

CITY OF MAYETTA, KANSAS

**Financial Statements for the
Years Ended December 31, 2009 and 2010
And Independent Auditors' Report**

CITY OF MAYETTA, KANSAS

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Summary of Cash Receipts and Disbursements	2
Summary of Cash Disbursements - Actual and Budget	3
General Fund - Statement of Cash Receipts and Disbursements- Actual and Budget	4
Special Highway Fund – Statement of Cash Receipts and Disbursements- Actual and Budget	5
Special Highway Reserve Fund – Statement of Cash Receipts and Disbursements- Actual and Budget	6
Water Fund - Statement of Cash Receipts and Disbursements - Actual and Budget	7
Water Escrow Fund- Statement of Cash Receipts and Disbursements - Actual and Budget	8
Sewer Fund - Statement of Cash Receipts and Disbursements - Actual and Budget	9
Trash Fund – Statement of Cash Receipts and Disbursements- Actual and Budget	10
Capital Improvement Fund - Statement of Cash Receipts and Disbursements - Actual	11
ARRA Stormwater Grant – Statement of Cash Receipts and Disbursements Actual	12
Street Bond Project – Statement of Cash Receipts and Disbursement – Actual	13
G.O. Bond and Interest Fund - Statement of Cash Receipts and Disbursements – Actual and Budget	14
Sewer Reserve Fund - Statement of Cash Receipts and Disbursements – Actual and Budget	15
Water Reserve Fund - Statement of Cash Receipts and Disbursements – Actual and Budget	16
Water Revenue Bond Principal and Interest Fund - Statement of Cash Receipts and Disbursements – Actual and Budget	17
Notes to Financial Statements	18-27
STATISTICAL INFORMATION	
Schedule of Insurance in Force	28
Schedule of Statistics	29



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and City Council
City of Mayetta, Kansas

We have audited the accompanying financial statements of the City of Mayetta, Kansas (City) as of December 31, 2010, 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.

Except for the following, we conducted our audit in accordance with generally accepted auditing standards of the United States of America and the Kansas Municipal Audit Guide (KMAG). 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 that our audit provides a reasonable basis for our opinion.

The City has elected not to adopt the provisions of the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; Statement No. 38, Certain Financial Statement Note Disclosures; and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

The City lacks segregation of duties as the City primarily has one employee performing accounting functions including billing customers, applying receipts to customer balances, bank reconciliation's and financial reporting.

As described more fully in Note 1, the City prepares its financial statements on a basis of accounting prescribed by the Kansas Division of Accounts and Reports to demonstrate compliance with the cash basis laws of the State of Kansas, which basis differs from generally accepted accounting principles.

In our opinion, because of the effects of the matter discussed in the preceding paragraphs, the financial statements referred to above do not present fairly, in conformity with generally accepted accounting principles, the financial position of the City of Mayetta, Kansas, as of December 31, 2010, or the results of its operations 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 of Mayetta, Kansas, as of December 31, 2010, and its cash receipts and cash disbursements for the year then ended on the basis of accounting described in Note 1.

August 4, 2011

Michael D. Peroo, CPA, PA

Michael D. Peroo, CPA
In Charge of and Actively
Engaged on this Audit

CITY OF MAYETTA, KANSAS

**SUMMARY OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2010**

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
General Fund	\$ 56,025	\$ 110,487	\$ 126,378	\$ 40,134
Special Revenue Funds:				
Special Highway Fund	6,755	12,347	16,954	2,148
Special Highway Reserve Fund	17,556		11,559	5,997
Enterprise Funds:				
Water Fund	51,865	105,809	95,135	62,539
Sewer Fund	54,883	33,606	37,795	50,694
Trash Fund	12,122	27,282	23,017	16,387
Project Funds:				
Capital Improvement Fund	85,662	14,884	39,917	60,629
ARRA Stormwater Fund	111	362,578	362,689	
Street Construction Fund		75,000	3,171	71,829
Debt Service Funds:				
G.O. Bond and Interest Fund	4,597	19,850	23,462	985
Sewer Reserve Fund	111,012	6,233		117,245
Water Reserve Fund	106,525	1,007		107,532
Water Revenue Bond Principal & Interest Fund	6,359	16,262	16,261	6,360
Total Reporting Entity	\$ <u>513,472</u>	\$ <u>785,345</u>	\$ <u>756,338</u>	\$ <u>542,479</u>
Transfers		<u>65,271</u>	<u>65,271</u>	
Net Receipts and Disbursements		\$ <u><u>720,074</u></u>	\$ <u><u>691,067</u></u>	
COMPOSITION OF CASH:				
Holton National Bank - Checking Account				\$ 102,201
Denison State Bank - Sewer				11,900
Denison State Bank - Water Saving Reserve				5,138
Holton National Bank - CDBG Funds				
Holton National Bank - Certificate of Deposit				160,000
Denison State Bank - Certificate of Deposit - Water				97,300
Denison State Bank - Capital Improvement Fund				60,596
Denison State Bank - Certificate of Deposit - Capital Improvement				
Denison State Bank - Certificate of Deposit - Sewer				105,345
				\$ <u><u>542,479</u></u>

