

**CITY OF WAKEFIELD, KANSAS**

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITORS' REPORT**

December 31, 2009

VARNEY & ASSOCIATES, CPAs, LLC  
Manhattan, Kansas

**CITY OF WAKEFIELD, KANSAS**  
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January 28, 2010

Mayor and Council Members  
City of Wakefield, Kansas

### Independent Auditors' Report

We have audited the accompanying financial statements of the City of Wakefield, Kansas (the City), as of and for the year ended December 31, 2009, as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the City prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between the statutory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

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 the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

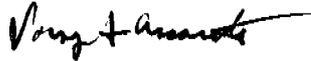
In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

# Independent Auditors' Report

January 28, 2010  
City of Wakefield, Kansas  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The remaining information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

This report is intended for the information and use of the City Council and management of the City of Wakefield, Kansas, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Certified Public Accountants  
Manhattan, Kansas

# *Independent Auditors' Report*

January 28, 2010

Mayor and Council Members  
City of Wakefield, Kansas

**Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

We have audited the financial statements of the City of Wakefield, Kansas (the City) as of and for the year ended December 31, 2009 and have issued our report thereon dated January 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

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

January 28, 2010  
City of Wakefield, Kansas  
(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Manhattan, Kansas

*Independent Auditors' Report*

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

Fund	Unencumbered Cash Balance January 1, 2009	Cash Receipts	Expenditures	Unencumbered Cash Balance December 31, 2009	Add: Outstanding Encumbrances and Accounts Payable	Cash Balance December 31, 2009
Governmental Funds						
General Fund	\$ 169,093	\$ 297,038	\$ 329,162	\$ 136,969	\$ 9,402	\$ 146,371
Special Revenue Funds						
Employee Benefits Fund	437	73,383	68,989	4,831	-	4,831
Special Highway Fund	3,878	22,034	15,154	10,758	-	10,758
Library Fund	100	31,798	31,507	391	-	391
Special Street	12,427	1,009	9,220	4,216	-	4,216
Industrial Development Fund	5,359	69	-	5,428	-	5,428
Law Enforcement Fund	6,012	6,938	6,010	6,940	-	6,940
Debt Service Funds	10,205	79,836	70,138	19,903	-	19,903
Trust & Agency Funds						
Library Endowment Fund	400,019	139,085	-	539,104	-	539,104
Proprietary Funds						
Enterprise						
Water and Sewer Operations	220,243	178,792	229,351	169,684	6,000	175,684
Utility Capital Reserve Fund	40,412	60,476	33,566	67,322	-	67,322
<b>Total (Memorandum Only)</b>	<u>\$ 868,185</u>	<u>\$ 890,458</u>	<u>\$ 793,097</u>	<u>\$ 965,546</u>	<u>\$ 15,402</u>	<u>\$ 980,948</u>
Composition of Cash						
Checking account					\$ 10,167	
Money market accounts					<u>970,781</u>	
<b>Total Cash</b>					<u>\$ 980,948</u>	

STATEMENT 1

The accompanying notes are an integral part of these financial statements.  
 See Independent Auditors' Report

# Financial Statements

**CITY OF WAKEFIELD, KANSAS**  
**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET (BUDGETED FUNDS ONLY)**  
For the Year Ended December 31, 2009

Fund	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
Governmental Funds					
General Fund	\$ 356,210	-	\$ 356,210	\$ 329,162	\$ 27,048
Debt Service Funds	70,737	-	70,737	70,138	599
Special Revenue Funds					
Employee Benefits Fund	77,200	-	77,200	68,989	8,211
Special Highway Fund	61,223	-	61,223	15,154	46,069
Library Fund	31,507	-	31,507	31,507	-
Special Street	18,500	-	18,500	9,220	9,280
Industrial Development Fund	5,150	-	5,150	-	5,150
Law Enforcement	7,500	-	7,500	6,010	1,490
Proprietary Funds					
Water and Sewer Operations	285,700	-	285,700	229,351	56,349
Utility Capital Reserve	72,456	-	72,456	33,566	38,890

STATEMENT 2

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report.

