31, 2009, the cost of accumulated sick leave has been calculated at \$564,971. No amount representing the liability has been included in the financial statements.

H. Defined Benefit Pension Plan

Plan Description – The City contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas, Suite 100; Topeka, KS 66603-3869) 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 for existing employees and 6% for those first employed on or after July 1, 2009. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve bases. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate established for the calendar year 2009 is 6.54%. The City employer contributions to KPERs for the years ending December 31, 2009 2008, and 2007 were \$142,351, \$132,784, and \$120,213, respectively, equal to the required contributions for each year.

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

I. Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City 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.

J. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Accordingly, actual results could differ from those estimates.

K. Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt, and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the trust fund of the City for special purposes.

L. Reimbursements

The **City of Colby, Kansas** records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund.

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

2. Operating Transfers

Operating transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects, and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas Statutes. The City's operating transfers and statutory authority for December 31, 2009 were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
Electric Utility Fund	General Fund	K.S.A 12-825d	\$ 314,446
Electric Utility Fund	Capital Improvement Reserve Fund	K.S.A. 12-1,118	645,400
Electric Utility Fund	Municipal Equipment Fund	K.S.A. 12-1,117	59,506
Electric Utility Fund	Electric Reserve for Depreciation Fund	K.S.A. 12-825d	200,000
Water Utility Fund	General Fund	K.S.A. 12-825d	39,402
Water Utility Fund	Capital Improvement Reserve Fund	K.S.A. 12-1,118	151,800
Water Utility Fund	Municipal Equipment Reserve Fund	K.S.A. 12-1,117	44,490
Sewage Disposal Utility Fund	General Fund	K.S.A. 12-825d	41,608
Sewage Disposal Utility Fund	Capital Improvement Reserve Fund	KS.A. 12-1,118	1,200
Sewage Disposal Utility Fund	Municipal Equipment Reserve Fund	K.S.A. 12-1,117	57,100
Solid Waste Disposal Utility Fund	Municipal Equipment Reserve Fund	K.S.A. 12-1,117	110,000
Special Fire and Police Fund	Municipal Equipment Reserve Fund	K.S.A. 12-110d	1,940
Special Law Enforcement Trust Fund	Municipal Equipment Reserve Fund	K.S.A. 12-110d	1,940
Special Parks and Recreation Fund	Capital Improvement Reserve Fund	K.S.A. 12-1,118	7,500
General Fund	Capital Improvement Reserve Fund	K.S.A. 12-1,118	60,010
General Fund	Municipal Equipment Reserve Fund	K.S.A. 12-1,117	74,795
Special Law Enforcement Fund	Capital Improvement Reserve Fund	K.S.A. 12-1,188	21,750
Financed Projects Fund	Bond and Interest Fund	K.S.A. 12-6a16	26,329
Capital Improvements Reserve Fund	Financed Projects Fund	K.S.A. 12-6a16	971,914
	TOTALS		<u>\$ 2,831,130</u>

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

3. Capital Projects

At year-end, capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

<u>Project</u>	<u>Project Authorization</u>	<u>Cash Disbursements and Accounts Payable to Date</u>
Waste Water Treatment Plant	\$12,175,653	12,161,304
Fire Station	2,693,141	2,693,141
Sewell Avenue and Country Club Drive Street Improvements	330,757	327,782
Ball Field Lights	363,327	363,327
Aquatic Center	5,000,000	173,488
Copeland Avenue Lift Station	284,313	284,313
Water Standpipe	480,913	457,368

4. Comparative Data

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in the City's cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

5. Related Party Transactions

The following related party transactions were identified for 2009. Related party transactions do not include compensation arrangements, expense allowances and reimbursements, and similar items incurred in the ordinary course of operations and, accordingly, such items are not included below.

	<u>2009</u>
Central Power Systems and Service Jim Brown, City Council Member	\$36,471
Midwest Energy Fred Taylor, City Council Member	\$3,078,598
S & T Telephone Pat Mallory, City Council Member	\$81,575

6. Risk Management Claims and Judgments

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been able to obtain errors and omissions insurance at a cost it considered to be economically justifiable.

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

6. Risk Management Claims and Judgments (continued)

The City carries commercial insurance for all other risks of loss, including property, general liability, inland marine, crime, umbrella, auto and fidelity bond coverage.

