

**THE CITY OF MCPHERSON, KANSAS**

***FINANCIAL STATEMENTS***

**FOR THE YEAR ENDED DECEMBER 31, 2009**

**City of McPherson, Kansas  
City of Second Class  
Incorporated March 4, 1874  
For the Year Ended December 31, 2009**

**BOARD OF CITY COMMISSIONERS**

Robert D. Moore  
Commissioner of  
Finance and Revenue

Thomas A. Brown  
Mayor

Michael B. Alkire  
Commissioner of  
Streets and Public Utilities

**CITY OFFICIALS**

Jeffrey A. Houston  
City Attorney

Nick Gregory  
City Administrator

William Mills  
Municipal Court Judge

Richard L. Janousek  
City Treasurer/Finance Director

Dennis Thrower  
Fire Chief

Dennis Shaw  
Chief of Police

Tim S. Maier  
General Manager, Board  
of Public Utilities

Paul F. Katzer  
Park Superintendent

Doug Whitacre  
Public Works Director

Thomas R. Stinemetze  
City Sanitarian

John E. Puchosic  
City Inspector

John B. Klenda  
City Prosecutor

Tamra K. Seely  
City Clerk

Randy Pauls  
Cemetery Sexton

Sherry Conyers  
Deputy City Clerk

**City of McPherson, Kansas**  
**Financial Statements**  
**For the Year Ended December 31, 2009**

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**City of McPherson, Kansas**  
**Financial Statements**  
**For the Year Ended December 31, 2009**

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SWINDOLL  
JANZEN  
HAWK &  
LOYD, LLC

Certified Public Accountants

B. Carver Swindoll, CPA  
Keith S. Janzen, CPA  
Kyle J. Hawk, CPA  
D. Scot Loyd, CGFM, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Commission  
City of McPherson, Kansas 67460

We have audited the accompanying financial statements of the City of McPherson, Kansas, as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the City of McPherson, Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial (and summarized) comparative information has been derived from the City's December 31, 2008 financial statements and, in our report dated June 18, 2009, we expressed an unqualified opinion on the financial statements taken as a whole.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2009, or the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City, as of December 31, 2009, and its cash receipts and expenditures or disbursements, and budgetary comparisons for the year then ended, on the basis of accounting described in Note 1.

*Swindoll, Janzen, Hawk & Loyd, LLC*

Certified Public Accountants

July 1, 2010

CITY OF MCPHERSON, KANSAS

**SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH**  
For the Year Ended December 31, 2009

Funds	Beginning	Prior Year	Cash	Expenditures	Ending	Add	Ending
	Unencumbered	Canceled			Unencumbered		
	Cash Balance	Encumbrances	Receipts		Cash Balance	Encumbrances and Accounts Payable	Cash Balance
<b>GENERAL OPERATING FUND:</b>							
General Operating Fund	\$ 3,045,071	\$ -	\$ 8,212,470	\$ 8,433,775	\$ 2,823,767	\$ 563,965	\$ 3,387,733
<b>SPECIAL REVENUE FUNDS:</b>							
Animal Shelter Fund	270,766	-	111,677	127,871	254,571	7,241	261,813
Community Development Fund	-	-	42,650	42,650	-	3,554	3,554
Consolidated Street and Highway Fund	633,167	-	1,885,281	1,421,043	1,097,405	46,495	1,143,900
Employee Benefits Contribution Fund	676,223	-	3,666,357	3,566,125	776,455	138,018	914,473
Forfeited Property Fund - Police Department	2,487	-	464	2,160	791	-	791
Industrial Development Fund	335,402	-	94,964	51,845	378,521	-	378,521
Library Fund	-	-	609,185	609,185	-	-	-
Library Employee Benefits Fund	-	-	100,415	100,415	-	-	-
McPherson Landfill Improvement Corporation	2,583	-	6	40	2,549	-	2,549
McPherson Public Building Commission	59,183	-	220,545	141,571	138,157	3,570	141,727
Municipal Court Fund	44,448	-	363,384	375,858	31,974	-	31,974
Municipal Court ADSAP Fund	10,641	-	11,082	7,050	14,673	-	14,673
Operation Warmth Fund	1,443	-	5,630	3,114	3,959	-	3,959
Special Alcohol Program Fund	55,242	-	28,987	8,503	75,726	420	76,146
Special Park and Recreation Fund	18,800	-	28,987	2,921	44,866	-	44,866
Swimming Pool Maintenance and Operation Fund	406,548	-	373,123	400,036	379,635	1,507	381,142
Sales Tax Revenue Fund	332,505	-	1,327,633	1,304,225	355,913	-	355,913
Tourism and Convention Promotion Fund	90,339	-	231,025	192,153	129,211	11,174	140,385
Total Special Revenue Funds	2,939,777	-	9,101,395	8,356,765	3,684,406	211,979	3,896,386
<b>DEBT SERVICE FUND:</b>							
Bond and Interest Fund	1,228,885	-	1,405,677	1,482,026	1,152,536	-	1,152,536
<b>CAPITAL PROJECTS FUNDS:</b>							
Capital Improvement Fund	1,882,845	-	1,627,648	1,821,267	1,689,226	85,014	1,774,239
Equipment Reserve Fund	691,179	-	438,027	70,714	1,058,492	-	1,058,492
Total Capital Projects Funds	2,574,024	-	2,065,675	1,891,981	2,747,718	85,014	2,832,731
<b>PERMANENT FUND:</b>							
Salthouse - Broadway Cemetery Trust Fund	62,719	-	1,556	3,500	60,775	-	60,775

**CITY OF MCPHERSON, KANSAS**  
**SUMMARY OF CASH RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH**  
For the Year Ended December 31, 2009

Funds	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
<b>ENTERPRISE FUNDS:</b>							
Electric Utility Fund	\$ 18,441,360	\$ -	\$ 39,431,948	\$ 37,878,310	\$ 19,994,998	\$ 3,037,034	\$ 23,032,032
Sewer Recovery Fund	273,645	-	8,388	-	282,033	-	282,033
Solid Waste Collection Fund	856,968	-	744,116	704,121	896,963	50,012	946,974
Wastewater System Maintenance and Operation Fund	1,638,269	-	7,536,829	6,311,450	2,863,647	216,340	3,079,988
Wastewater System Surplus Fund	1,374,184	-	575,668	451,047	1,498,805	-	1,498,805
Water Utility Fund	8,914,360	-	3,405,652	3,982,891	8,337,121	1,209,281	9,546,402
Total Enterprise Funds	31,498,786	-	51,702,601	49,327,819	33,873,567	4,512,667	38,386,234
<b>INTERNAL SERVICE FUNDS:</b>							
Health Self-Insurance Fund	917,047	-	1,957,237	1,843,965	1,030,319	-	1,030,319
Worker's Compensation Self-Insurance Fund	742,709	-	238,207	174,692	806,224	-	806,224
Total Internal Service Funds	1,659,756	-	2,195,444	2,018,657	1,836,543	-	1,836,543
<b>PRIVATE PURPOSE TRUST FUNDS:</b>							
Cemetery Endowment Fund	247,381	-	6,058	75	253,364	-	253,364
Museum Building and Endowment Fund	216,648	-	4,853	-	221,501	-	221,501
Total Private Purpose Trust Funds	464,029	-	10,911	75	474,865	-	474,865
Total Primary Government	43,473,047	-	74,695,729	71,514,598	46,654,177	5,373,625	52,027,803
<b>DISCRETELY PRESENTED COMPONENT UNIT:</b>							
Library Board	457,434	-	847,413	897,494	407,353	32,560	439,913
Total Reporting Entity	\$ 43,930,481	\$ -	\$ 75,543,142	\$ 72,412,092	\$ 47,061,530	\$ 5,406,185	\$ 52,467,716

Cash on hand - City Clerk	\$	450
Cash on hand - Board of Public Utilities		600
Cash on hand - Municipal Court		100
Cash in bank		44,511,975
Investments - Kansas Municipal Investment Pool		7,514,678
Total Primary Government		52,027,803
Cash on hand - Component Unit		200
Cash in bank - Component Unit		224,908
Investments - Component Unit		214,805
Total Component Unit		439,913
Total Reporting Entity	\$	52,467,716

## CITY OF MCPHERSON, KANSAS

SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET

(Budgeted Funds Only)

For the Year Ended December 31, 2009

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL OPERATING FUND:					
General Operating Fund	\$ 9,364,234	\$ -	\$ 9,364,234	\$ 8,433,775	\$ 930,459
SPECIAL REVENUE FUNDS:					
Animal Shelter Fund	385,090	-	385,090	127,871	257,219
Consolidated Street and Highway Fund	2,283,759	-	2,283,759	1,421,043	862,716
Employee Benefits Contribution Fund	1,978,268	-	1,978,268	1,662,978	315,290
Industrial Development Fund	332,949	-	332,949	51,845	281,104
Library Fund	616,877	-	616,877	609,185	7,692
Library Employee Benefits Fund	102,020	-	102,020	100,415	1,605
McPherson Public Building Commission	240,705	-	240,705	141,571	99,134
Special Alcohol Program Fund	80,807	-	80,807	8,503	72,304
Special Park and Recreation Fund	45,374	-	45,374	2,921	42,453
Swimming Pool Maintenance and Operation Fund	622,885	-	622,885	400,036	222,849
Sales Tax Revenue Fund	1,703,401	-	1,703,401	1,304,225	399,176
Tourism and Convention Promotion Fund	269,533	-	269,533	192,153	77,380
Total Special Revenue Funds	<u>8,661,668</u>	<u>-</u>	<u>8,661,668</u>	<u>6,022,746</u>	<u>2,638,922</u>
DEBT SERVICE FUND:					
Bond and Interest Fund	2,504,781	-	2,504,781	1,482,026	1,022,755
ENTERPRISE FUNDS:					
Sewer Recovery Fund	322,232	-	322,232	-	322,232
Solid Waste Collection Fund	1,553,342	-	1,553,342	704,121	849,221
Wastewater System Maintenance and Operation Fund	9,322,580	-	9,322,580	6,311,450	3,011,130
Wastewater System Surplus Fund	2,027,076	-	2,027,076	451,047	1,576,029
Total Enterprise Funds	<u>13,225,230</u>	<u>-</u>	<u>13,225,230</u>	<u>7,466,618</u>	<u>5,758,612</u>
Total Primary Government	<u>\$ 33,755,913</u>	<u>\$ -</u>	<u>\$ 33,755,913</u>	<u>\$ 23,405,165</u>	<u>\$ 10,350,748</u>

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

**CITY OF MCPHERSON, KANSAS**

**GENERAL OPERATING 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)**

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Taxes -				
Ad valorem property tax	\$ 2,207,432	\$ 2,486,317	\$ 2,533,173	\$ (46,856)
Back tax collections	38,923	28,583	-	28,583
Motor vehicle tax	301,280	286,749	285,432	1,317
Recreational vehicle tax	4,804	4,677	4,557	120
M&E slider tax	6,870	14,695	-	14,695
MVL excise tax	502	662	432	230
Heavy truck tax	2,080	2,614	1,962	652
In lieu of tax	49,521	51,433	51,750	(317)
Local retail sales tax	1,737,364	1,849,926	1,500,000	349,926
<b>Total Taxes</b>	<b>4,348,776</b>	<b>4,725,656</b>	<b>4,377,306</b>	<b>348,350</b>
Intergovernmental Revenues -				
State of Kansas - liquor tax revenue	29,487	28,987	29,201	(214)
McPherson County - rescue vehicle runs	5,000	5,000	5,000	-
McPherson County - ambulance appropriation	366,725	366,725	365,383	1,342
<b>Total Intergovernmental Revenues</b>	<b>401,212</b>	<b>400,712</b>	<b>399,584</b>	<b>1,128</b>
Licenses and Permits -				
Utility franchise taxes	533,641	490,861	475,000	15,861
Beer licenses	800	1,175	900	275
Liquor licenses	3,650	4,050	2,750	1,300
Occupation licenses	7,249	7,830	6,000	1,830
Building, zoning bonds and demolition permits	13,850	19,495	25,000	(5,505)
Dance licenses	60	60	60	-
Fireworks stand licenses	3,100	2,100	2,100	-
Inspections	6,190	6,301	9,000	(2,699)
<b>Total Licenses and Permits</b>	<b>568,540</b>	<b>531,872</b>	<b>520,810</b>	<b>11,062</b>