# *Financial Statements*

**CITY OF WAKEFIELD, KANSAS**  
**STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET**  
For the Year Ended December 31, 2009

**GENERAL FUND**

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Ad valorem tax	\$ 40,912	\$ 45,521	\$ (4,609)
Delinquent tax	429	-	429
Motor vehicle tax	10,540	10,028	512
16/20M vehicle tax	103	144	(41)
Recreational vehicle tax	119	113	6
Sales tax	76,420	71,000	5,420
Solid waste fees	65,804	67,000	(1,196)
Permits and fines	20,496	9,175	11,321
Franchise tax	38,257	39,000	(743)
Reimbursed expense	5,586	4,000	1,586
Charges for services	9,639	10,500	(861)
Interest on idle funds	1,831	3,000	(1,169)
Miscellaneous	1,902	6,500	(4,598)
Transfers	25,000	25,000	-
<b>Total Cash Receipts</b>	<u>\$ 297,038</u>	<u>\$ 290,981</u>	<u>\$ 6,057</u>
<b>EXPENDITURES</b>			
Wages	\$ 42,880	\$ 35,000	\$ (7,880)
Police	61,218	55,000	(6,218)
Contract wages	53	600	547
Street	22,865	20,000	(2,865)
Street lights	8,820	9,500	680
Utilities	5,836	10,000	4,164
Solid waste fees	59,845	65,000	5,155
Swimming pool	30,340	28,000	(2,340)
Fire	7,457	12,000	4,543
Municipal building	8,454	8,000	(454)
Library building	3,188	15,500	12,312
Parks	3,962	5,000	1,038
Donations	3,925	2,500	(1,425)
Dues and subscriptions	1,420	1,000	(420)
Legal - Insurance	26,607	30,000	3,393
Reimbursed expense	5,929	22,110	16,181
Miscellaneous	4,363	5,000	637
Transfers	32,000	32,000	-
<b>Total Expenditures</b>	<u>\$ 329,162</u>	<u>\$ 356,210</u>	<u>\$ 27,048</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ (32,124)	\$ (65,229)	
<b>UNENCUMBERED CASH - JANUARY 1</b>	<u>169,093</u>	<u>169,093</u>	
<b>UNENCUMBERED CASH - DECEMBER 31</b>	<u>\$ 136,969</u>	<u>\$ 103,864</u>	

**Financial Statements**

CITY OF WAKEFIELD, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2009

SPECIAL REVENUE FUND  
EMPLOYEE BENEFITS FUND

	Actual	Budget	Variance Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Ad valorem tax	\$ 34,503	\$ 38,470	\$ (3,967)
Delinquent taxes	292	-	292
Motor vehicle tax	6,471	6,601	(130)
Recreational vehicle tax	71	94	(23)
16/20M vehicle tax	46	75	(29)
Transfers in	32,000	32,000	-
<b>Total Cash Receipts</b>	<u>\$ 73,383</u>	<u>\$ 77,240</u>	<u>\$ (3,857)</u>
<b>EXPENDITURES</b>			
Employee benefits	<u>\$ 68,989</u>	<u>\$ 77,200</u>	<u>\$ 8,211</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 4,394	\$ 40	
<b>UNENCUMBERED CASH - JANUARY 1</b>	<u>437</u>	<u>437</u>	
<b>UNENCUMBERED CASH - DECEMBER 31</b>	<u>\$ 4,831</u>	<u>\$ 477</u>	