The City carries comprehensive collision insurance on select vehicles. The City has elected not to provide for a reserve on this risk.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three calendar years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. At December 31, 2009 the financial statements do not include liabilities for anticipated costs.

7. Economic Development

On December 10, 2008, the **City of Colby, Kansas**, entered into a contract with Embark Healthcare, Inc. This contract provided the terms of repayment by Embark Healthcare, Inc., to the **City of Colby, Kansas**, for the financing of the purchase and renovation of a building in downtown Colby, Kansas, to be used as one of two Embark Healthcare, Inc., United States locations. The principal sum of this contract is \$400,000. The **City of Colby, Kansas**, extended this loan in reliance on Embark Healthcare, Inc.'s projections that its business in Colby, Kansas, will create new jobs on the following schedule:

1. First year of operation: 30 new jobs.
2. Second year of operation: 30 new jobs.
3. Third year of operation: 32 new jobs.
4. Fourth year of operation: 38 new jobs.

Repayment terms of this contract are as follows:

The principal amount of the loan proceeds shall be repaid in the following manner and on the following schedule:

1. Year 1: No principal shall be due for a period of 12 months from the commencement date.
2. Year 2: Borrower shall pay to Municipality the sum of \$625 per month plus \$25 per month for each projected job not filled by the first anniversary date.
3. Year 3: Borrower shall pay to Municipality the sum of \$1,250 per month plus \$25 per month for each projected job not filled by the second anniversary date.
4. Year 4: Borrower shall pay to Municipality the sum of \$1,875 per month plus \$25 per month for each projected job not filled by the third anniversary date.
5. Year 5: Borrower shall pay to municipality the sum of \$2,500 per month.

At no time during the term of this note shall the monthly payment exceed \$2,500 provided borrower is not in default.

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

7. Economic Development (continued)

On July 10, 2009, the **City of Colby, Kansas**, entered into a contract with Embark Healthcare, Inc. This contract provided the terms of repayment by Embark Healthcare, Inc., to the **City of Colby, Kansas**, for the principal sum of \$81,815. The **City of Colby, Kansas**, extended this loan in reliance on Embark Healthcare, Inc.'s projections that its business in Colby, Kansas, will create new jobs on the following schedule:

1. First year of operation: 30 new jobs.
2. Second year of operation: 30 new jobs.
3. Third year of operation: 32 new jobs.
4. Fourth year of operation: 38 new jobs.

The schedule of projected jobs shall be the basis for determining Borrower's obligation to pay an additional \$10.00 per month for each projected job not filled.

Repayment terms of this contract are as follows:

The principal amount of the loan proceeds shall be repaid in the following manner and on the following schedule:

1. Year 1: No principal shall be until April 1, 2010.
2. Year 2: Commencing April 1, 2010, Borrower shall pay to Municipality the sum of One Hundred Twenty-seven Dollars and Eighty-four Cents (\$127.84) per month plus Ten Dollars (\$10.00) per month for each projected job not filled by the first anniversary date.
3. Year 3: On April 11, 2011, Borrower shall pay to Municipality the sum of Two Hundred Fifty-five Dollars and Sixty-seven Cents (\$255.67) per month plus Ten Dollars (\$10.00) per month for each projected job not filled by the second anniversary date.
4. Year 4: On April 11, 2012, Borrower shall pay to Municipality the sum of Three Hundred Eighty-three Dollars and Fifty-one Cents (\$383.51) per month plus Ten Dollars (\$10.00) per month for each projected job not filled by the third anniversary date.
5. Year 5: On April 1, 2013, Borrower shall pay to municipality the sum of Five Hundred Eleven Dollars and Thirty-four Cents (\$511.34) per month.

At no time during the term of this note shall the monthly payment exceed \$511.34 provided borrower is not in default.

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

8. Long-Term Debt

The City has the following types of Long-Term Debt.

General Obligation Bonds

On April 15, 1999, the City issued \$340,000 in Series 1999 Bonds for the purpose of certain improvements to the existing HVAC system for the Colby Community Building.

On June 1, 2004, the City issued \$545,000 in Refunding Bonds – Series 2004 for the purpose of refunding \$515,000 in Main Trafficway Improvement (4th Street and Range) Temporary Notes – Series 2003, which were issued to finance a portion of the costs of the improvements.