CITY OF MCPHERSON, KANSAS

GENERAL OPERATING 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts (cont.):				
Charges for Services -				
Fire contracts - townships	\$ 249,371	\$ 202,481	\$ 244,541	\$ (42,060)
Taxi coupons	18,020	17,664	18,000	(336)
Cemetery services	34,320	32,060	25,000	7,060
Total Charges for Services	<u>301,711</u>	<u>252,205</u>	<u>287,541</u>	<u>(35,336)</u>
Fines, Forfeitures and Penalties -				
Municipal court fines	265,606	292,318	195,000	97,318
Vehicle inspections	17,820	16,470	18,000	(1,530)
Total Fines, Forfeitures and Penalties	<u>283,426</u>	<u>308,788</u>	<u>213,000</u>	<u>95,788</u>
Use of Money and Property -				
Interest received	354,710	141,652	325,000	(183,348)
Cemetery endowment interest	14,565	5,231	7,000	(1,769)
Rent-building, land and equipment	29,289	17,992	10,000	7,992
Total Use of Money and Property	<u>398,564</u>	<u>164,875</u>	<u>342,000</u>	<u>(177,125)</u>
Miscellaneous -				
Para transit receipts	152,952	156,144	168,000	(11,856)
Reimbursed expenditures	337,305	175,973	99,673	76,300
Cemetery lot sales	27,375	18,173	21,000	(2,827)
Sale of material, supplies, equipment and real estate	-	2,205	-	2,205
Insurance recoveries	5,736	1,102	-	1,102
Miscellaneous	5,370	3,765	10,000	(6,235)
Total Miscellaneous	<u>528,738</u>	<u>357,362</u>	<u>298,673</u>	<u>58,689</u>

CITY OF MCPHERSON, KANSAS

GENERAL OPERATING 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts (cont.):				
Transfers In -				
Electric Utility Fund	\$ 1,325,000	\$ 1,325,000	\$ 1,300,000	\$ 25,000
Solid Waste Collection Fund	50,000	50,000	50,000	-
Wastewater System Maintenance and Operation Fund	50,000	50,000	50,000	-
Water Utility Fund	32,300	46,000	32,500	13,500
Total Transfers In	1,457,300	1,471,000	1,432,500	38,500
Total Cash Receipts	8,288,267	8,212,470	\$ 7,871,414	\$ 341,056
Expenditures:				
Administrative -				
Personal services	324,417	303,920	\$ 435,050	\$ 131,130
Contractual services	273,035	279,805	389,600	109,795
Commodities	14,450	16,080	22,500	6,420
Capital outlay	-	3,402	65,500	62,098
Cereal malt beverage stamp	250	375	500	125
Refunds	125	483	2,300	1,817
Travel expense	9,217	6,422	14,000	7,578
Fireworks	-	-	3,000	3,000
Dutch Elm disease	-	-	700	700
Miscellaneous	2,468	1,182	10,000	8,818
Appropriations:				
McPherson Airport Authority	61,240	61,240	66,240	5,000
McPherson Main Street	24,750	27,500	27,500	-
McPherson County Emergency Management	2,378	4,141	17,500	13,359
McPherson Housing Collation	5,000	10,000	10,000	-
McPherson Museum	42,250	57,250	42,250	(15,000)
McPherson Recreation Commission - Bond and Interest	103,057	99,615	99,673	58
McPherson Senior Center	5,000	5,000	5,000	-
Transfers out -				
Animal Shelter Fund	140,000	90,000	90,000	-
Municipal Building	110,000	110,000	110,000	-
Swimming Pool Maintenance and Operation Fund	180,000	180,000	180,000	-
Total Administrative	1,297,637	1,256,415	1,591,313	334,898

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

CITY OF MCPHERSON, KANSAS

GENERAL OPERATING 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures (cont.):				
Police Department -				
Personal services	\$ 1,445,760	\$ 1,606,753	\$ 1,651,140	\$ 44,387
Contractual services	246,769	275,284	298,600	23,316
Commodities	94,888	154,177	199,767	45,590
Capital outlay	40,897	39,784	48,500	8,716
Miscellaneous	8,548	5,840	19,000	13,160
Travel expense	7,719	9,390	10,500	1,110
Uniform allowance	15,954	12,945	16,000	3,055
Transfer out - Equipment Reserve Fund	32,849	18,542	18,542	-
Total Police Department	<u>1,893,384</u>	<u>2,122,715</u>	<u>2,262,049</u>	<u>139,334</u>
Engineering -				
Personal services	167,009	201,837	212,776	10,939
Contractual services	8,615	7,852	28,000	20,148
Commodities	10,394	9,028	19,000	9,972
Capital outlay	5,356	-	-	-
Travel expense	1,631	2,879	3,500	621
Miscellaneous	4,573	218	2,300	2,082
Transfer out - Equipment Reserve Fund	18,250	10,500	10,500	-
Total Engineering	<u>215,828</u>	<u>232,314</u>	<u>276,076</u>	<u>43,762</u>
Sanitation -				
Personal services	94,380	96,859	96,158	(701)
Contractual services	18,001	12,639	25,802	13,163
Commodities	5,312	4,406	8,100	3,694
Capital outlay	483	2,173	750	(1,423)
Miscellaneous	231	21	390	369
Travel expense	478	738	800	62
Planning Commission	7,520	8,636	12,000	3,364
Transfer out - Equipment Reserve Fund	2,500	1,500	1,500	-
Total Sanitation	<u>128,905</u>	<u>126,972</u>	<u>145,500</u>	<u>18,528</u>

CITY OF MCPHERSON, KANSAS

GENERAL OPERATING 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Expenditures (cont.):				
Inspection -				
Personal services	\$ 50,848	\$ 52,171	\$ 51,676	\$ (495)
Contractual services	1,965	1,725	2,440	715
Commodities	3,177	2,145	2,310	165
Capital outlay	-	-	1,100	1,100
Travel expense	309	244	520	276
Miscellaneous	654	53	565	512
Transfer out - Equipment Reserve Fund	2,738	1,095	1,095	-
Total Inspection	<u>59,691</u>	<u>57,433</u>	<u>59,706</u>	<u>2,273</u>
Community Building -				
Personal services	31,812	21,244	31,050	9,806
Contractual services	32,889	25,660	38,850	13,190
Commodities	30	-	850	850
Miscellaneous	50	373	150	(223)
Total Community Building	<u>64,781</u>	<u>47,277</u>	<u>70,900</u>	<u>23,623</u>
Legal and Judicial -				
Personal services	106,002	107,687	121,321	13,634
Contractual services	81,781	94,041	92,210	(1,831)
Commodities	3,910	3,351	3,200	(151)
Capital outlay	-	-	1,000	1,000
Miscellaneous	344	78	725	647
Travel expense	476	432	425	(7)
Total Legal and Judicial	<u>192,513</u>	<u>205,589</u>	<u>218,881</u>	<u>13,292</u>
Park Department -				
Personal services	324,123	313,312	376,200	62,888
Contractual services	190,745	143,544	181,375	37,831
Commodities	119,979	87,344	133,000	45,656
Capital outlay	54,809	-	-	-
Miscellaneous	2,495	1,706	3,500	1,794
Travel expense	311	965	500	(465)
Tree care maintenance	4,212	2,111	4,000	1,889
Transfer out - Equipment Reserve Fund	94,896	67,238	67,238	-
Total Park Department	<u>791,570</u>	<u>616,220</u>	<u>765,813</u>	<u>149,593</u>

**CITY OF MCPHERSON, KANSAS**

**GENERAL OPERATING 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)**

	<u>2008 Actual</u>	<u>2009</u>		<u>Variance Favorable (Unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Expenditures (cont.):				
Ambulance Service -				
Contractual services	\$ 744,076	\$ 774,851	\$ 775,800	\$ 949
Transfer out - Equipment Reserve Fund	56,875	51,587	75,000	23,413
Total Ambulance Service	<u>800,951</u>	<u>826,438</u>	<u>850,800</u>	<u>24,362</u>
Cemetery -				
Personal services	109,900	130,592	145,162	14,570
Contractual services	59,772	30,741	51,378	20,637
Commodities	42,100	35,529	23,700	(11,829)
Capital outlay	145	46,288	47,300	1,012
Miscellaneous	1,400	3,474	1,100	(2,374)
Transfer out - Equipment Reserve Fund	23,854	14,312	14,312	-
Total Cemetery	<u>237,171</u>	<u>260,936</u>	<u>282,952</u>	<u>22,016</u>
Fire Department -				
Personal services	914,761	943,127	974,304	31,177
Contractual services	120,336	125,399	150,677	25,278
Commodities	63,740	50,461	116,200	65,739
Capital outlay	7,570	9,237	33,250	24,013
Miscellaneous	10,882	8,802	15,750	6,948
Travel expense	5,203	6,598	8,500	1,902
Uniform allowance	7,310	6,279	10,000	3,721
Transfer out - Equipment Reserve Fund	100,125	82,388	82,388	-
Total Fire Department	<u>1,229,927</u>	<u>1,232,291</u>	<u>1,391,069</u>	<u>158,778</u>
Street Department -				
Transfer out - Consolidated Street and Highway Fund	1,639,725	1,449,175	1,449,175	-
Total Expenditures	<u>8,552,083</u>	<u>8,433,775</u>	<u>\$ 9,364,234</u>	<u>\$ 930,459</u>
Receipts over (under) Expenditures	(263,816)	(221,305)		
Unencumbered Cash, Beginning of Year	<u>3,308,887</u>	<u>3,045,071</u>		
Unencumbered Cash, End of Year	<u>\$ 3,045,071</u>	<u>\$ 2,823,767</u>		

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDANIMAL SHELTER FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Dog tags, impounds, adoption fees	\$ 18,871	\$ 17,017	\$ 26,000	\$ (8,983)
Animal cremations	-	3,420	-	3,420
Interest received	6,392	185	7,500	(7,315)
Gifts and donations	659	800	-	800
Reimbursed expenditures	-	255	-	255
Transfer in - General Operating Fund	140,000	90,000	90,000	-
Total Cash Receipts	165,922	111,677	\$ 123,500	\$ (11,823)
Expenditures:				
Personal services	52,875	81,923	\$ 88,708	\$ 6,785
Contractual services	24,999	22,735	42,470	19,735
Commodities	15,400	12,707	15,150	2,443
Capital outlay	8,044	-	10,000	10,000
Refunds	6,380	6,000	6,000	-
Travel expense	668	994	1,000	6
Reserve	-	-	217,662	217,662
Miscellaneous	1,660	1,262	1,850	588
Transfer out - Equipment Reserve Fund	2,813	2,250	2,250	-
Total Expenditures	112,839	127,871	\$ 385,090	\$ 257,219
Receipts over (under) Expenditures	53,083	(16,194)		
Unencumbered Cash, Beginning of Year	217,683	270,766		
Unencumbered Cash, End of Year	\$ 270,766	\$ 254,571		

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDCOMMUNITY DEVELOPMENT FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Interest received	\$ 3,322	\$ 2,371
Principal received	<u>31,460</u>	<u>40,279</u>
Total Cash Receipts	<u>34,782</u>	<u>42,650</u>
Expenditures:		
Payment to Kansas Department of Commerce and Housing	<u>34,782</u>	<u>42,650</u>
Receipts over (under) Expenditures	-	-
Unencumbered Cash, Beginning of Year	<u>-</u>	<u>-</u>
Unencumbered Cash, End of Year	<u>\$ -</u>	<u>\$ -</u>