CITY OF MAYETTA, KANSAS

**SUMMARY OF CASH DISBURSEMENTS - ACTUAL AND BUDGET
YEAR ENDED DECEMBER 31, 2010**

	<u>Cash</u> <u>Disbursements</u>	<u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
General Fund	\$ 126,378	\$ 175,150	\$ 48,772
Special Revenue Funds:			
Special Highway Fund	16,954	19,100	2,146
Special Highway Reserve	11,559		(11,559)
Enterprise Funds:			
Water Fund	95,135	147,450	52,315
Sewer Fund	37,795	66,285	28,490
Trash Fund	23,017	30,124	7,107
Debt Service Funds:			
G.O. Bond and Interest Fund	23,462	29,082	5,620
Water Escrow Fund		45,871	45,871
Sewer Reserve Fund			
Water Revenue Bond Principal & Interest Fund	<u>16,261</u>	<u>30,261</u>	<u>14,000</u>
Total Budget Funds	350,561	<u>\$ 543,323</u>	<u>\$ 192,762</u>
Non Budgeted Funds:			
ARRA Stormwater Fund	362,689		
Water Reserve Fund			
Capital Improvement Fund	39,917		
Street Bond Fund	<u>3,171</u>		
Total Reporting Entity	<u>\$ 756,338</u>		

CITY OF MAYETTA, KANSAS

GENERAL FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET

YEARS ENDED DECEMBER 31, 2009 AND 2010

	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2010 Budget</u>	Variance Favorable (Unfavorable)
CASH RECEIPTS:				
State Retail Sales Tax	\$ 20,332	\$ 19,292	\$ 20,375	\$ (1,083)
County Property and Motor Vehicle Taxes	50,907	58,105	56,506	1,599
Franchise Tax	12,130	13,511	10,630	2,881
Miscellaneous	491	2,226	545	1,681
License Permits and Fees	1,154	628	2,250	(1,622)
Fees From Fines	380	70	100	(30)
Antenna Rent		200	1,200	(1,000)
Reimbursements	<u>13,290</u>	<u>16,455</u>	<u>10,000</u>	<u>6,455</u>
Total Cash Receipts	98,684	110,487	<u>\$ 101,606</u>	<u>\$ 8,881</u>
CASH DISBURSEMENTS:				
General Administration:				
Personnel Costs	38,890	19,309	\$ 33,500	\$ 14,191
Contracted Services	52,536	33,015	29,000	(4,015)
Street Lights	7,444	8,561	8,500	(61)
Commodities	8,077	4,170	8,200	4,030
Legal Fees	6,137	1,741	4,000	2,259
Capital outlay			39,900	39,900
Transfer to Capital Improvement Fund			2,500	2,500
Transfer to Law Enforcement Fund				
Payroll taxes	12,537	12,885	20,975	8,090
Grant Expense		39,997		(39,997)
Miscellaneous	2,763	315	9,000	8,685
Public Safety:				
Police Salaries			5,256	5,256
Commodities				
Judge & Clerk Fees	660	600	720	120
Law Enforcement Training Fund	39		1,200	1,200
Equipment and Jail Fees			4,000	4,000
Zoning Planning Commission			699	699
Insurance:				
Liability	449	449	600	151
Property	1,569	1,674	3,550	1,876
Worker's Compensation	902	902	750	(152)
Vehicle	498	1,252	700	(552)
Surety Bonds	1,150	200	500	300
Linebackers	<u>959</u>	<u>1,308</u>	<u>1,600</u>	<u>292</u>
Total Cash Disbursements	<u>134,610</u>	<u>126,378</u>	<u>\$ 175,150</u>	<u>\$ 48,772</u>
Receipts under Disbursements	(35,926)	(15,891)		
CASH, BEGINNING BALANCE	<u>91,951</u>	<u>56,025</u>		
CASH, ENDING BALANCE	<u>\$ 56,025</u>	<u>\$ 40,134</u>		