On June 15, 2005, the City issued \$1,585,000 in Series 2005 Bonds for the purpose of providing funds to pay a portion of the costs of certain public building and main trafficway improvements.

On May 1, 2009, the City issued \$360,000 in Series 2009 general obligation bonds for the purpose of refunding a portion of \$2,500,000 in Temporary Notes – Series 2008 for the construction of the fire station.

KDHE Revolving Loan

The City enacted a \$8,755,230 revolving loan agreement on March 14, 2006 with the Kansas Department of Health and Environment acting on behalf of the State of Kansas to finance the construction of a sludge treatment facility and several collection system upgrade projects. The City will use proceeds generated by the operation of the facility for loan repayment, which began September 1, 2007.

Temporary Notes

On March 13, 2008, the City issued \$2,500,000 in Temporary Notes – Series 2008 for the purpose of financing the costs of constructing a Fire Station.

On December 10, 2008, the City issued \$350,000 in Temporary Notes – Series 2008 for the purpose of financing the costs of constructing Ball Field Lighting.

On June 24, 2009, the City issued \$190,000 in Temporary Notes – Series 2009 for the purpose of providing funds for the purpose of providing funds for the Sewell Avenue Paving project.

On December 15, 2009, the City issued \$1,000,000 in Temporary Notes – Series 2009 for the purpose of financing a portion of the costs of constructing an Aquatic Center.

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

8. Long-Term Debt (continued)

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

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 1999	3.9% - 5.8%	4/15/1999	\$ 340,000	2009	\$ 40,000	-	40,000	(40,000)	-	880
Series 2004 Refunding, 4th St & Range	3.25% - 4.0%	6/1/2004	545,000	2014	350,000	-	55,000	(55,000)	295,000	11,934
Series 2005	3.1% - 3.8%	6/15/2005	1,585,000	2016	1,385,000	-	160,000	(160,000)	1,225,000	48,205
Series 2009 Fire Station	0%	5/1/2009	360,000	2019	-	360,000	-	360,000	360,000	-
Total General Obligation Bonds					1,775,000	360,000	255,000	105,000	1,880,000	61,019
KDHE Loan										
Sewer Project Debt	2.77%	3/14/2006	8,755,230	2027	7,887,038	197,576	386,843	(189,267)	7,697,771	192,590
Temporary Notes										
Series 2008-1 Fire Station	2.80%	3/13/2008	2,500,000	2010	2,500,000	-	360,000	(360,000)	2,140,000	66,808
Series 2008-2 Ball Field Lighting	3.00%	12/10/2008	350,000	2010	350,000	-	-	-	350,000	7,875
Series 2009-1 Sewell Avenue Paving	2.00%	6/24/2009	190,000	2010	-	190,000	-	190,000	190,000	-
Series 2009-2 Aquatic Center	1.35%	12/15/2009	1,000,000	2010	-	1,000,000	-	1,000,000	1,000,000	-
Total Temporary Notes					2,850,000	1,190,000	360,000	830,000	3,680,000	74,683
Total Contractual Indebtedness					12,512,038	1,747,576	1,001,843	745,733	13,257,771	328,292
Amount to be Provided for Compensated Absences					548,749	16,221	-	16,221	564,970	-
Total Long-Term Debt					\$ 13,060,787	1,763,797	1,001,843	761,954	13,822,741	328,292