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDCONSOLIDATED STREET AND HIGHWAY FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts:</b>				
State of Kansas - gas tax	\$ 389,444	\$ 338,938	\$ 404,090	\$ (65,152)
State of Kansas - connecting links	43,104	43,044	42,000	1,044
Insurance recoveries	7,587	-	-	-
Reimbursed expenditures	29,727	53,129	-	53,129
Miscellaneous	-	995	-	995
Transfer in - General Operating Fund	1,639,725	1,449,175	1,449,175	-
<b>Total Cash Receipts</b>	<b>2,109,587</b>	<b>1,885,281</b>	<b>\$ 1,895,265</b>	<b>\$ (9,984)</b>
<b>Expenditures:</b>				
Personal services	373,567	398,431	\$ 424,422	\$ 25,991
Contractual services	957,687	479,755	949,800	470,045
Commodities	228,777	208,272	351,400	143,128
Capital outlay	1,400	-	15,000	15,000
Travel expense	2,698	2,832	4,800	1,968
Miscellaneous	5,474	1,516	3,100	1,584
Reserve	-	-	80,000	80,000
Transfers out -				
Capital Improvement Fund	425,000	200,000	350,000	150,000
Equipment Reserve Fund	140,875	130,237	105,237	(25,000)
<b>Total Expenditures</b>	<b>2,135,478</b>	<b>1,421,043</b>	<b>\$ 2,283,759</b>	<b>\$ 862,716</b>
Receipts over (under) Expenditures	(25,891)	464,238		
Unencumbered Cash, Beginning of Year	659,058	633,167		
Unencumbered Cash, End of Year	\$ 633,167	\$ 1,097,405		

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

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDEMPLOYEE BENEFITS CONTRIBUTION FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad valorem property tax	\$ 1,314,580	\$ 1,470,477	\$ 1,498,171	\$ (27,694)
Back tax collections	21,017	16,268	-	16,268
Motor vehicle tax	146,175	161,558	169,971	(8,413)
Recreational vehicle tax	2,331	2,637	2,714	(77)
M&E slider tax	4,091	8,691	-	8,691
MVL excise tax	256	356	257	99
Heavy truck tax	1,284	1,185	1,168	17
Matching funds	-	9,971	-	9,971
Reimbursed expenditures	98,531	92,067	-	92,067
Payroll matching - Board of Public Utilities	1,869,241	1,903,147	-	1,903,147
<b>Total Cash Receipts</b>	<b>3,457,506</b>	<b>3,666,357</b>	<b>\$ 1,672,281</b>	<b>\$ 1,994,076</b>
Expenditures Subject to Budget:				
Insurance administrator	771,293	789,454	\$ 950,000	\$ 160,546
Social Security - payment to Federal	315,456	334,226	380,297	46,071
KPERS - payment to State	108,895	110,115	153,416	43,301
Workers' Compensation - premium	103,532	109,544	132,400	22,856
Unemployment Compensation - payment to State	8,901	9,340	7,458	(1,882)
Kansas Policemen's and Firemen's Retirement - payment to State	292,918	308,299	354,697	46,398
Miscellaneous	-	2,000	-	(2,000)
<b>Total Expenditures Subject to Budget</b>	<b>1,600,995</b>	<b>1,662,978</b>	<b>\$ 1,978,268</b>	<b>\$ 315,290</b>
Expenditures Not Subject to Budget:				
Reimbursements	1,869,241	1,903,147		
<b>Total Expenditures</b>	<b>3,470,236</b>	<b>3,566,125</b>		
Receipts over (under) Expenditures	(12,730)	100,232		
Unencumbered Cash, Beginning of Year	688,953	676,223		
Unencumbered Cash, End of Year	\$ 676,223	\$ 776,455		

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

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDFORFEITED PROPERTY FUND - POLICE DEPARTMENTSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Forfeited property funds	\$ 1,468	\$ 464
Expenditures:		
Drug enforcement	<u>13,293</u>	<u>2,160</u>
Receipts over (under) Expenditures	(11,825)	(1,696)
Unencumbered Cash, Beginning of Year	<u>14,312</u>	<u>2,487</u>
Unencumbered Cash, End of Year	<u>\$ 2,487</u>	<u>\$ 791</u>

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDINDUSTRIAL DEVELOPMENT FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad valorem property tax	\$ 49,766	\$ 29,450	\$ 30,000	\$ (550)
Back tax collections	849	542	-	542
Motor vehicle tax	6,378	6,337	6,435	(98)
Recreational vehicle tax	102	103	103	-
M&E slider tax	155	174	-	174
MVL excise tax	11	14	10	4
Heavy truck tax	49	54	44	10
Appropriation - McPherson County	29,214	29,790	22,500	7,290
Refund of fund from McPherson Industrial Development Corporation	27,500	28,500	-	28,500
Total Cash Receipts	114,024	94,964	\$ 59,092	\$ 35,872
Expenditures:				
Contractual services	51,000	51,000	\$ 51,350	\$ 350
Travel expense	942	845	8,000	7,155
Industrial prospect development Reserve	-	-	20,000	20,000
	-	-	253,599	253,599
Total Expenditures	51,942	51,845	\$ 332,949	\$ 281,104
Receipts over (under) Expenditures	62,082	43,119		
Unencumbered Cash, Beginning of Year	273,320	335,402		
Unencumbered Cash, End of Year	\$ 335,402	\$ 378,521		

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDLIBRARY FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad valorem property tax	\$ 492,399	\$ 536,542	\$ 546,660	\$ (10,118)
Back tax collections	8,030	6,092	5,000	1,092
Motor vehicle tax	58,132	61,741	63,666	(1,925)
Recreational vehicle tax	927	1,008	1,017	(9)
M&E slider tax	1,532	3,171	-	3,171
MVL excise tax	99	139	96	43
Heavy truck tax	437	492	438	54
Total Cash Receipts	<u>561,556</u>	<u>609,185</u>	<u>\$ 616,877</u>	<u>\$ (7,692)</u>
Expenditures:				
Transfer out - Library Board - Operating Budget	<u>568,799</u>	<u>609,185</u>	<u>\$ 616,877</u>	<u>\$ 7,692</u>
Receipts over (under) Expenditures	(7,243)	-		
Unencumbered Cash, Beginning of Year	<u>7,243</u>	<u>-</u>		
Unencumbered Cash, End of Year	<u>\$ -</u>	<u>\$ -</u>		

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDLIBRARY EMPLOYEE BENEFITS FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad valorem property tax	\$ 78,538	\$ 88,966	\$ 90,629	\$ (1,663)
Back tax collections	1,209	952	1,000	(48)
Motor vehicle tax	8,510	9,717	10,144	(427)
Recreational vehicle tax	136	159	162	(3)
M&E slider tax	244	526	-	526
MVL excise tax	14	22	15	7
Heavy truck tax	59	73	70	3
Total Cash Receipts	<u>88,710</u>	<u>100,415</u>	<u>\$ 102,020</u>	<u>\$ (1,605)</u>
Expenditures:				
Transfer out - Library Board - Employee Benefits	<u>89,655</u>	<u>100,415</u>	<u>\$ 102,020</u>	<u>\$ 1,605</u>
Receipts over (under) Expenditures	(945)	-		
Unencumbered Cash, Beginning of Year	<u>945</u>	<u>-</u>		
Unencumbered Cash, End of Year	<u>\$ -</u>	<u>\$ -</u>		

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDMCPHERSON LANDFILL IMPROVEMENT CORPORATIONSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Interest received	\$ 7	\$ 6
Expenditures:		
Filing fees	<u>40</u>	<u>40</u>
Receipts over (under) Expenditures	(33)	(34)
Unencumbered Cash, Beginning of Year	<u>2,616</u>	<u>2,583</u>
Unencumbered Cash, End of Year	<u>\$ 2,583</u>	<u>\$ 2,549</u>

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDMCPHERSON PUBLIC BUILDING COMMISSIONSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Rent	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
Interest received	1,944	42	2,750	(2,708)
Reimbursed expenditures	199	503	-	503
Transfer in - General Operating Fund	110,000	110,000	110,000	-
Total Cash Receipts	<u>222,143</u>	<u>220,545</u>	<u>\$ 222,750</u>	<u>\$ (2,205)</u>
Expenditures:				
Contractual services	55,790	59,675	\$ 95,400	\$ 35,725
Commodities	1,655	2,161	5,100	2,939
Capital outlay	21,483	7,358	22,000	14,642
Bond principal	105,000	70,000	70,000	-
Interest coupons	5,110	1,505	1,505	-
Maintenance reserve	-	-	45,050	45,050
Board meetings	738	872	850	(22)
Miscellaneous	-	-	800	800
Total Expenditures	<u>189,776</u>	<u>141,571</u>	<u>\$ 240,705</u>	<u>\$ 99,134</u>
Receipts over (under) Expenditures	32,367	78,974		
Unencumbered Cash, Beginning of Year	<u>26,816</u>	<u>59,183</u>		
Unencumbered Cash, End of Year	<u>\$ 59,183</u>	<u>\$ 138,157</u>		

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDMUNICIPAL COURT FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Fines	\$ 223,831	\$ 216,648
Court costs	40,946	43,735
Supreme Court fee	920	852
Police training assessment	27,930	29,075
Drug/alcohol assessment fees	11,031	11,082
Bonds	20,016	27,765
Parking violations	2,810	1,620
Fingerprint fees	11,377	13,659
Diversion fees	5,135	6,364
Reinstatement fees	2,554	2,829
Attorney fees	7,518	8,859
Miscellaneous	613	896
	<u>354,681</u>	<u>363,384</u>
Total Cash Receipts		
Expenditures:		
Payments to General Operating Fund	265,852	292,069
Payments to State of Kansas	29,936	34,144
Payments to Kansas Bureau of Investigation	400	680
Payments to McPherson County Sheriff	10,944	13,903
Bonds	5,212	12,082
Restitution	11,261	9,260
Miscellaneous	1,559	2,638
Transfer out - Municipal Court ADSAP Fund	11,031	11,082
	<u>336,195</u>	<u>375,858</u>
Total Expenditures		
Receipts over (under) Expenditures	18,486	(12,474)
Unencumbered Cash, Beginning of Year	<u>25,962</u>	<u>44,448</u>
Unencumbered Cash, End of Year	<u>\$ 44,448</u>	<u>\$ 31,974</u>

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

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDMUNICIPAL COURT ADSAP FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Transfer in - Municipal Court Fund	\$ 11,031	\$ 11,082
Expenditures:		
Assessments	<u>9,585</u>	<u>7,050</u>
Receipts over (under) Expenditures	1,446	4,032
Unencumbered Cash, Beginning of Year	<u>9,195</u>	<u>10,641</u>
Unencumbered Cash, End of Year	<u>\$ 10,641</u>	<u>\$ 14,673</u>

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDOPERATION WARMTH FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Donations	\$ 3,188	\$ 5,630
Expenditures:		
Contractual services	<u>10,036</u>	<u>3,114</u>
Receipts over (under) Expenditures	(6,848)	2,516
Unencumbered Cash, Beginning of Year	<u>8,291</u>	<u>1,443</u>
Unencumbered Cash, End of Year	<u>\$ 1,443</u>	<u>\$ 3,959</u>

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDSPECIAL ALCOHOL PROGRAM FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Liquor tax	\$ 29,487	\$ 28,987	\$ 29,201	\$ (214)
Expenditures:				
Contractual services	21,898	1,380	\$ 18,000	\$ 16,620
Commodities	-	4,011	-	(4,011)
Capital outlay	-	-	52,807	52,807
Travel expense	142	2,512	1,000	(1,512)
Miscellaneous	31	-	-	-
Drug enforcement	-	600	9,000	8,400
Total Expenditures	22,071	8,503	\$ 80,807	\$ 72,304
Receipts over (under) Expenditures	7,416	20,484		
Unencumbered Cash, Beginning of Year	47,826	55,242		
Unencumbered Cash, End of Year	\$ 55,242	\$ 75,726		

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDSPECIAL PARK AND RECREATION FUNDSTATEMENT 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)

	<u>2008 Actual</u>	<u>2009</u>		<u>Variance Favorable (Unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts:				
Liquor tax	\$ 29,487	\$ 28,987	\$ 29,201	\$ (214)
Expenditures:				
Capital outlay	57,031	2,921	\$ 45,374	\$ 42,453
Receipts over (under) Expenditures	(27,544)	26,066		
Unencumbered Cash, Beginning of Year	46,344	18,800		
Unencumbered Cash, End of Year	\$ 18,800	\$ 44,866		