CITY OF MAYETTA, KANSAS

SPECIAL HIGHWAY FUND

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
YEARS ENDED DECEMBER 31, 2009 AND 2010**

	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2010 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Interest on Idle Funds	\$ 1,669	\$ 2,865	\$ 1,400	\$ 1,465
Reimbursements				
State of Kansas Gas Tax	<u>8,946</u>	<u>9,482</u>	<u>10,850</u>	<u>(1,368)</u>
Total Cash Receipts	10,615	12,347	\$ <u>12,250</u>	\$ <u>97</u>
CASH DISBURSEMENTS:				
Contracted Services	11,785	13,800	13,100	(700)
Commodities	<u>4,414</u>	<u>3,154</u>	<u>6,000</u>	<u>2,846</u>
Total Cash Disbursements	<u>16,199</u>	<u>16,954</u>	\$ <u>19,100</u>	\$ <u>2,146</u>
Receipts under (over) Disbursements	(5,584)	(4,607)		
CASH, BEGINNING BALANCE	<u>12,339</u>	<u>6,755</u>		
CASH, ENDING BALANCE	\$ <u>6,755</u>	\$ <u>2,148</u>		

CITY OF MAYETTA, KANSAS

SPECIAL HIGHWAY RESERVE FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET

YEARS ENDED DECEMBER 31, 2009 AND 2010

	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2010 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Interest on Idle Funds	\$ 2,629	\$	\$ 2,629	\$ (2,629)
Total Cash Receipts	2,629		<u>\$ 2,629</u>	<u>\$ (2,629)</u>
CASH DISBURSEMENTS:				
Maintenance and Repairs		3,000	\$	\$ (3,000)
Street Repair & Supplies		8,559		(8,559)
Total Cash Disbursements		<u>11,559</u>	<u>\$</u>	<u>\$ (11,559)</u>
Receipts over (under) Disbursements	2,629	(11,559)		
CASH, BEGINNING BALANCE	<u>14,927</u>	<u>17,556</u>		
CASH, ENDING BALANCE	<u>\$ 17,556</u>	<u>\$ 5,997</u>		

CITY OF MAYETTA, KANSAS

WATER FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET

YEARS ENDED DECEMBER 31, 2009 AND 2010

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>	<u>2010</u> <u>Budget</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
CASH RECEIPTS:				
Water Sales	\$ 86,501	\$ 98,534	\$ 98,500	\$ 34
Deposits	2,576	3,150	2,650	500
New Meter Installations			1,500	(1,500)
Penalties and Fees	3,794	3,351	4,650	(1,299)
Miscellaneous	386	422		422
Sales Tax Collected	336	352	385	(33)
Transfer from Water Reserve			10,000	(10,000)
Transfer from Water Escrow Fund	<u>27,999</u>			
Total Cash Receipts	121,592	105,809	<u>\$ 117,685</u>	<u>\$ (11,876)</u>
CASH DISBURSEMENTS:				
Water Purchased	39,270	47,895	\$ 45,000	\$ (2,895)
Debt Fee			1,752	1,752
Deposit Refunds	1,435	1,917	2,200	283
Personnel Services	4,397	13,857	18,500	4,643
Contracted Services	14,874	11,336	26,000	14,664
Commodities	3,482	2,576	6,500	3,924
Miscellaneous	236	295		(295)
Capital Outlay			5,800	5,800
Water escrow				
Legal fees	6,104	122	9,000	8,878
Water Protection Fee	489	497	765	268
Sales Tax Paid	247	270	700	430
Transfer to Water Escrow	9,539		14,500	14,500
Transfers To Capital Improvement Fund				
Transfer To Rev Bond Principal and Interest Fund	<u>16,733</u>	<u>16,370</u>	<u>16,733</u>	<u>363</u>
Total Cash Disbursements	<u>96,806</u>	<u>95,135</u>	<u>\$ 147,450</u>	<u>\$ 52,315</u>
Receipts over (under) Disbursements	24,786	10,674		
CASH, BEGINNING BALANCE	<u>27,079</u>	<u>51,865</u>		
CASH, ENDING BALANCE	<u>\$ 51,865</u>	<u>\$ 62,539</u>		