*Financial Statements*

CITY OF WAKEFIELD, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2009

SPECIAL REVENUE FUND  
SPECIAL HIGHWAY FUND

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
State payments	\$ 21,757	\$ 26,250	\$ (4,493)
Interest on idle funds	277	500	(223)
<b>Total Cash Receipts</b>	<u>\$ 22,034</u>	<u>\$ 26,750</u>	<u>\$ (4,716)</u>
 <b>EXPENDITURES</b>			
Street repair	\$ 15,154	\$ 61,223	\$ 46,069
 <b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 6,880	\$ (34,473)	
 <b>UNENCUMBERED CASH - JANUARY 1</b>	<u>3,878</u>	<u>3,878</u>	
 <b>UNENCUMBERED CASH - DECEMBER 31</b>	<u>\$ 10,758</u>	<u>\$ (30,595)</u>	

*Financial Statements*

CITY OF WAKEFIELD, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2009

SPECIAL REVENUE FUND  
LIBRARY FUND

	Actual	Budget	Variance Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Ad valorem tax	\$ 26,354	\$ 29,323	\$ (2,969)
Delinquent tax	226	-	226
Motor vehicle tax	5,119	5,076	43
Recreational vehicle tax	57	73	(16)
16/20M vehicle tax	42	58	(16)
<b>Total Cash Receipts</b>	<u>\$ 31,798</u>	<u>\$ 34,530</u>	<u>\$ (2,732)</u>
<b>EXPENDITURES</b>			
Library appropriations	<u>\$ 31,507</u>	<u>\$ 31,507</u>	<u>\$ -</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 291	\$ 3,023	
<b>UNENCUMBERED CASH - JANUARY 1</b>	<u>100</u>	<u>100</u>	
<b>UNENCUMBERED CASH - DECEMBER 31</b>	<u>\$ 391</u>	<u>\$ 3,123</u>	

*Financial Statements*

CITY OF WAKEFIELD, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2009

SPECIAL REVENUE FUND  
SPECIAL STREET FUND

	Actual	Budget	Variance Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Ad valorem tax	\$ -	\$ -	\$ -
Delinquent tax	24	-	24
Motor vehicle tax	775	742	33
Recreational vehicle tax	9	11	(2)
16/20M vehicle tax	7	8	(1)
Interest on idle funds	194	400	(206)
<b>Total Cash Receipts</b>	<u>\$ 1,009</u>	<u>\$ 1,161</u>	<u>\$ (152)</u>
<b>EXPENDITURES</b>			
Construction	<u>\$ 9,220</u>	<u>\$ 18,500</u>	<u>\$ 9,280</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ (8,211)	\$ (17,339)	
<b>UNENCUMBERED CASH - JANUARY 1</b>	<u>12,427</u>	<u>12,427</u>	
<b>UNENCUMBERED CASH - DECEMBER 31</b>	<u>\$ 4,216</u>	<u>\$ (4,912)</u>	

*Financial Statements*

CITY OF WAKEFIELD, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2009

SPECIAL REVENUE FUND  
INDUSTRIAL DEVELOPMENT FUND

	Actual	Budget	Variance Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Ad valorem tax	\$ -	\$ -	\$ -
Delinquent tax	2	-	2
Motor vehicle tax	65	62	3
Recreational vehicle tax	1	1	-
16/20M vehicle tax	1	1	-
<b>Total Cash Receipts</b>	<u>\$ 69</u>	<u>\$ 64</u>	<u>\$ 5</u>
<b>EXPENDITURES</b>			
Development	\$ -	\$ 5,150	\$ 5,150
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 69	\$ (5,086)	
<b>UNENCUMBERED CASH - JANUARY 1</b>	<u>5,359</u>	<u>5,359</u>	
<b>UNENCUMBERED CASH - DECEMBER 31</b>	<u>\$ 5,428</u>	<u>\$ 273</u>	