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDSWIMMING POOL MAINTENANCE AND OPERATION FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Swimming pool	\$ 126,932	\$ 139,472	\$ 125,000	\$ 14,472
Concessions	48,291	51,824	50,000	1,824
Reimbursed expenditures	716	993	-	993
Miscellaneous	833	834	-	834
Transfer in - General Operating Fund	180,000	180,000	180,000	-
Total Cash Receipts	<u>356,772</u>	<u>373,123</u>	<u>\$ 355,000</u>	<u>\$ 18,123</u>
Expenditures:				
Contractual services	203,282	316,868	\$ 275,000	\$ (41,868)
Commodities	133,184	70,674	190,000	119,326
Capital Outlay	-	7,457	-	(7,457)
Miscellaneous	1,644	834	-	(834)
Refunds	-	255	-	(255)
Sales tax	-	2,998	-	(2,998)
Travel expense	-	950	-	(950)
Reserve	-	-	157,885	157,885
Total Expenditures	<u>338,110</u>	<u>400,036</u>	<u>\$ 622,885</u>	<u>\$ 222,849</u>
Receipts over (under) Expenditures	18,662	(26,913)		
Unencumbered Cash, Beginning of Year	<u>387,886</u>	<u>406,548</u>		
Unencumbered Cash, End of Year	<u>\$ 406,548</u>	<u>\$ 379,635</u>		

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDSALES TAX REVENUE FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Local retail sales tax	\$ 1,323,529	\$ 1,327,317	\$ 1,300,000	\$ 27,317
Interest received	6,075	316	13,000	(12,684)
Total Cash Receipts	<u>1,329,604</u>	<u>1,327,633</u>	<u>\$ 1,313,000</u>	<u>\$ 14,633</u>
Expenditures:				
Note principal	975,000	1,205,000	\$ 1,000,000	\$ (205,000)
Interest coupons	143,168	99,225	104,693	5,468
Reserve	-	-	598,708	598,708
Total Expenditures	<u>1,118,168</u>	<u>1,304,225</u>	<u>\$ 1,703,401</u>	<u>\$ 399,176</u>
Receipts over (under) Expenditures	211,436	23,408		
Unencumbered Cash, Beginning of Year	<u>121,069</u>	<u>332,505</u>		
Unencumbered Cash, End of Year	<u>\$ 332,505</u>	<u>\$ 355,913</u>		

## CITY OF MCPHERSON, KANSAS

SPECIAL REVENUE FUNDTOURISM AND CONVENTION PROMOTION FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
<b>Cash Receipts:</b>				
State of Kansas - guest tax	\$ 214,160	\$ 219,831	\$ 215,000	\$ 4,831
Insurance recoveries	482	-	-	-
Reimbursed expenditures	5,144	3,806	6,500	(2,694)
Trolley revenue	2,834	7,388	-	7,388
Grants	5,089	-	-	-
Miscellaneous	82	-	-	-
<b>Total Cash Receipts</b>	<b>227,791</b>	<b>231,025</b>	<b>\$ 221,500</b>	<b>\$ 9,525</b>
<b>Expenditures:</b>				
Personal services	54,654	51,220	\$ 53,816	\$ 2,596
Contractual services	25,161	24,947	24,605	(342)
Commodities	56,730	88,840	80,750	(8,090)
Capital outlay	109,200	2,990	-	(2,990)
Refunds	185	110	-	(110)
Travel expense	1,297	7,199	1,200	(5,999)
Reserve	-	-	92,612	92,612
Grant expenditures	11,033	16,599	15,000	(1,599)
Miscellaneous	560	248	1,550	1,302
<b>Total Expenditures</b>	<b>258,820</b>	<b>192,153</b>	<b>\$ 269,533</b>	<b>\$ 77,380</b>
Receipts over (under) Expenditures	(31,029)	38,872		
Unencumbered Cash, Beginning of Year	121,368	90,339		
Unencumbered Cash, End of Year	\$ 90,339	\$ 129,211		

## CITY OF MCPHERSON, KANSAS

DEBT SERVICE FUNDBOND AND INTEREST FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Ad valorem property tax	\$ 614,935	\$ 559,416	\$ 570,049	\$ (10,633)
Back tax collections	11,767	7,886	-	7,886
Motor vehicle tax	96,316	82,826	79,519	3,307
Recreational vehicle tax	1,536	1,350	1,270	80
M&E slider tax	1,914	3,307	-	3,307
MVL excise tax	159	196	120	76
Heavy truck tax	624	847	547	300
Special assessments	480,486	497,475	460,000	37,475
Transfers in -				
Capital Improvement Fund	46,292	-	-	-
Solid Waste Collection Fund	26,905	26,905	26,905	-
Wastewater System Maintenance and Operation Fund	185,595	183,847	183,847	-
Library Board - Operating Budget	41,622	41,622	41,622	-
<b>Total Cash Receipts</b>	<b>1,508,151</b>	<b>1,405,677</b>	<b>\$ 1,363,879</b>	<b>\$ 41,798</b>
Expenditures:				
Bond principal	980,000	950,000	\$ 950,000	\$ -
Interest coupons	575,449	528,810	528,810	-
Commission and postage	10	3,216	300	(2,916)
Reserve	-	-	1,025,671	1,025,671
<b>Total Expenditures</b>	<b>1,555,459</b>	<b>1,482,026</b>	<b>\$ 2,504,781</b>	<b>\$ 1,022,755</b>
Receipts over (under) Expenditures	(47,308)	(76,349)		
Unencumbered Cash, Beginning of Year	1,276,193	1,228,885		
Unencumbered Cash, End of Year	\$ 1,228,885	\$ 1,152,536		

## CITY OF MCPHERSON, KANSAS

CAPITAL PROJECTS FUNDCAPITAL IMPROVEMENT FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Ad valorem property tax	\$ 99,545	\$ 102,617
Back tax collections	1,611	1,107
Motor vehicle tax	12,755	12,674
Recreational vehicle tax	203	207
M&E slider tax	310	607
MVL excise tax	22	29
Heavy truck tax	97	108
Bond proceeds	-	1,045,000
Interest received	61,350	1,908
Appropriation - Federal and State	26,217	-
Developer's share	16,588	-
Prepaid special assessments	-	263,391
Transfer in - Consolidated Street and Highway Fund	425,000	200,000
	<u>643,698</u>	<u>1,627,648</u>
Total Cash Receipts		
Expenditures:		
Capital Projects -		
Eagles Wings SSD #187	41,182	94,326
Wickersham Drive Paving Extension	181,331	279,662
Foxfire SSD #188	-	581
Foxfire Paving Phase III	-	481
Library Improvement	1,896,091	363,275
81 By-Pass SSD #81-2	1,423	36,230
East Kansas Phase 1&3 (Cherry to Maple)	287,147	73,828
Roundabout	3,598	-
Autumn Wood Drive & Stearman Street Paving	32,516	4,869
Animal Shelter	54,862	-
Barnstormers/Deerfield Estates SSD #185	7,079	181,240
Barnstormers Phase I Paving (Stearman Dr)	199,560	356,652
First Street Design Phase 1	8,497	82,034
Pump Station #8	-	348,089
	<u>2,713,286</u>	<u>1,821,267</u>
Total Capital Projects		
Transfer out - Bond and Interest Fund	46,292	-
	<u>2,759,578</u>	<u>1,821,267</u>
Total Expenditures		
Receipts over (under) Expenditures	(2,115,880)	(193,619)
Unencumbered Cash, Beginning of Year	3,998,725	1,882,845
	<u>\$ 1,882,845</u>	<u>\$ 1,689,226</u>
Unencumbered Cash, End of Year		

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

## CITY OF MCPHERSON, KANSAS

CAPITAL PROJECTS FUNDEQUIPMENT RESERVE FUNDSTATEMENT 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)

	<u>2008</u>	<u>2009</u>
Cash Receipts:		
Interest received	\$ 15,960	\$ 562
Reimbursed expenditures	9,288	47,149
Insurance recoveries	-	10,667
Transfers in -		
General Operating Fund	332,087	247,162
Animal Shelter Fund	2,813	2,250
Consolidated Street and Highway Fund	140,875	130,237
	<u>501,023</u>	<u>438,027</u>
Total Cash Receipts		
Expenditures:		
Capital outlay	<u>365,164</u>	<u>70,714</u>
Receipts over (under) Expenditures	135,859	367,313
Unencumbered Cash, Beginning of Year	<u>555,320</u>	<u>691,179</u>
Unencumbered Cash, End of Year	<u>\$ 691,179</u>	<u>\$ 1,058,492</u>

## CITY OF MCPHERSON, KANSAS

PERMANENT FUNDSALTHOUSE-BROADWAY CEMETERY TRUST FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Interest received	\$ 3,166	\$ 1,556
Expenditures:		
Contractual services	3,346	3,293
Commodities	<u>154</u>	<u>207</u>
Total Expenditures	<u>3,500</u>	<u>3,500</u>
Receipts over (under) Expenditures	(334)	(1,944)
Unencumbered Cash, Beginning of Year	<u>63,053</u>	<u>62,719</u>
Unencumbered Cash, End of Year	<u>\$ 62,719</u>	<u>\$ 60,775</u>

## CITY OF MCPHERSON, KANSAS

ENTERPRISE FUNDELECTRIC UTILITY FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
User fees	\$ 33,108,268	\$ 33,678,656
Sales to interconnection	4,756,194	3,938,631
Interest received	1,256,750	549,537
Street lighting	179,547	215,311
Merchandising, jobbing and contract work	663,711	451,056
Refuse collection and sewer service fees	65,103	65,768
Penalties and late charge interest	38,462	49,990
Sales tax	409,831	375,791
Meter deposits	64,852	60,555
Proceeds from sale of equipment	32,500	40,368
Farm income	9,819	6,285
Total Cash Receipts	<u>40,585,037</u>	<u>39,431,948</u>
Expenditures:		
Purchased power	25,400,678	24,899,890
Fuel	1,660,246	838,736
Distribution and transmission	3,199,396	3,244,721
Production	1,860,585	1,838,668
Capital outlay	3,404,341	2,119,455
Debt service	6,168,744	1,051,994
Administrative and general	1,771,489	1,898,398
Merchandising	131,996	212,171
Farm expenses	11,274	13,239
Meter deposits	46,088	60,247
Sales tax	409,831	375,791
Transfer out - General Operating Fund - In lieu of taxes	<u>1,325,000</u>	<u>1,325,000</u>
Total Expenditures	<u>45,389,668</u>	<u>37,878,310</u>
Receipts over (under) Expenditures	<u>(4,804,631)</u>	<u>1,553,638</u>
Unencumbered Cash, Beginning of Year	<u>23,245,991</u>	<u>18,441,360</u>
Unencumbered Cash, End of Year	<u>\$ 18,441,360</u>	<u>\$ 19,994,998</u>

## CITY OF MCPHERSON, KANSAS

ENTERPRISE FUNDSEWER RECOVERY FUNDSTATEMENT 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)

	<u>2008 Actual</u>	<u>2009</u>		<u>Variance Favorable (Unfavorable)</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts:				
Sewer recovery fee	\$ 11,413	\$ 8,388	\$ 30,000	\$ (21,612)
Expenditures:				
Reserve	-	-	\$ 322,232	\$ 322,232
Receipts over (under) Expenditures	11,413	8,388		
Unencumbered Cash, Beginning of Year	<u>262,232</u>	<u>273,645</u>		
Unencumbered Cash, End of Year	<u>\$ 273,645</u>	<u>\$ 282,033</u>		

## CITY OF MCPHERSON, KANSAS

ENTERPRISE FUNDSOLID WASTE COLLECTION FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Refuse collections	\$ 661,723	\$ 676,993	\$ 675,000	\$ 1,993
Landfill closure fee	81,432	67,058	90,000	(22,942)
Waste tags	35	65	-	65
Total Cash Receipts	<u>743,190</u>	<u>744,116</u>	<u>\$ 765,000</u>	<u>\$ (20,884)</u>
Expenditures:				
Contractual services	618,911	626,717	\$ 697,750	\$ 71,033
Reserve	-	-	777,087	777,087
Miscellaneous	3	499	1,600	1,101
Transfers out -				
General Operating Fund	50,000	50,000	50,000	-
Bond and Interest Fund	26,905	26,905	26,905	-
Total Expenditures	<u>695,819</u>	<u>704,121</u>	<u>\$ 1,553,342</u>	<u>\$ 849,221</u>
Receipts over (under) Expenditures	47,371	39,995		
Unencumbered Cash, Beginning of Year	<u>809,597</u>	<u>856,968</u>		
Unencumbered Cash, End of Year	<u>\$ 856,968</u>	<u>\$ 896,963</u>		