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

	YEAR						Total
	2010	2011	2012	2013	2014	2015-2027	
PRINCIPAL							
General Obligation Bonds							
Series 2004	\$ 55,000	55,000	60,000	60,000	65,000	-	295,000
Series 2005	170,000	170,000	170,000	175,000	175,000	365,000	1,225,000
Series 2009	36,000	36,000	36,000	36,000	36,000	180,000	360,000
Total Principal GO Bonds	261,000	261,000	266,000	271,000	276,000	545,000	1,880,000
KSDE Loan							
Sewer Project Debt	347,229	356,914	366,869	377,102	387,620	5,862,037	7,697,771
Temporary Notes:							
Series 2008-1	2,140,000	-	-	-	-	-	2,140,000
Series 2008-2	350,000	-	-	-	-	-	350,000
Series 2009-1	190,000	-	-	-	-	-	190,000
Series 2009-2	1,000,000	-	-	-	-	-	1,000,000
Total Temporary Notes	3,680,000	-	-	-	-	-	3,680,000
Total Principal	4,288,229	617,914	632,869	648,102	663,620	6,407,037	13,257,771
INTEREST							
General Obligation Bonds							
Series 2004	10,105	8,180	6,065	3,770	1,300	-	29,420
Series 2005	42,605	37,335	31,895	26,115	19,990	20,720	178,660
Total Interest GO Bonds	52,710	45,515	37,960	29,885	21,290	20,720	208,080
KSDE Loan							
Sewer Project Debt	191,824	183,013	173,956	164,647	155,078	1,013,013	1,881,531
Temporary Notes:							
Series 2008-1	35,000	-	-	-	-	-	35,000
Series 2008-2	5,250	-	-	-	-	-	5,250
Series 2009-1	2,681	-	-	-	-	-	2,681
Series 2009-2	13,500	-	-	-	-	-	13,500
Total Temporary Notes	56,431	-	-	-	-	-	56,431
Total Interest	300,965	228,528	211,916	194,532	176,368	1,033,733	2,146,042
TOTAL PRINCIPAL AND INTEREST	\$ 4,589,194	846,442	844,785	842,634	839,988	7,440,770	15,403,813

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

9. Contingencies

On December 10, 2008, the **City of Colby, Kansas**, entered into a contract with Embark Healthcare, Inc. This contract provided the terms of repayment by Embark Healthcare, Inc., to the **City of Colby, Kansas**, for the financing of equipment purchases and working capital, as specified in the CDBG application submitted by the City to the Kansas Department of Commerce.

Repayment terms of this contract are as follows:

Monthly payments of principal and interest for 60 months beginning July 1, 2010	<u>\$8,932</u>
--	----------------

In order to make this project fundable with CDBG grant funds, the **City of Colby, Kansas**, has agreed to remit the first \$200,000 of the proceeds that arise from the foreclosure or other disposition of the real property to the Department. The CDBG loan will also be secured by the equipment and working capital assets of Embark Health, Inc.'s operations in Colby.

10. Debt Restrictions and Covenants

KDHE Sewer Plant Loan

The **City of Colby, Kansas** entered into a loan agreement with the Kansas Department of Health and Environment to fund the sewer plant in the amount of \$8,755,230. The loan agreement requires that the City provide for the repayment of this loan by providing dedicated funds. The City is in compliance with this requirement as of December 31, 2009 as it is providing funds through a combination of sewer rates and fees.

A portion of the loan in the amount of \$70,500 was funded with ARRA funds, and the City will receive principal forgiveness in an amount not-to-exceed \$35,250. The final actual amount of the loan and the amount of principal forgiveness may be reduced without revision of any other terms, provisions, or conditions of this loan agreement, other than the repayment schedule, to reflect reductions in the estimated or actual total project costs as impacted by opening of bids for construction, change orders, final actual costs, and prepayments.

11. Litigation

The City is party to various legal proceedings which normally occur in governmental operations. The legal proceedings are not likely to have a material adverse impact on the funds of the City.

12. Operating Leases

The Organization is obligated under certain operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the financial statements.

The City entered into a Dark Fiber Lease agreement with S & T Telephone Cooperative Association on August 25, 2004, for the use of one fiber. Term of the lease shall be for a period of one year and may be extended by mutual agreement between the parties. The lease calls for an annual payment of \$1,800 with the first payment due September 1, 2004, and subsequent renewal annual payments due the first day of September each year thereafter. This lease has been extended for an additional year.

CITY OF COLBY, KANSAS
Notes to Financial Statements
December 31, 2009

12. Operating Leases (continued)

The City entered into a tower lease agreement with S & T Communications, LLC, on August 3, 2004, for the use of a communications tower. Term of the lease is for a period of one year and may be extended one year at a time upon mutual agreement of the parties. The lease amount is \$1.00 per foot/month of elevation on the tower based on the actual location of communication equipment placed by the lessee on the tower with the first payment due on September 1, 2004, and any subsequent annual payments due the first day of September each year thereafter. This lease has been extended for an additional year.

The City entered into an operating rental agreement with the Colby Armory to temporarily house the City's fire station until the new fire station can be constructed. Term of the lease is until either party gives a 24 hour notice to terminate the lease. The lease amount is \$2,890 per month and the first payment was due in February 2008. The City terminated the lease agreement in April 2009.