**Financial Statements**

CITY OF WAKEFIELD, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2009

SPECIAL REVENUE FUND  
LAW ENFORCEMENT FUND

	<u>Actual</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>
<b>CASH RECEIPTS</b>			
Ad valorem tax	\$ 5,814	\$ 6,469	\$ (655)
Delinquent tax	47	-	47
Motor vehicle tax	1,055	1,003	52
Recreational vehicle tax	12	14	(2)
16/20M vehicle tax	10	11	(1)
<b>Total Cash Receipts</b>	<u>\$ 6,938</u>	<u>\$ 7,497</u>	<u>\$ (559)</u>
<b>EXPENDITURES</b>			
Law enforcement equipment	\$ 6,010	\$ 7,500	\$ 1,490
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 928	\$ (3)	
<b>UNENCUMBERED CASH - JANUARY 1</b>	<u>6,012</u>	<u>6,012</u>	
<b>UNENCUMBERED CASH - DECEMBER 31</b>	<u>\$ 6,940</u>	<u>\$ 6,009</u>	

*Financial Statements*

CITY OF WAKEFIELD, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2009

TRUST AND AGENCY FUND  
LIBRARY ENDOWMENT FUND

	<u>Actual</u>
<b>CASH RECEIPTS</b>	
Bequest	\$ 135,455
Interest on idle funds	3,630
<b>Total Cash Receipts</b>	<u>\$ 139,085</u>
<b>EXPENDITURES</b>	
Miscellaneous	<u>\$ -</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 139,085
<b>UNENCUMBERED CASH - JANUARY 1</b>	<u>400,019</u>
<b>UNENCUMBERED CASH - DECEMBER 31</b>	<u><u>\$ 539,104</u></u>

*Financial Statements*

CITY OF WAKEFIELD, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2009

DEBT SERVICE FUND

	Actual	Budget	Variance Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Special assessments	\$ 64,331	\$ 64,000	\$ 331
Ad valorem tax	3,491	3,884	(393)
Delinquent taxes	11	-	11
Motor vehicle tax	69	85	(16)
Recreational vehicle tax	(1)	-	(1)
Miscellaneous	8,935	-	8,935
Transfers in	3,000	3,000	-
<b>Total Cash Receipts</b>	<u>\$ 79,836</u>	<u>\$ 70,969</u>	<u>\$ 8,867</u>
<b>EXPENDITURES</b>			
Principal	\$ 30,000	\$ 30,000	\$ -
Interest	40,138	40,137	(1)
Commission and costs	-	600	600
<b>Total Expenditures</b>	<u>\$ 70,138</u>	<u>\$ 70,737</u>	<u>\$ 599</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 9,698	\$ 232	
<b>UNENCUMBERED CASH - JANUARY 1</b>	<u>10,205</u>	<u>10,205</u>	
<b>UNENCUMBERED CASH - DECEMBER 31</b>	<u>\$ 19,903</u>	<u>\$ 10,437</u>	

*Financial Statements*

CITY OF WAKEFIELD, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2009

ENTERPRISE FUND  
WATER AND SEWER FUND

	Actual	Budget	Variance Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Water and sewer fees	\$ 167,865	\$ 182,000	\$ (14,135)
Sales tax	739	1,000	(261)
Penalties and service charges	2,836	3,000	(164)
Connections	6,164	8,500	(2,336)
Interest on idle funds	1,188	750	438
<b>Total Cash Receipts</b>	<u>\$ 178,792</u>	<u>\$ 195,250</u>	<u>\$ (16,458)</u>
<b>EXPENDITURES</b>			
Wages	\$ 44,619	\$ 50,000	\$ 5,381
Contractual	7,489	15,000	7,511
Commodities	70,037	75,000	4,963
Tests and permits	3,291	2,500	(791)
Deposit refunds	1,401	1,400	(1)
Sales tax	2,003	1,800	(203)
Water protection fee	1,917	1,000	(917)
Miscellaneous	604	1,000	396
Contingencies	9,990	50,000	40,010
Transfers	88,000	88,000	-
<b>Total Expenditures</b>	<u>\$ 229,351</u>	<u>\$ 285,700</u>	<u>\$ 56,349</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ (50,559)	\$ (90,450)	
<b>UNENCUMBERED CASH - JANUARY 1</b>	<u>220,243</u>	<u>220,243</u>	
<b>UNENCUMBERED CASH - DECEMBER 31</b>	<u>\$ 169,684</u>	<u>\$ 129,793</u>	