## CITY OF MCPHERSON, KANSAS

ENTERPRISE FUNDWASTEWATER SYSTEM MAINTENANCE AND OPERATION FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Sewer service charges	\$ 1,486,294	\$ 1,550,875	\$ 1,522,500	\$ 28,375
Sale of grain, equipment and supplies	44,949	38,927	25,000	13,927
Rent	500	500	500	-
FSA payment	1,230	5,090	-	5,090
Reimbursements	7,062	6,288	-	6,288
Reimbursements - KDHE Revolving Loan	4,515,453	5,932,523	6,100,000	(167,477)
Miscellaneous	6,880	2,626	3,500	(874)
Total Cash Receipts	6,062,368	7,536,829	\$ 7,651,500	\$ (114,671)
Expenditures:				
Personal services	242,842	240,796	\$ 309,452	\$ 68,656
Contractual services	735,535	609,299	1,166,000	556,701
Commodities	83,587	73,118	101,500	28,382
Capital outlay	1,040,991	157,297	620,000	462,703
Wastewater reimbursements	-	4,845,206	6,600,173	1,754,967
Refunds	-	-	500	500
Travel expense	3,460	766	8,000	7,234
Miscellaneous	6,405	2,413	4,400	1,987
Reserve	-	-	130,000	130,000
Appropriations:				
KDHE, RLF Main Street	73,157	73,157	73,157	-
KDHE, UV Project	75,551	75,551	75,551	-
Transfers out -				
General Operating Fund	50,000	50,000	50,000	-
Bond and Interest Fund	185,595	183,847	183,847	-
Total Expenditures Subject to Budget	2,497,123	6,311,450	\$ 9,322,580	\$ 3,011,130
Expenditures Not Subject to Budget:				
Reimbursements	4,515,453	-		
Total Expenditures	7,012,576	6,311,450		
Receipts over (under) Expenditures	(950,208)	1,225,379		
Unencumbered Cash, Beginning of Year	2,588,477	1,638,269		
Unencumbered Cash, End of Year	\$ 1,638,269	\$ 2,863,647		

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

## CITY OF MCPHERSON, KANSAS

ENTERPRISE FUNDWASTEWATER SYSTEM SURPLUS FUNDSTATEMENT 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)

	2008 Actual	2009		Variance Favorable (Unfavorable)
		Actual	Budget	
Cash Receipts:				
Interest received	\$ 17,723	\$ 22,574	\$ 65,000	\$ (42,426)
Sewer service fee	449,628	553,094	553,094	-
Total Cash Receipts	467,351	575,668	\$ 618,094	\$ (42,426)
Expenditures:				
Appropriations:				
KDHE, WWT plant improvement	7,521	451,047	\$ 397,503	\$ (53,544)
Reserve	-	-	1,629,573	1,629,573
Total Expenditures	7,521	451,047	\$ 2,027,076	\$ 1,576,029
Receipts over (under) Expenditures	459,830	124,621		
Unencumbered Cash, Beginning of Year	914,354	1,374,184		
Unencumbered Cash, End of Year	\$ 1,374,184	\$ 1,498,805		

## CITY OF MCPHERSON, KANSAS

ENTERPRISE FUNDWATER UTILITY FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Sale of water	\$ 3,200,470	\$ 3,032,069
Interest received	466,248	161,301
Farm income	57,504	58,001
Merchandising, jobbing and contract work	164,845	46,475
Refuse collection and sewer service fees	7,907	7,312
Water protection fees	40,797	30,890
Sales tax	81,844	69,604
Water meter advances	1,410	-
Proceeds from sale of equipment	14,974	-
	<u>4,035,999</u>	<u>3,405,652</u>
Total Cash Receipts		
Expenditures:		
Production	274,545	261,764
Distribution and transmission	698,855	639,795
Administrative and general	250,471	227,885
Capital outlay	7,707,707	1,637,718
Farm expenses	5,254	4,982
Merchandising	10,651	9,301
Debt service	1,028,510	1,027,577
Water protection fees	48,131	31,100
Sales tax	81,844	69,604
Water meter advances	28,141	27,165
Transfer out - General Operating Fund - In lieu of taxes	32,300	46,000
	<u>10,166,409</u>	<u>3,982,891</u>
Total Expenditures		
Receipts over (under) Expenditures	(6,130,410)	(577,239)
Unencumbered Cash, Beginning of Year	<u>15,044,770</u>	<u>8,914,360</u>
Unencumbered Cash, End of Year	<u>\$ 8,914,360</u>	<u>\$ 8,337,121</u>

## CITY OF MCPHERSON, KANSAS

INTERNAL SERVICE FUNDHEALTH SELF-INSURANCE FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Interest received	\$ 24,989	\$ 18,373
Miscellaneous	1,267	-
Transfers in - various funds	1,890,800	1,923,088
Reimbursed expenditures	<u>12,419</u>	<u>15,776</u>
Total Cash Receipts	<u>1,929,475</u>	<u>1,957,237</u>
Expenditures:		
Cost of insurance	277,846	292,391
Claims paid	1,365,216	1,472,348
Administrative fees	79,028	76,233
Reimbursements	<u>10,435</u>	<u>2,993</u>
Total Expenditures	<u>1,732,525</u>	<u>1,843,965</u>
Receipts over (under) Expenditures	196,950	113,272
Unencumbered Cash, Beginning of Year	<u>720,097</u>	<u>917,047</u>
Unencumbered Cash, End of Year	<u>\$ 917,047</u>	<u>\$ 1,030,319</u>

## CITY OF MCPHERSON, KANSAS

INTERNAL SERVICE FUNDWORKER'S COMPENSATION SELF-INSURANCE FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Interest received	\$ 36,741	\$ 17,464
Transfer in - various funds	<u>230,470</u>	<u>220,743</u>
Total Cash Receipts	<u>267,211</u>	<u>238,207</u>
Expenditures:		
Cost of insurance	172,042	147,704
Claims paid	39,387	26,652
State assessment fees	21	-
Miscellaneous	<u>448</u>	<u>336</u>
Total Expenditures	<u>211,898</u>	<u>174,692</u>
Receipts over (under) Expenditures	55,313	63,515
Unencumbered Cash, Beginning of Year	<u>687,396</u>	<u>742,709</u>
Unencumbered Cash, End of Year	<u>\$ 742,709</u>	<u>\$ 806,224</u>

## CITY OF MCPHERSON, KANSAS

PRIVATE PURPOSE TRUST FUNDCEMETERY ENDOWMENT FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Sale of lots and spaces	\$ 9,125	\$ 6,058
Gifts and bequests	12,410	-
	<u>21,535</u>	<u>6,058</u>
Total Cash Receipts		
Expenditures:		
Refunds	-	75
	<u>21,535</u>	<u>5,983</u>
Receipts over (under) Expenditures		
	21,535	5,983
Unencumbered Cash, Beginning of Year	<u>225,846</u>	<u>247,381</u>
Unencumbered Cash, End of Year	<u>\$ 247,381</u>	<u>\$ 253,364</u>

## CITY OF MCPHERSON, KANSAS

PRIVATE PURPOSE TRUST FUNDMUSEUM BUILDING AND ENDOWMENT FUNDSTATEMENT 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>2008</u>	<u>2009</u>
Cash Receipts:		
Interest received	\$ 7,931	\$ 4,853
Expenditures	<u>-</u>	<u>-</u>
Receipts over (under) Expenditures	7,931	4,853
Unencumbered Cash, Beginning of Year	<u>208,717</u>	<u>216,648</u>
Unencumbered Cash, End of Year	<u>\$ 216,648</u>	<u>\$ 221,501</u>

## CITY OF MCPHERSON, KANSAS

## DISCRETELY PRESENTED COMPONENT UNIT

## LIBRARY BOARD

## 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)

	Capital Improve- ment	Endow- ment	General	Operating Budget	Employee Benefits	Totals	
						2009	2008
Cash Receipts:							
Interest received	\$ 836	\$ 1,942	\$ 114	\$ 789	\$ -	\$ 3,681	\$ 5,731
Fines and fees	-	-	14,218	-	-	14,218	12,034
Gifts	-	2,430	7,599	-	-	10,029	1,881
Sales	-	-	498	-	-	498	2,938
State of Kansas	-	-	-	8,342	-	8,342	9,228
Net return on investment - trust	-	(6,089)	-	-	-	(6,089)	(9,895)
South Central Kansas Library System	-	-	-	27,505	-	27,505	26,521
Reimbursements	-	-	4,540	-	-	4,540	3,537
Miscellaneous	-	-	633	100	-	733	8,783
Transfers in -							
Endowment	-	-	-	6,960	-	6,960	14,500
General	-	-	-	16,396	-	16,396	13,000
Operating Budget	51,000	-	-	-	-	51,000	56,800
Library Fund	-	-	-	609,185	100,415	709,600	658,454
<b>Total Cash Receipts</b>	<b>51,836</b>	<b>(1,717)</b>	<b>27,602</b>	<b>669,277</b>	<b>100,415</b>	<b>847,413</b>	<b>803,512</b>
Expenditures:							
Personal services	-	-	-	347,501	-	347,501	327,839
Contractual services	76,380	-	400	121,474	90,251	288,505	174,345
Commodities	13,494	-	1,730	111,407	-	126,631	165,244
Capital outlay	-	-	-	599	-	599	1,229
Reimbursements	-	-	-	1,601	-	1,601	2,173
Miscellaneous and refunds	1,704	-	3,787	2,993	-	8,484	19,454
Grant disbursements/gift expense	-	-	7,084	-	-	7,084	27,207
Trust/other fees	-	1,112	-	-	-	1,112	1,400
Transfers out -							
Capital Improvement	-	-	-	51,000	-	51,000	56,800
Operating Budget	-	6,960	16,395	-	-	23,355	27,500
Bond and Interest Fund	-	-	-	41,622	-	41,622	41,622
<b>Total Expenditures</b>	<b>91,578</b>	<b>8,072</b>	<b>29,396</b>	<b>678,197</b>	<b>90,251</b>	<b>897,494</b>	<b>844,813</b>
Receipts over (under) Expenditures	(39,742)	(9,789)	(1,794)	(8,920)	10,164	(50,081)	(41,301)
Unencumbered Cash, Beginning of Year	126,447	224,594	11,219	78,254	16,920	457,434	498,735
Unencumbered Cash, End of Year	\$ 86,705	\$ 214,805	\$ 9,425	\$ 69,334	\$ 27,084	\$ 407,353	\$ 457,434

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

**CITY OF MCPHERSON, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Reporting Entity**

The City of McPherson, Kansas (the City) is a municipal corporation governed by an elected three-member commission. These financial statements present the City of McPherson (the primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The Board of Public Utilities of McPherson, Kansas (the BPU) consists of the municipal electric and water utilities that provide services to approximately 8,500 electric and 5,700 water customers. The BPU's operational control and administration is under a three-member appointed Board of Directors. However, the BPU is owned by and is a part of the primary government of the City because the City holds the corporate powers of the BPU. The BPU is considered an administrative agency of the City by statute.

**Discretely Presented Component Unit.** The component unit section of the financial statements includes the financial data of the discretely presented component unit. This component unit is reported separately to emphasize that it is legally separate from the City. The governing body of this component unit is appointed by the City.

Library Board. The City of McPherson operates the City's public library. Acquisition or disposition of real property by the Library Board must be approved by the City. Bond issuances must also be approved by the City. Complete financial records for the Library Board may be reviewed at the administrative offices of the entity at 214 W. Marlin, McPherson, Kansas, 67460.