The City entered into a Master Equipment Lease agreement with Banc of America Public Capital Corp on August 30, 2007, for the use of Energy Management Equipment. Term of the lease is for a period of twelve months and may be extended by mutual agreement between the parties for ten consecutive renewal periods. The lease amount is \$2,818 per month and the first payment was due August 30, 2007. This lease has been extended for an additional year.

13. Grants and Shared Revenues

The City participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the City, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

14. Subsequent Events

Embark Health, Inc., has closed operations and is in default on the CDBG loan from the Kansas Department of Commerce and the loans from the City of Colby for principal sums of \$400,000 and \$81,815. The City of Colby, Kansas is reviewing potential legal action for collection on the loan.

15. Stewardship, Compliance and Accountability

The City failed to remit to the state fiscal agent at least twenty (20) days before the day of maturity of a bond or the interest thereon, funds sufficient for the redemption of such bonds and the payment of the interest thereon per KSA 10-130.

Certified
Public
Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

The Mayor and City Council
City of Colby
Colby, Kansas

We have audited the accompanying financial statements of **City of Colby, Kansas**, as of and for the year ended December 31, 2009, which collectively comprise the **City of Colby, Kansas'** basic primary government financial statements and have issued our report thereon dated June 15, 2010. The report on the audited financial statements was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America and did not include the component units; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the statutory basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, we conducted our audit in accordance with the Kansas Municipal Audit Guide, auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **City of Colby, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **City of Colby Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **City of Colby, Kansas'** internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **City of Colby, Kansas's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

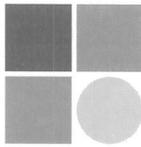
We noted certain matters that we reported to management of **City of Colby, Kansas**, in a separate letter dated June 15, 2010.

This report is intended solely for the information and use of the City Council, management, the Kansas Division of Accounts and Reports, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

Adams, Brown, Beran & Ball, chta

ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

June 15, 2010



Certified
Public
Accountants

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

The Mayor and City Council
City of Colby
Colby, Kansas

Compliance

We have audited the compliance of **City of Colby, Kansas** with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2009. **City of Colby, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of **City of Colby, Kansas'** management. Our responsibility is to express an opinion on **City of Colby, Kansas'** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the guidance in the *Kansas Municipal Audit Guide*. Those standards, guidance and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **City of Colby, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **City of Colby, Kansas'** compliance with those requirements.

In our opinion, **City of Colby, Kansas** complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

Management of **City of Colby, Kansas** is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **City of Colby, Kansas'** internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **City of Colby, Kansas'** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, management, the Kansas Division of Accounts and Reports, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.



ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

June 15, 2010

CITY OF COLBY, KANSAS

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED DECEMBER 31, 2009

CITY OF COLBY, KANSAS
General FundDetail of Cash Receipts and Cash 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue -				
Ad Valorem Property Tax	\$ 148,001	368,518	376,532	(8,014)
Delinquent	-	6,768	-	6,768
Motor Vehicle	78,463	31,818	18,780	13,038
16/20 Tax	2,174	2,334	681	1,653
Machinery and Equipment Slider	-	3,592	-	3,592
Recreational Vehicle	899	412	232	180
Local Sales Tax	850,290	861,329	725,000	136,329
Total Taxes and Shared Revenue	<u>1,079,827</u>	<u>1,274,771</u>	<u>1,121,225</u>	<u>153,546</u>
Intergovernmental Revenue				
In Lieu of Tax	20,215	25,304	14,000	11,304
Federal Aid - FAA	21,467	30,549	51,533	(20,984)
State Aid	4,200	-	-	-
Highway Connecting Links	57,658	57,578	56,000	1,578
Special Liquor Tax	21,499	22,082	19,593	2,489
Total Intergovernmental Revenue	<u>125,039</u>	<u>135,513</u>	<u>141,126</u>	<u>(5,613)</u>
Licenses and Permits				
Utility Franchise Taxes	114,700	88,677	73,000	15,677
Liquor Store License	900	900	900	-
Dog Tax and Fees	1,550	1,294	1,200	94
Building Permits	10,793	11,416	5,000	6,416
Other	3,890	5,235	1,500	3,735
Total Licenses and Permits	<u>131,833</u>	<u>107,522</u>	<u>81,600</u>	<u>25,922</u>
Charges for Services				
Communication Contract Co.	83,053	93,650	90,501	3,149
Rural Fire District #3	70,051	70,843	50,000	20,843
Swimming Pool	10,798	10,174	8,500	1,674
Total Charges for Services	<u>163,902</u>	<u>174,667</u>	<u>149,001</u>	<u>25,666</u>
Fines, Forfeitures, and Penalties				
Court Fines/Fees	68,628	75,461	45,000	30,461
Dog Fines	1,628	1,955	1,500	455
Total Fines, Forfeitures and Penalties	<u>70,256</u>	<u>77,416</u>	<u>46,500</u>	<u>30,916</u>
Use of Money and Property				
Community Building/Auditorium Rental	15,162	13,113	15,500	(2,387)
Sale of Material	47	86	100	(14)
Equipment Rental	(186)	25	-	25
Lease Rentals	6,395	6,888	3,500	3,388
Interest	42,242	15,356	40,000	(24,644)
Airport Fuel Sales	2,710	736	1,500	(764)
Total Use of Money and Property	<u>66,370</u>	<u>36,204</u>	<u>60,600</u>	<u>(24,396)</u>
Other				
Miscellaneous	2,782	2,464	1,000	1,464