*Financial Statements*

CITY OF WAKEFIELD, KANSAS  
STATEMENT OF CASH RECEIPTS AND EXPENDITURES - ACTUAL AND BUDGET  
For the Year Ended December 31, 2009

ENTERPRISE FUND  
UTILITY CAPITAL RESERVE FUND

	Actual	Budget	Variance Favorable (Unfavorable)
<b>CASH RECEIPTS</b>			
Transfers	\$ 60,000	\$ 60,000	\$ -
Interest on idle funds	476	1,500	(1,024)
<b>Total Cash Receipts</b>	<u>\$ 60,476</u>	<u>\$ 61,500</u>	<u>\$ -</u>
<b>EXPENDITURES</b>			
Note payments	\$ 19,456	\$ 19,456	\$ -
Capital improvements	14,110	53,000	38,890
<b>Total Expenditures</b>	<u>\$ 33,566</u>	<u>\$ 72,456</u>	<u>\$ 38,890</u>
<b>RECEIPTS OVER (UNDER) EXPENDITURES</b>	\$ 26,910	\$ (10,956)	
<b>UNENCUMBERED CASH - JANUARY 1</b>	<u>40,412</u>	<u>40,412</u>	
<b>UNENCUMBERED CASH - DECEMBER 31</b>	<u>\$ 67,322</u>	<u>\$ 29,456</u>	

*Financial Statements*

**CITY OF WAKEFIELD, KANSAS**  
**STATEMENT OF CHANGES IN LONG-TERM DEBT**  
For the Year Ended December 31, 2009

ISSUE	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year
<b>Ks Dept of Health &amp; Environment</b>									
KDHE	2.98	11/20/97	\$ 235,404	3/1/14	\$ 92,785	\$ -	\$ 16,592	\$ (16,592)	\$ 76,193
<b>General Obligation Bonds</b>									
Series 2005	6.75	7/1/05	\$ 125,000	9/1/25	\$ 113,000	\$ -	\$ 5,000	\$ (5,000)	\$ 108,000
Series 2006	4.85	11/17/06	98,000	9/1/16	80,000	-	10,000	(10,000)	70,000
Series 2008-B	4.65	6/15/08	580,000	9/1/28	580,000	-	15,000	(15,000)	565,000
<b>Total General Obligation Bonds</b>			<b>\$ 223,000</b>		<b>\$ 773,000</b>	<b>\$ -</b>	<b>\$ 30,000</b>	<b>\$ (30,000)</b>	<b>\$ 743,000</b>
<b>TOTAL LONG-TERM DEBT</b>					<b>\$ 865,785</b>	<b>\$ -</b>	<b>\$ 46,592</b>	<b>\$ (46,592)</b>	<b>\$ 819,193</b>

STATEMENT 4

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report.