**Blended Component Units.** A component unit should be reported as part of the primary government when its governing body is substantively the same as the governing body of the primary government or the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it.

1. McPherson Public Building Commission. The McPherson Public Building Commission manages the City's office building. The McPherson Public Building Commission can sue and be sued, and can buy, sell or lease real property. Bond issuances must be approved by the City. Complete financial statements for the McPherson Public Building Commission may be obtained from the administrative offices of the entity at 400 E. Kansas, McPherson, Kansas, 67460. The McPherson Public Building Commission is presented as a special revenue fund.
2. McPherson Landfill Improvement Corporation. The City of McPherson owns a former landfill site south of McPherson. Complete financial records for the McPherson Landfill Improvement Corporation may be reviewed at the administrative offices of the entity at 400 E. Kansas, McPherson, Kansas, 67460. The McPherson Landfill Improvement Corporation is presented as a special revenue fund.

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

## ***(b) Basis of Presentation – Fund Accounting***

The accounts of the City of McPherson, Kansas are organized on the basis of funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprises its assets, liabilities, fund balance, revenues and expenditures/expenses. 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 funds are grouped into three fund types and eight generic funds as described below:

### ***Governmental Fund Types***

These are the funds through which most governmental functions typically are financed. The generic funds included in this fund type are as follows:

- General Operating Fund – This fund is established to account for resources devoted to financing the general services the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.
- Special Revenue Funds – These funds are established to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- Debt Service Fund – This fund is established for the purpose of accumulating resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds.
- Capital Project Funds – These funds account for financial resources to be used for the acquisition of fixed assets or construction of major capital projects which are not financed by Proprietary or Fiduciary fund types.
- Permanent Fund – This fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs, that is, for the benefit of the City or its citizens.

### ***Proprietary Fund Types***

These funds account for operations that are self-supporting through user charges. The generic funds included in this fund type are Enterprise Funds and Internal Service Funds.

- Enterprise Funds – These funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the 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.
- Internal Service Funds – These funds are established to account for the financing of goods or services provided by one department or other departments of the City on a mostly cost-reimbursement basis.

### ***Fiduciary Fund Type***

This fund type accounts for assets held by the City as a trustee or agent for others and therefore cannot be used to support the City's own programs.

- Private Purpose Trust Funds – These funds are used to report all trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

# 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

## ***(c) Basis of Accounting***

The statutory basis of accounting, as used in the preparation of these 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, and an expenditure is charged to the fund from which the transfer is made.

The City has adopted Charter Ordinance No. 20 waiving the requirement to use accounting principles generally accepted in the United States of America. This Charter Ordinance allows the City to revert to the statutory basis of accounting.

## ***(d) 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 accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

## ***(e) Budgetary Information***

Kansas statutes require that an annual operating budget be legally adopted for the General Operating Fund, Special Revenue Funds (unless specifically exempted by statute), Debt Service Funds and Enterprise Funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments during 2009.

Kansas 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 budgeted fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

### (e) Budgetary Information (Cont.)

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for the Capital Improvement Fund, Equipment Reserve Fund, Permanent, Internal Service and Private Purpose Trust Funds and the following Special Revenue and Enterprise Funds: Community Development Fund, Forfeited Property Fund – Police Department, McPherson Landfill Improvement Corporation, Municipal Court Fund, Municipal Court ADSAP Fund, Insurance Proceeds Fund, Operation Warmth Fund, Electric Utility Fund and the Water Utility Fund.

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

### (f) Special Assessments

Projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Bond and Interest Fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Bond and Interest Fund.

## 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### Compliance with Kansas Statutes

No statute violations noted in 2009.

## 3. DEPOSITS AND INVESTMENTS

### Deposits and Investments

As of December 31, 2009, the City had the following investments:

Investment Type	Fair Value	Investments Maturities (in Years)				Rating
		Less than 1	1-5	6-10	More than 10	
Kansas Municipal Investment Pool	\$ 7,514,678	\$ 7,514,678	\$ -	\$ -	\$ -	S&P AAAF/SLT
Total Fair Value of Primary Government	7,514,678	7,514,678	-	-	-	
Certificates of Deposit	27,065	17,065	10,000	-	-	N/A
Federated Government Obligations Fund	4,698	4,698	-	-	-	N/A
FINMA Obligations	29,973	-	-	19,968	10,005	S&P AAA
Global Stock funds	23,102	23,102	-	-	-	S&P AAA
Stock Funds	130,862	130,862	-	-	-	S&P AAA
Component Unit - Library	215,700	175,727	10,000	19,968	10,005	
Total Fair Value	\$ 7,730,378	\$ 7,690,405	\$ 10,000	\$ 19,968	\$ 10,005	

### 3. DEPOSITS AND INVESTMENTS (CONT.)

#### *Deposits and Investments (Cont.)*

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 returns 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 an investment policy that does not further limit its investment choices. The rating of the City's investment is noted above.

*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. The City's allocation of investments as of December 31, 2009, is as follows:

<u>Investments</u>	<u>Percentage of Investments</u>
Kansas Municipal Investment Pool	100%
Total Percentage of Primary Government	100%
Certificates of Deposit	13%
Federated Government Obligations Fund	2%
FNMA Obligations	14%
Global Stock Funds	11%
Stock Funds	60%
Total Percentage of Component Unit - Library	100%

*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 coverage is 50%. All deposits were legally secured by December 31, 2009.

At December 31, 2009, the City's carrying amount of deposit was \$44,736,882 and the bank balance was \$44,820,309. The bank balance was held by six banks resulting in a concentration of credit risk. Of the bank balance, \$3,250,000 was covered by federal depository insurance and \$41,570,309 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

*Custodial credit risk – investments.* For an investment, this is the risk that in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

At December 31, 2009, the City had invested \$7,514,678 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

## 4. LONG-TERM DEBT

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

Issue	Interest Issue	Date of Issue	Amount of Issue	Original Date of Final Maturity	Balance Beginning of Year	Additions	Reductions of Principal	Net Change	Balance End of Year	Interest Paid
<b>General Obligation Bonds:</b>										
Series 125 of 2001	2.6% to 5.000%	9-1-01	\$ 5,300,000	8-1-16	\$ 305,000	\$ -	\$ 35,000	\$ (35,000)	\$ 270,000	\$ 13,350
Series 126 of 2002	3.35% to 5.500%	7-1-02	970,000	8-1-17	545,000	-	65,000	(65,000)	480,000	22,550
Series 128 of 2003	1.15% to 4.250%	12-1'03	1,805,000	8-1-18	1,670,000	-	160,000	(160,000)	1,510,000	60,760
Series 129 of 2004	1.6% to 5.000%	9-29-04	3,350,000	8-1-18	3,255,000	-	250,000	(250,000)	3,005,000	118,688
Series of 130 of 2005	2.875% to 5.000%	7-1-05	4,975,000	8-1-25	4,970,000	-	310,000	(310,000)	4,660,000	204,288
Series 131 of 2006	4% to 5.00%	7-15-06	1,470,000	8-1-26	1,450,000	-	80,000	(80,000)	1,370,000	62,825
Series 132 of 2007	4.15% to 5.50%	8-1-07	1,040,000	8-1-27	1,000,000	-	50,000	(50,000)	950,000	46,350
Series 133 of 2009	2.55% to 4.50%	7-30-09	1,045,000	8-1-29	-	1,045,000	-	1,045,000	1,045,000	-
<b>Total General Obligation Bonds</b>					<b>13,195,000</b>	<b>1,045,000</b>	<b>950,000</b>	<b>95,000</b>	<b>13,290,000</b>	<b>528,811</b>
<b>Revenue Bonds:</b>										
Series 2004	4.80% to 4.50%	4-15-04	16,705,000	3-1-24	15,070,000	-	425,000	(425,000)	14,645,000	626,993
Series 2007	3.35% to 4.36%	11-15-07	14,000,000	10-1-27	13,455,000	-	495,000	(495,000)	12,960,000	532,576
<b>Total Revenue Bonds</b>					<b>28,525,000</b>	<b>-</b>	<b>920,000</b>	<b>(920,000)</b>	<b>27,605,000</b>	<b>1,159,569</b>
<b>Temporary Notes:</b>										
Series 2007-A	4.05%	6-1-07	4,640,000	6-1-11	3,665,000	-	2,110,000	(2,110,000)	1,555,000	123,660
<b>Kansas Revolving Fund Loans:</b>										
1994 Sewer Fund Improvement	3.26%	5-31-94	1,067,645	9-1-15	450,562	-	57,846	(57,846)	392,716	15,312
1999 Wastewater Improvement	2.78%	4-19-99	1,127,000	9-1'20	755,344	-	53,063	(53,063)	702,281	22,488
<b>Total Kansas Revolving Fund Loans</b>					<b>1,205,906</b>	<b>-</b>	<b>110,909</b>	<b>(110,909)</b>	<b>1,094,997</b>	<b>37,800</b>
<b>Capital Lease:</b>										
Aerial Platform Truck	4.95%	9-11-09	866,722	1-28-20	-	866,772	-	866,772	866,772	-
<b>Total Contractual Indebtedness</b>					<b>46,590,906</b>	<b>1,911,772</b>	<b>4,090,909</b>	<b>(2,179,137)</b>	<b>44,411,769</b>	<b>1,849,840</b>
<b>Compensated Absences</b>										
Landfill Closure and Post Closure Care	N/A	N/A	N/A	N/A	683,357	-	7,600	(7,600)	675,757	-
<b>Total Long-Term Debt</b>					<b>\$ 47,724,263</b>	<b>\$ 1,911,772</b>	<b>\$ 4,098,509</b>	<b>\$ (2,186,737)</b>	<b>\$45,537,526</b>	<b>\$ 1,849,840</b>

### Continuing Disclosure Requirements

The City of McPherson as Issuer and Dissemination Agent, provided the prior year Annual Audit Report to each Respository on a timely basis.

### Arbitrage Calculations

Based on the opinion letters from Gilmore & Bell, P.C. of Kansas City, MO, the City of McPherson, as Issuer, is in compliance with the arbitrage rebate calculations pursuant to Code Section 148(f) of the Internal Revenue Code of 1986 as amended.