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

CITY OF COLBY, KANSAS
General Fund - (Continued)
 Detail of Cash Receipts and Cash 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 Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts - (Continued)				
Operating Transfers				
Farm Income/Sewage Disposal	5,000	1,500	1,500	-
Electric Utility Fund	300,000	393,956	393,956	-
Water Utility Fund	55,000	-	-	-
Sewage Disposal Utility Fund	27,000	-	-	-
Total Operating Transfers	<u>387,000</u>	<u>395,456</u>	<u>395,456</u>	<u>-</u>
Total Cash Receipts	<u>\$ 2,027,009</u>	<u>2,204,013</u>	<u>1,996,508</u>	<u>207,505</u>
Expenditures				
General Government				
Personal Services	\$ 162,440	180,356	181,883	1,527
Commodities	25,369	27,669	25,000	(2,669)
Contractual Services	77,391	67,179	77,392	10,213
Capital Outlay	4,128	5,143	6,930	1,787
Transfers Out				
Capital Improvement Reserve Fund	10,181	3,600	3,600	-
Municipal Equipment Fund	18,650	6,300	6,300	-
Total General Government	<u>298,159</u>	<u>290,247</u>	<u>301,105</u>	<u>10,858</u>
Police				
Personal Services	642,760	636,497	686,277	49,780
Commodities	59,563	38,347	60,612	22,265
Contractual Services	50,272	37,697	62,699	25,002
Capital Outlay	9,746	17,558	26,000	8,442
Transfers Out				
Municipal Equipment Fund	18,609	10,000	10,000	-
Total Police	<u>780,950</u>	<u>740,099</u>	<u>845,588</u>	<u>105,489</u>
Fire				
Personal Services	280,518	263,288	288,769	25,481
Commodities	9,248	6,791	14,200	7,409
Contractual Services	61,184	36,220	52,700	16,480
Capital Outlay	11,949	1,905	12,500	10,595
Transfers Out				
Municipal Equipment Fund	-	9,040	9,040	-
Total Fire	<u>362,899</u>	<u>317,244</u>	<u>377,209</u>	<u>59,965</u>
Street				
Personal Services	184,967	220,272	210,283	(9,989)
Commodities	57,444	62,376	81,375	18,999
Contractual Services	28,275	56,249	58,200	1,951
Capital Outlay	206,769	180,674	186,500	5,826
Transfers Out				
Municipal Equipment Fund	56,700	49,495	49,495	-
Total Street	<u>534,155</u>	<u>569,066</u>	<u>585,853</u>	<u>16,787</u>