# *Financial Statements*

**CITY OF WAKEFIELD, KANSAS**  
**SCHEDULE OF MATURITY OF LONG-TERM DEBT**  
For the Year Ended December 31,

	2010	2011	2012	2013	2014	2015-2019	2020-2024	2025-2029	Total
<b>PRINCIPAL</b>									
General Obligation Bonds									
Series 2005	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 6,000	\$ 33,000	\$ 40,000	\$ 9,000	\$ 108,000
Series 2006	10,000	10,000	10,000	10,000	10,000	20,000	-	-	70,000
Series 2008-B	20,000	20,000	20,000	25,000	25,000	130,000	165,000	160,000	565,000
<b>Total General Obligation Bonds</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 35,000</b>	<b>\$ 40,000</b>	<b>\$ 41,000</b>	<b>\$ 183,000</b>	<b>\$ 205,000</b>	<b>\$ 169,000</b>	<b>\$ 743,000</b>
Ks Dept of Health & Environment KDHE loan	\$ 17,132	\$ 17,690	\$ 18,266	\$ 18,861	\$ 4,244	-	-	-	\$ 76,193
<b>TOTAL PRINCIPLE</b>	<b>\$ 52,132</b>	<b>\$ 52,690</b>	<b>\$ 53,266</b>	<b>\$ 58,861</b>	<b>\$ 45,244</b>	<b>\$ 183,000</b>	<b>\$ 205,000</b>	<b>\$ 169,000</b>	<b>\$ 819,193</b>
<b>INTEREST</b>									
General Obligation Bonds									
Series 2005	\$ 4,933	\$ 4,633	\$ 4,343	\$ 4,093	\$ 3,880	\$ 15,448	\$ 7,605	\$ 405	\$ 45,340
Series 2006	3,395	2,910	2,425	1,940	1,455	1,455	-	-	13,580
Series 2008-B	25,081	24,381	23,681	22,981	22,106	95,063	63,825	20,750	297,868
<b>Total General Obligation Bonds</b>	<b>\$ 33,409</b>	<b>\$ 31,924</b>	<b>\$ 30,449</b>	<b>\$ 29,014</b>	<b>\$ 27,441</b>	<b>\$ 111,966</b>	<b>\$ 71,430</b>	<b>\$ 21,155</b>	<b>\$ 356,788</b>
Ks Dept of Health & Environment KDHE loan	\$ 2,144	\$ 1,629	\$ 1,098	\$ 549	\$ 63	-	-	-	\$ 5,483
<b>TOTAL INTEREST</b>	<b>\$ 35,553</b>	<b>\$ 33,553</b>	<b>\$ 31,547</b>	<b>\$ 29,563</b>	<b>\$ 27,504</b>	<b>\$ 111,966</b>	<b>\$ 71,430</b>	<b>\$ 21,155</b>	<b>\$ 362,271</b>

STATEMENT 4  
(Continued)

The accompanying notes are an integral part of these financial statements.  
See Independent Auditors' Report.

# Financial Statements

**CITY OF WAKEFIELD, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2009

**Notes to Financial Statements**

**Note 1: Summary of Significant Accounting Policies**

The City of Wakefield, Kansas (the City) is a municipal corporation governed by an elected five-member board plus a mayor. The City provides services to its citizens in the areas of water, sewer, streets, recreation facilities and general administrative services. The City has no component units. It was established in August 1869 and incorporated in April 1887.

**The Financial Reporting Entity**

The financial reporting entity of the City is comprised of the primary government.

**Reimbursements**

The City records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

**Fund Accounting**

The accounts of the City are organized and operated on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

The following types of funds were utilized in recording the financial activities of the City for the year 2009.

**Governmental Funds**

*General Fund* - The general fund is used to account for all unrestricted financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* - The special revenue funds are used to account for the proceeds of specific revenue sources, other than special assessments or major capital projects, that are restricted by law or administrative action to expenditures for specific purposes.

*Debt Service Funds* - The debt service funds are used to account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt, and the financing of special assessments, which are general obligations of the City.

**Proprietary Funds**

*Enterprise Funds* - The enterprise funds are used to account for operations where it is the intent that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Statutory Basis of Accounting**

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

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

**CITY OF WAKEFIELD, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
December 31, 2009

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Departure From Generally Accepted Accounting Principles**

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

**Budgetary Information**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal and annual operating budget.

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

The statutes allow for the 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.

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrances method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitments, such as a purchase order or contract. All encumbered appropriations (legal budget expenditure authority) lapse at year end.

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

**CITY OF WAKEFIELD, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
December 31, 2009

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Budgetary Information (Continued)**

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

Qualifying budget credits must be authorized by Kansas statutes and may include expenditure of federal grant monies, gifts and donations, receipts authorized by law to be spent as if they were reimbursed expenses, and other special revenue exempted by Kansas statutes.