## 4. LONG-TERM DEBT (CONT.)

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	2015-2019	2020-2024	2025-2027	
<b>Principal:</b>									
<b>General obligation Bonds</b>									
Series 125 if 2991	\$ 35,000	\$ 35,000	\$ 35,000	\$ 40,000	\$ 40,000	\$ 85,000	\$ -	\$ -	\$ 270,000
Series 126 of 2002	70,000	70,000	75,000	60,000	65,000	140,000	-	-	480,000
Series 128 of 2003	165,000	175,000	180,000	150,000	155,000	685,000	-	-	1,510,000
Series 129 of 2004	250,000	260,000	325,000	350,000	370,000	1,450,000	-	-	3,005,000
Series 130 of 2005	325,000	335,000	295,000	345,000	355,000	2,080,000	755,000	170,000	4,660,000
Series 131 of 2006	80,000	80,000	90,000	95,000	95,000	610,000	275,000	45,000	1,370,000
Series 132 of 2007	55,000	60,000	60,000	60,000	65,000	355,000	265,000	30,000	950,000
Series 132 of 2009	45,000	45,000	45,000	45,000	50,000	265,000	325,000	225,000	1,045,000
<b>Total General Obligation Bonds</b>	<b>1,025,000</b>	<b>1,060,000</b>	<b>1,105,000</b>	<b>1,145,000</b>	<b>1,195,000</b>	<b>5,670,000</b>	<b>1,620,000</b>	<b>470,000</b>	<b>13,290,000</b>
<b>Revenue Bonds:</b>									
Series 2004	920,000	250,000	155,000	735,000	755,000	4,260,000	7,570,000	-	14,645,000
Series 2007	515,000	530,000	550,000	570,000	590,000	3,300,000	4,035,000	2,870,000	12,960,000
<b>Total Revenue Bonds</b>	<b>1,435,000</b>	<b>780,000</b>	<b>705,000</b>	<b>1,305,000</b>	<b>1,345,000</b>	<b>7,560,000</b>	<b>11,605,000</b>	<b>2,870,000</b>	<b>27,605,000</b>
<b>Temporary Notes</b>									
Series 2007-A	1,555,000	-	-	-	-	-	-	-	1,555,000
<b>Kansas Revolving Fund Loans:</b>									
1994 Sewer Fund Improvement	59,894	62,014	64,210	66,484	68,838	71,276	-	-	392,716
1999 Wastewater Improvement	54,683	56,353	58,073	59,846	61,673	337,784	73,869	-	702,281
<b>Total Kansas Revolving Fund Loans</b>	<b>114,577</b>	<b>118,367</b>	<b>122,283</b>	<b>126,330</b>	<b>130,511</b>	<b>409,060</b>	<b>73,869</b>	<b>-</b>	<b>1,094,997</b>
<b>Capital Lease:</b>									
Aerial Platform Truck	-	94,121	70,216	73,692	77,340	448,056	103,347	-	866,772
<b>Total Principal</b>	<b>4,129,577</b>	<b>2,052,488</b>	<b>2,002,499</b>	<b>2,650,022</b>	<b>2,747,851</b>	<b>14,087,116</b>	<b>13,402,216</b>	<b>3,340,000</b>	<b>44,411,769</b>
<b>Interest:</b>									
<b>General Obligation Bonds:</b>									
Series 125 of 2001	11,950	10,533	9,080	7,575	5,795	6,090	-	-	51,023
Series 126 of 2002	20,080	17,350	14,550	11,475	8,955	9,310	-	-	81,720
Series 128 of 2003	56,440	51,490	45,715	39,325	33,850	72,398	-	-	299,218
Series 129 of 2004	111,938	104,562	91,562	81,000	68,750	143,800	-	-	601,612
Series 130 of 2005	193,437	182,063	170,337	155,587	138,338	412,650	129,663	7,013	1,389,088
Series 131 of 2006	58,825	54,825	51,225	47,175	43,090	146,895	35,543	2,990	440,568
Series 132 of 2007	43,600	40,712	37,713	34,712	31,713	116,188	33,740	2,820	341,198
Series 132 of 2009	37,003	36,000	35,100	34,200	33,300	144,750	90,825	31,275	442,453
<b>Total General Obligation Bonds</b>	<b>533,273</b>	<b>497,535</b>	<b>455,282</b>	<b>411,049</b>	<b>363,791</b>	<b>1,052,081</b>	<b>289,771</b>	<b>44,098</b>	<b>3,646,880</b>
<b>Revenue Bonds</b>									
Series 2004	615,836	588,236	579,736	574,156	546,594	2,250,772	1,049,045	-	6,204,375
Series 2007	515,994	498,612	480,593	461,618	441,668	1,867,803	1,153,433	253,388	5,673,109
<b>Total Revenue Bonds</b>	<b>1,131,830</b>	<b>1,086,848</b>	<b>1,060,329</b>	<b>1,035,774</b>	<b>988,262</b>	<b>4,118,575</b>	<b>2,202,478</b>	<b>253,388</b>	<b>11,877,484</b>
<b>Temporary Notes:</b>									
Series 2007-A	57,004	-	-	-	-	-	-	-	57,004
<b>Kansas Revolving Fund Loans:</b>									
1994 Sewer Fund Improvement	13,263	11,143	8,947	6,673	4,319	1,882	-	-	46,227
1999 Wastewater Improvement	20,868	19,199	17,478	15,705	13,878	39,971	1,683	-	128,782
<b>Total Kansas Revolving Fund Loans</b>	<b>34,131</b>	<b>30,342</b>	<b>26,425</b>	<b>22,378</b>	<b>18,197</b>	<b>41,853</b>	<b>1,683</b>	<b>-</b>	<b>175,009</b>
<b>Capital Lease:</b>									
Aerial Platform Truck	42,905	14,341	38,246	34,771	31,123	94,255	5,116	-	260,757
<b>Total Interest</b>	<b>1,799,143</b>	<b>1,629,066</b>	<b>1,580,282</b>	<b>1,503,972</b>	<b>1,401,373</b>	<b>5,306,764</b>	<b>2,499,048</b>	<b>297,486</b>	<b>16,017,134</b>
<b>Total Principal and Interest</b>	<b>\$ 5,928,720</b>	<b>\$ 3,681,554</b>	<b>\$ 3,582,781</b>	<b>\$ 4,153,994</b>	<b>\$ 4,149,224</b>	<b>\$ 19,393,880</b>	<b>\$ 15,901,264</b>	<b>\$ 3,637,486</b>	<b>\$ 60,428,903</b>

## 5. PENSION COSTS AND EMPLOYEE BENEFITS

### (a) Defined Benefit Pension Plan

*Plan Description.* The City contributes to the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, *et seq.* KPERs and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERs (611 S. Kansas Ave., Suite 100, Topeka, KS 66603-3869) 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. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERs employer rate established for calendar year 2009 is 6.54%. (Included in this rate is the contribution for Group Death and Disability Insurance of 1.0% from March 1, 2009 through November 30, 2009). The City employer contributions to KPERs for the years ending December 31, 2009, 2008 and 2007 were \$433,518, \$367,307 and \$327,290, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2009 is 13.51%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City contributions to KP&F for the years ending December 31, 2009, 2008 and 2007 were \$307,595, \$290,523 and \$261,207, respectively, equal to the required contributions for each year.

The McPherson Public Library's employer contributions to KPERs for the years ending December 31, 2009, 2008 and 2007 were \$21,039, \$17,938 and \$15,190, respectively, equal to the required contributions for each year.

### (b) Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all employees who qualify under the plan terms, and permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

### (c) Other Employee Benefits

Vacation - Vacation leave shall be accrued from the employee's date of employment as stipulated hereinafter. If not taken, vacation leave shall accrue from year to year up to the maximum provided depending upon the employee's years of service. No vacation leave shall be taken until a new employee has completed the evaluation period.

Each permanent full-time employee will accrue vacation leave as follows:

Maximum Years of Service	Hours Accrued Per Year	Maximum Accumulation
0 to 5 years	80 working hours	120 working hours
5 to 15 years	120 working hours	180 working hours
15 to 25 years	160 working hours	240 working hours
After 25 years	200 working hours	300 working hours

An employee shall be paid for all accumulated unused vacation leave upon termination. The accumulated vacation at December 31, 2009 and December 31, 2008 for the City of McPherson was \$675,757 and \$683,357, respectively. This amount is reflected in the Statement of Changes in Long-Term Debt. The McPherson Public Library maintains separate records reflecting \$14,190 and \$14,727 of accumulated vacation at December 31, 2009 and December 31, 2008, respectively.

## 5. PENSION COSTS AND EMPLOYEE BENEFITS (CONT.)

### (c) Other Employee Benefits (Cont.)

Sick leave – All full and part-time employees shall be entitled to sick leave with pay for absences resulting from personal illness, injuries, accidents or other physical incapacities, occurring either on or off the job. Full-time employees shall earn one working day of sick leave for each full month of service. Part-time employees shall receive the equivalent of a regularly scheduled day for each full month of service. Other employees shall not have paid sick leave. An employee beginning work on or before the 15th of the month shall get credit for a full month. On termination of employment an employee shall not be paid for accumulated sick leave. Accordingly, no provision for accumulated sick leave has been made in the accompanying financial statements.

### (d) Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan until they reach 65 years of age. 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 government makes health care benefits available to 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 government under this program.

## 6. SELF-INSURANCE PROGRAM

The City is responsible for a potential liability up to \$50,000 per individual per year for health care claims. This plan had fixed costs of \$76,233. Management believes claims incurred, but not reported, are insignificant at December 31, 2009. However, the City chose to not self-insure for workers' compensation as of December 31, 2007. Changes in claims liability for 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Beginning Balance	\$ 195,000	\$ 103,900
Additions	1,397,348	1,460,672
Payments	<u>(1,472,348)</u>	<u>(1,369,572)</u>
Ending Balance	<u>\$ 120,000</u>	<u>\$ 195,000</u>

## 7. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project Authorization</u>	<u>Cash Disbursements and Accounts Payable to Date</u>
Autumn Wood Dr & Stearman St. Paving	\$ 36,646	\$ 35,763
East Kansas Projects	1,900,000	453,208
First Street Design Phase 1	100,875	90,531
Foxfire SSD #188	255,400	490
Foxfire Paving Phase III	794,260	385
Library Improvements	4,175,000	3,707,216
Pump Station #8	700,000	347,883
Wastewater Treatment Plant Improvement	<u>13,859,161</u>	<u>12,506,956</u>
Total	<u>\$ 21,821,342</u>	<u>\$ 17,142,432</u>

## **8. LONG-TERM DEBT DEFEASANCE**

### ***(a) Revenue Bond Debt Defeasance***

During 2008, the City retired \$4,500,000 of Series 1999 Electric Revenue Bonds due in years 2009 through 2019. The early bond call resulted in a loss of \$125,262, as the City cleared the remaining cost of issuance expenses originally established to be amortized over the life of the bond issue.

The various bond ordinances require that certain restricted funds be established to ensure the payment of bonds and interest and to enable the City to meet future needs arising from unusual maintenance requirements or income shortfalls. The ordinances also require the City, among other things, to establish rates and collect charges sufficient to pay the operating maintenance and debt service costs of the utilities and to provide net operating income before depreciation and payment in lieu of taxes, of at least 125% for the electric fund and 125% for the water fund of the maximum annual debt service due on the outstanding bonds. As of December 31, 2008, the City exceeded this coverage requirement by \$3,200,000 and \$1,300,000 for electric and water debt respectively. As of December 31, 2009, the City exceeded this coverage requirement by \$2,300,000 and \$769,000, for electric and water debt, respectively. All of the City's utility plant facilities are pledged under the terms of the ordinances. The City was in compliance with all other requirements of the revenue bond ordinances at December 31, 2009 and 2008.

### ***(b) General Obligation Bond Debt Defeasance***

The City has defeased certain other general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2009 and 2008, outstanding bonds in the amount of \$0 and \$75,000, respectively, are considered defeased.

## **9. LEASE COMMITMENTS - NON-CANCELABLE OPERATING LEASES**

In conjunction with the issuance of \$1,100,000 of Public Building Commission, McPherson, Kansas, Series 1994 revenue bonds, the City entered into a sublease agreement. The underlying lease agreement between the Public Building Commission of McPherson, Kansas and the City provides for the remodeling, expansion and furnishing of the existing municipal center for occupancy by the City and BPU. The terms of the sublease agreement provide that the BPU assume 50% of the City's obligations, payments and responsibilities under the lease agreement between the Public Building Commission and the City, including specifically the obligation to pay basic rent, additional rent and maintenance costs. On April 1, 2002, the Public Building Commission issued Series 2002 refunding revenue bonds in the amount of \$650,000 to refund Series 1994 revenue bonds. Subsequently, the sublease agreement between the Public Building Commission of McPherson, Kansas and the City was modified to reflect the new payment amounts.

This lease is not subject to cancellation by the City so long as any of the bonds remain outstanding. During the year ended December 31, 2009, these bonds were retired. Thus, the lease became cancelable on final bond payment.

For the years ended 2009 and 2008, lease expenditures were \$110,000 and \$110,000, respectively.

## **10. CAPITAL LEASE – RECREATION COMPLEX**

During the year ended December 31, 1996, the City entered into a Lease Purchase Agreement with Central Bank and Trust Co., Hutchinson, Kansas, as lessor, providing for the acquisition and construction of an outdoor recreational complex (the "Project") to be operated and maintained by the McPherson Recreation Commission (the "Commission"). Funds for acquisition and construction were raised by the lessor by the issuance of Certificates of Participation in the Lease Purchase Agreement in the amount of \$1,000,000. As part of this financing structure, the bank, acting as lessor and trustee for the owners of the Certificates of Participation, paid the purchase price for the site for the Project, which was deeded to the City. The City then leased the site to the bank under a Site Lease, and leased it and the improvements constructed back from the bank under the Lease Purchase Agreement. The terms of the Site Lease and the Lease Purchase Agreement run simultaneously. Rentals payable under the Lease Purchase Agreement will be adequate to pay the owners of the Certificates of Participation their original investment plus interest. Upon payment of all rental payments under the Lease Purchase Agreement, the City has the right to own the Project free of any claims of the bank.