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

CITY OF COLBY, KANSAS
General Fund - (Continued)
 Details of Cash Receipts and Cash 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 Favorable (Unfavorable)
		Actual	Budget	
Expenditures - (Continued)				
Auditorium				
Personal Services	60,124	60,475	75,581	15,106
Commodities	15,450	11,089	14,475	3,386
Contractual Services	29,684	35,720	47,300	11,580
Capital Outlay	38,519	15,012	19,000	3,988
Transfers Out				
Capital Improvement Reserve Fund	27,000	20,000	20,000	-
Total Auditorium	<u>170,777</u>	<u>142,296</u>	<u>176,356</u>	<u>34,060</u>
Parks				
Personal Services	63,039	70,459	80,234	9,775
Commodities	9,961	8,536	11,850	3,314
Contractual Services	10,699	13,670	20,250	6,580
Capital Outlay	15,194	6,092	11,000	4,908
Transfers Out				
Capital Improvement Reserve Fund	7,500	7,500	7,500	-
Municipal Equipment Fund	4,000	9,000	9,000	-
Total Parks	<u>110,393</u>	<u>115,257</u>	<u>139,834</u>	<u>24,577</u>
Swimming Pool				
Personal Services	26,833	30,001	43,766	13,765
Commodities	15,386	11,847	16,000	4,153
Contractual Services	22,315	3,267	26,450	23,183
Capital Outlay	2,461	2,498	2,500	2
Transfers Out				
Capital Improvement Reserve Fund	-	6,000	6,000	-
Total Swimming Pool	<u>66,995</u>	<u>53,613</u>	<u>94,716</u>	<u>41,103</u>
Airport				
Personal Services	34,436	31,635	38,600	6,965
Commodities	1,978	1,006	3,600	2,594
Contractual Services	54,061	53,778	85,145	31,367
Capital Outlay	-	-	1,000	1,000
Transfers Out				
Capital Improvement Reserve Fund	52,773	13,870	13,870	-
Total Airport	<u>143,248</u>	<u>100,289</u>	<u>142,215</u>	<u>41,926</u>
Total Expenditures	<u>2,467,576</u>	<u>2,328,111</u>	<u>2,662,876</u>	<u>334,765</u>
Receipts Over (Under) Expenditures	(440,567)	(124,098)		
Unencumbered Cash, January 1	1,344,906	914,825		
Prior Year Cancelled Encumbrances	<u>10,486</u>	<u>13,344</u>		
Unencumbered Cash, December 31	<u>\$ 914,825</u>	<u>804,071</u>		

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

CITY OF COLBY, KANSAS
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2009

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the statutory basis financial statements of **City of Colby, Kansas**.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of **City of Colby, Kansas**, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs were reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for **City of Colby, Kansas** expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as a major program were:

EPA's Superfund State Site Specific Cooperative Agreement	CFDA 66.802
EPA's ARRA – Clean Water State Revolving Fund	CFDA 66.458
Department of Commerce Community Development Block Grants	CFDA 14.228
8. The thresholds for distinguishing Types A and B programs was \$300,000.
9. **City of Colby, Kansas**, does not qualify as a low risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

No material findings are required to be disclosed under *Government Auditing Standards*.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

No material findings or questioned costs are required to be disclosed under OMB Circular A-133.

CITY OF COLBY, KANSAS
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2009

No material findings or questioned costs were reported for December 31, 2008.

CITY OF COLBY, KANSAS
Schedule of Expenditures of Federal Awards - Statutory Basis
For the Year Ended December 31, 2009

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Environmental Protection Agency</u>		
Direct Program		
Superfund State Site Specific Cooperative Agreements	66.802	\$ 550,766
Direct Program		
ARRA - Clean Water State Revolving Fund	66.458	<u>70,500</u>
Total U.S. Environmental Protection Agency		<u>621,266</u>
<u>U.S. Department of Transportation</u>		
Direct Program		
Airport Improvement Program	20.106	<u>291,616</u>
<u>U.S. Department of Homeland Security</u>		
<u>Federal Emergency Management Agency</u>		
Direct Program		
Assistance to Firefighters Safety Grant Program	97.044	<u>11,481</u>
<u>U.S. Department of Housing and Urban Development</u>		
Passed through the State Department of Commerce		
Community Development Block Grants	14.228	<u>438,417</u>
Total Expenditures of Federal Awards		<u>\$ 1,362,780</u>

See Accountants' Report

CITY OF COLBY, KANSAS
Notes to Schedule of Expenditures of Federal Awards – Statutory Basis
For the Year Ended December 31, 2009

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **City of Colby, Kansas**, and is presented on the basis of accounting that demonstrates compliance with the statutory basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting and other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. Subsequent Events

CFDA No. 14.228, Department of Commerce Community Development Block Grants Embark Health, Inc., has closed operations and is in default on the CDBG loan. The City of Colby, Kansas, is reviewing potential legal action for collection on the loan.