**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.

**Compensated Absences**

Expenses for accumulated vacation and sick leave earned by employees are recorded when paid or taken by the employees. Employees are required to use all vacation within the twelve months following the anniversary date. Full-time employees shall be entitled, upon the anniversary of their date of hire, to a vacation period as follows: 1 year = two weeks; 6-10 years = three weeks; 11+ years = four weeks.

Full-time employees earn forty hours of sick leave during the first year of employment. After the first year of employment, employees receive 64 hours of sick leave per year. Full-time employees may accrue sick leave up to 720 hours. Upon resignation or termination, full-time employees will forfeit their sick leave.

**Note 2: Deposits and Investments**

Kansas State statutes authorize the City to invest in temporary notes or no-fund warrants, time deposits, open accounts, certificates of deposit, repurchase agreements and United States treasury bills or notes in commercial banks, state or federally-chartered savings and loan associations, federally-chartered savings banks having home offices within the State of Kansas or the State Municipal Investment Pool. All deposited funds are required to be 100% secured. Assets pledged by financial institutions to secure deposits must meet certain criteria and must be held in safekeeping by a separate acceptable financial institution, with the exception of repurchase agreements, which do not have to be held by a separate financial institution.

At year-end the carrying amount of the City's deposits was \$980,948. The bank balance was \$984,037. The difference between the carrying amount and the bank balance is outstanding checks. Of the bank balance, \$250,000 was covered by federal depository insurance; \$734,037 was collateralized by safekeeping agreement with Farmers & Merchants Bank and the Federal Reserve.

**Note 3: Property Taxes**

In accordance with governing State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half of the full amount of the taxes levied on or before December 20th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes levied and collected in the year prior to January 1st of the ensuing year.

**CITY OF WAKEFIELD, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
December 31, 2009

**Note 4: Long-Term Debt**

All general obligation bonds and temporary notes are secured by the full faith and credit of the City. See Statement 4 for details of long-term debt.

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, must be interest-bearing and have a maturity date of not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are usually retired from the proceeds of the sale of general obligation bonds.

**Note 5: Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. This risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the last three fiscal years. There have been no decreases in insurance coverage from the prior year.

**Note 6: Compliance With Finance-Related and Contractual Provisions**

There were no budget or cash violations in 2009.

**Note 7: Defined Benefit Pension Plan**

**Plan Description**

The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by KSA 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 Avenue, Suite 100, Topeka, KS 66503-3803) or by calling 1-888-275-5737.

KSA 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. KSA 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employers rate established by statute for calendar year 2009 is 6.54%. The City's employer contributions to KPERS for the year ended December 31, 2009 was \$3,758.91, equal to the statutory required contributions for the year. The KP&F uniform participating employer rate established for fiscal years beginning in 2009 is 13.88%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City's contribution to KP&F for the year ended December 31, 2009 was \$5,557.67, equal to the statutory required contribution for the year.

**CITY OF WAKEFIELD, KANSAS**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
 December 31, 2009

**Note 8: Interfund Transfers**

Transfers for the year ended December 31, 2009 were as follows:

<u>To</u>	<u>From</u>	<u>In</u>	<u>Out</u>
General Fund	Sewer & Water Fund	\$ 25,000	\$ 25,000
Utility Reserve	Sewer & Water Fund	60,000	60,000
Bond & Interest	Sewer & Water Fund	3,000	3,000
Employee Benefits	General Fund	32,000	32,000
<b>Total Transfers</b>		<u>\$ 120,000</u>	<u>\$ 120,000</u>

**Note 9: Subsequent Events**

Management has evaluated subsequent events through the date of the financial statements.

**CITY OF WAKEFIELD, KANSAS**  
**COMPOSITION OF ENDING CASH BALANCES**  
For the Year Ended December 31, 2009

Farmers & Merchants Money Market Accounts	\$ 970,781
Farmers & Merchants Checking Account	<u>10,167</u>
<b>Total Cash</b>	<u><u>\$ 980,948</u></u>

*Supplemental Information*