## 10. CAPITAL LEASE – RECREATION COMPLEX (CONT.)

The City has subleased the Project (which includes the site and the recreation complex improvements) to the Commission under a sublease which has an initial term of 10 years and an initial renewal term of 5 years. Rentals payable by the Commission under the sublease equal the “basic rental payments” and the “additional rental payments” payable by the City under the Lease Purchase Agreement. When the Certificates of Participation have all been retired, and the Site Lease and Lease Purchase Agreement have terminated, the Commission has the option to extend the term of its sublease from the City for successive extended renewal terms of not to exceed 10 years each until December 18, 2096. The Commission’s rentals during the extended terms of its sublease are limited to the payments the City makes as “additional rental payments” during the term of the Lease Purchase Agreement.

On September 15, 2001, Certificates of Participation Series 1996 were refunded. These certificates and the lease-purchase agreement between CitiCapital Commercial Corporation and the Commission for lighting improvements to Wall Park Athletic Fields were refinanced with Certificates of Participation Series 2001, in the amount of \$1,065,000. Also, on September 15, 2001, the City and the Commission entered into Supplemental Sublease No. 1, which amended the basic rental payments to the new maturity amounts.

The City’s payments under the Lease Purchase Agreement, which are intended to be paid solely from payments made by the Commission under its sublease, will be an amount equal to the sum of the scheduled “amended basic rental payments” and the unscheduled “additional rental payments.” The amended basic rental payments are payable semi-annually on June 1 and December 1 of each year with the initial rental payment due June 1, 2002. The “additional rental payments” are payable within thirty (30) days after notice from the lessor. The “additional rental payments” consist of all taxes and assessments of any nature levied upon the Site or Facility, all reasonable and necessary fees and expenses incurred by the bank as lessor and trustee, and all costs and expenses which the trustee may incur in consequence of or because of any default by the City on the terms of the lease. In case of default of payments from the Commission, the City would remain liable, at a minimum, for all rental payments due under the Lease Purchase Agreement for the remainder of the calendar year. The City could, by non-appropriation as permitted under the Lease Purchase Agreement, escape liability for future basic rental payments due. The schedule of amended basic rental payments due from the Commission is as follows:

<u>Year</u>	<u>Total Basic Rental Payment</u>	<u>Principal Component</u>	<u>Interest Component</u>
2010	\$ 100,992	\$ 85,000	\$ 15,992
2011	101,955	90,000	11,955
2012	97,680	90,000	7,680
2013	73,360	70,000	3,360
	<u>\$ 373,987</u>	<u>\$ 335,000</u>	<u>\$ 38,987</u>

## 11. CLAIMS AND JUDGMENTS

The City participates in federal, state and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of July 1, 2010, grant expenditures have not been audited, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the City.

The City is exposed to various risks of loss related to property loss; torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The City has purchased commercial insurance for these potential risks. There have been no significant reductions in insurance coverage from 2008 to 2009 and there were no settlements that exceeded insurance coverage in the past three years.

During the ordinary course of its operations the City is exposed to various claims, legal actions and complaints. It is of the opinion of the City’s management and legal counsel that any current matters are not anticipated to have a material financial impact on the City.

## **12. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

The McPherson Area Solid Waste Utility (the Utility), of which the City of McPherson is a member, is subject to the U.S. Environmental Protection Agency rule "Solid Waste Disposal Facility Criteria" which establishes closure requirements for all municipal solid waste landfills that receive solid waste after October 9, 1991. The Utility is responsible for operating and other costs including postclosure costs while it is in existence. Any possible contributions by Utility members required to fund postclosure requirements is not determinable at this time.

The City is subject to various laws and regulations with respect to environmental matters such as air and water quality. The effect of any future changes in environmental laws and/or regulations cannot be estimated. However, compliance with such changes may necessitate substantial expenditures.

## **13. CLOSURE AND POSTCLOSURE CARE COST**

The City of McPherson and the Kansas Department of Health and Environment (KDHE) entered into a voluntary settlement agreement as of November 6, 1992. The settlement agreement concerns the preparation of a remedial investigation and feasibility study, and participation in good faith negotiations for remedial activities, if required, to be determined following opportunity for public involvement for an area known as the "McPherson City Landfill" located near McPherson, Kansas.

In entering into this settlement agreement, the KDHE and the City of McPherson were going to determine the nature and extent of contamination and any threat to the public health, welfare or the environment caused by the release or threatened release of hazardous substances, pollutants or contaminants at or from the McPherson City Landfill. Once these determinations were made the City of McPherson submitted a work plan for Phase I activities. They were also required to submit plans for Phase II, III and IV, which dealt with closure and postclosure activities. As of July 29, 2005, the City of McPherson had performed entirely the closure activities of the settlement agreement at a total cost of approximately \$424,000. Postclosure expenditures are estimated to be approximately \$450,000 spread over a twenty-year period.

## **14. FUND EQUITY**

Reserves of proprietary funds are created by increases in assets restricted for debt service and renewals and replacements. These increases result from earnings on restricted assets and other interfund transfers to restricted accounts.

### ***(a) Electric and Water Utility Funds***

Various Electric Utility Fund and Water Utility Fund revenue bond ordinances require that certain restricted funds be established to ensure the payment of bonds and interest and to enable the City to meet future needs arising from unusual maintenance requirements or income shortfalls. The ordinances also require the City, among other things, to establish rates and collect charges sufficient to pay the operating maintenance and debt service costs of the utilities and to provide net operating income before depreciation and payment in lieu of taxes, of at least 125% for the Electric Utility Fund and 125% for the Water Utility Fund of the maximum annual debt service due on the outstanding bonds. All of the City's utility plant facilities are pledged under the terms of the ordinances. The City was in compliance with the above requirements of the revenue bond ordinances at December 31, 2009 and 2008.

## 15. INTERFUND TRANSFERS

A summary of operating transfers by individual fund is as follows:

From	To	Authority	Amount
Operating transfers (primary government):			
General Operating	Animal Shelter	Ord. 2870	\$ 90,000
General Operating	Consolidated Street and Highway	K.S.A. 12-1,119	1,449,175
General Operating	Swimming Pool Maintenance and Operation	Ord. 2708	180,000
General Operating	Equipment Reserve	K.S.A. 12-1,117	247,162
General Operating	McPherson Public Building Commission	Ord. 2887	110,000
Animal Shelter	Equipment Reserve	K.S.A. 12-1,117	2,250
Consolidated Street and Highway	Equipment Reserve	K.S.A. 12-1,117	130,237
Consolidated Street and Highway	Capital Improvement	K.S.A. 12-1,118	200,000
Municipal Court	Municipal Court ADSAP	K.S.A. 8-1008	11,082
Electric Utility	General Operating	K.S.A. 12-825d	1,325,000
Solid Waste Collection	General Operating	K.S.A. 12-2104	50,000
Solid Waste Collection	Bond and Interest	K.S.A. 12-2104	26,905
Water Utility	General Operating	K.S.A. 12-825d	46,000
Wastewater System Maintenance and Operation	General Operating	K.S.A. 12-630a	50,000
Wastewater System Maintenance and Operation	Bond and Interest	K.S.A. 12-630a	<u>183,847</u>
Total Operating transfers (primary government)			<u>4,101,658</u>
Operating transfers (component units):			
Library	Library Board	K.S.A. 12-1220	609,185
Library Employee Benefits	Library Board	K.S.A. 12-16,102	100,415
Library Board	Bond and Interest	Debt Service	<u>41,622</u>
Total Operating transfers (component units)			<u>751,222</u>
Total Operating transfers (reporting entity)			<u><u>\$ 4,852,880</u></u>

## 16. JOINTLY GOVERNED ORGANIZATION

### *McPherson Area Solid Waste Utility*

The City of McPherson along with McPherson County and seven other cities located within McPherson County entered into an interlocal agreement, authorized by State Statute, to form the McPherson Area Solid Waste Utility (the Utility) effective July 17, 1991. The purpose of the Utility is to assist its Members in planning, technical and financial matters for comprehensive solid waste management and accomplish the desired objectives of an effective county-wide solid waste management program, including the operation of a cooperative solid waste management program and the operation of a cooperative solid waste processing and disposal system for the benefit of its Members.

Management of the Utility is carried out by an appointed three member Board of Directors. The City appoints one member to the Board of Directors, McPherson County appoints a second Director and the third Director is appointed collectively by the other seven Members of the Utility.

## 16. JOINTLY GOVERNED ORGANIZATION (CONT.)

### *McPherson Area Solid Waste Utility (Cont.)*

The agreement and the Utility may be terminated by written consent of at least two-thirds of the Members, provided that prior to such termination all contractual obligations and indebtedness of the Utility have been paid in full or sufficient resources have been escrowed for the payment of such obligations in full when due. Upon such termination, the Board of Directors shall liquidate the Utility and distribute the assets in a manner that, in its discretion, it deems appropriate. Accordingly, any ongoing financial interest or access to the Utility's resources is indeterminable until such action is taken by its Board of Directors. In addition, no Member shall be permitted to withdraw for twenty years or such sooner time as provision is made for the payment or discharge of the debt incurred by the County or assumed by the Utility. Any withdrawing Member shall not be entitled to distribution of any real or personal property of the Utility by reason of its withdrawal.

The Board of Directors shall determine the methods of obtaining financing for the Utility. The County provided the initial financing for the acquisition of land to be used as a site for disposal of refuse, constructing structures and acquiring equipment necessary for the sanitary disposal of refuse in McPherson County. Effective January 1, 1992, the fiscal accounting and operations of the Utility were transferred from McPherson County to management of the Utility.

Condensed financial information of the McPherson Area Solid Waste Utility as of and for the year ended December 31, 2009 is as follows:

Total Assets	\$ 11,688,127
Total Liabilities	5,398,963
Total Net Assets	6,289,164
Total Revenues	5,305,347
Total Expenses	4,798,842
Change in Net Assets	506,505

Complete financial statements for the McPherson Area Solid Waste Utility may be obtained from the administrative offices of the entity at 1431 17<sup>th</sup> Ave, McPherson, KS 67460.

## 17. JOINT VENTURE

### *McPherson City/County Airport*

The McPherson Airport Authority (the Authority) was established as provided for by applicable State Statutes. The property and business of the Authority is managed by its Board of Directors. The Board consists of five directors. Four directors are selected by the governing bodies of the City and County, two by the City and two by the County, and one at-large director is selected by the other four. Each entity provides ongoing financial responsibility through annual appropriations for the operation of the airport on an equal basis, as determined through the preparation of an annual operating budget. The City of McPherson levies property taxes for its allocation and McPherson County funding is provided from the County's General Fund.

The Authority is authorized only to issue revenue bonds, notes or other evidence of indebtedness payable from airport revenues. Title to the airport property remains with the City and County as equal co-owners. Title to all real and personal property purchased with funds of the Authority will be acquired, held and disposed of in the name of the Authority unless otherwise required by law or by the terms of a gift or grant. The Authority may be dissolved by vote of at least two-thirds (2/3) of the respective governing body members of each owner. The Board of Directors of the Authority shall liquidate the assets of the Authority and distribute the assets of the Authority or the net proceeds thereof to the City and County in a manner to be determined by it pursuant to law. Full possession and use of the Airport shall revert to the owners as equal tenants in common upon termination of the Authority.

Complete financial information for the McPherson City/County Airport may be obtained from the administrative offices of the entity at 1000 S. 81 Bypass, McPherson, Kansas, 67460.

## **18. SUBSEQUENT EVENTS**

In the summer of 2008, construction began on improvements to the wastewater plant. The estimated cost of the project will be \$13,859,161 and will be funded with the Kansas Department of Health and Environment Revolving Loan Fund. Construction was substantially completed in February 2010 with final completion anticipated for August 2010.

In April 2009, the City voters passed a \$2,700,000 sales tax referendum for the Opera House. This will fund the final phase of the Opera House Restoration. Sales tax projections indicate the library note will be paid by the end of 2010. The Opera House sales tax collections should start in early 2011 and run through the middle of 2013.

On January 4, 2010, the Commission approved the purchase of an ambulance for \$136,216.