CITY OF MAYETTA, KANSAS

**WATER ESCROW FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2010 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Transfer from water fund	\$ 9,540	\$ _____	\$ 14,500	\$ (14,500)
Total Cash Receipts	9,540		14,500	(14,500)
CASH DISBURSEMENTS:				
Additional water payments to RWD#3	5,333		45,871	45,871
Transfer to water fund	27,999			
Settlement expenses	6,000			
Total Cash Disbursements	<u>39,332</u>	<u>_____</u>	<u>\$ 45,871</u>	<u>\$ 45,871</u>
Receipts over Disbursements	(29,792)			
CASH, BEGINNING BALANCE	<u>29,792</u>	<u>_____</u>		
CASH, ENDING BALANCE	<u>\$ _____</u>	<u>\$ _____</u>		

CITY OF MAYETTA, KANSAS

SEWER FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET

YEAR ENDED DECEMBER 31, 2010

	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2010 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Sewer Charges	\$ 33,669	\$ 33,606	\$ 36,240	\$ (2,634)
Hook up fee			750	(750)
Miscellaneous	<u>379</u>			
Total Cash Receipts	34,048	33,606	<u>\$ 36,990</u>	<u>\$ (3,384)</u>
CASH DISBURSEMENTS:				
Commodities	697	247	\$ 3,500	\$ 3,253
Personnel services	3,633	12,401	18,000	5,599
Contractual	5,635	7,147	9,500	2,353
Legal fees			2,500	2,500
Transfer to GO Bond	11,000	18,000	6,000	(12,000)
Transfer to Capital Improvement Fund			5,000	5,000
Capital Outlay			21,600	21,600
Miscellaneous			<u>185</u>	<u>185</u>
Total Cash Disbursements	<u>20,965</u>	<u>37,795</u>	<u>\$ 66,285</u>	<u>\$ 28,490</u>
Receipts over Disbursements	13,083	(4,189)		
CASH, BEGINNING BALANCE	<u>41,800</u>	<u>54,883</u>		
CASH, ENDING BALANCE	<u>\$ 54,883</u>	<u>\$ 50,694</u>		

CITY OF MAYETTA, KANSAS

TRASH FUND

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
YEAR ENDED DECEMBER 31, 2010**

	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2010 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Trash Service Fees	\$ 23,097	\$ 27,282	\$ 23,000	\$ 4,282
Total Cash Receipts	23,097	27,282	<u>23,000</u>	<u>4,282</u>
CASH DISBURSEMENTS:				
Contracted Service	20,543	22,503	\$ 23,750	\$ 1,247
Capital Outlay				
Spring Clean Up Day		464	5,474	5,010
Miscellaneous	<u>40</u>	<u>50</u>	<u>900</u>	<u>850</u>
Total Cash Disbursements	<u>20,583</u>	<u>23,017</u>	<u>30,124</u>	<u>7,107</u>
Receipts over Disbursements	2,514	4,265		
CASH, BEGINNING BALANCE	<u>9,608</u>	<u>12,122</u>		
CASH, ENDING BALANCE	<u>\$ 12,122</u>	<u>\$ 16,387</u>		

CITY OF MAYETTA, KANSAS

CAPITAL IMPROVEMENT FUND STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL YEAR ENDED DECEMBER 31, 2010

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
CASH RECEIPTS:		
Reimbursed Grant	\$	\$ 1,697
Transfer from Sewer Fund	5,000	5,000
County Special Sales Tax	8,780	7,515
Interest	<u>1,340</u>	<u>672</u>
Total Cash Receipts	15,120	14,884
CASH DISBURSEMENTS:		
Capital Outlay		39,917
Contractual		
Total Cash Disbursements		<u>39,917</u>
Receipts over (under) Disbursements	15,120	(25,033)
CASH, BEGINNING BALANCE	<u>70,542</u>	<u>85,662</u>
CASH, ENDING BALANCE	\$ <u><u>85,662</u></u>	\$ <u><u>60,629</u></u>

CITY OF MAYETTA, KANSAS

**ARRA STORM DRAINAGE PROJECT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
YEARS ENDED DECEMBER 31, 2010**

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
CASH RECEIPTS:		
Grants Received	\$ 49,450	\$ 343,408
City of Mayetta		12,028
Other Income		7,142
	<hr/>	<hr/>
Total Cash Receipts	49,450	362,578
CASH DISBURSEMENTS:		
Engineering Fees	\$ 39,780	\$ 8,451
Administration Fees	5,239	18,598
Contractor	4,320	327,587
Other Expenses		8,053
	<hr/>	<hr/>
Total Cash Disbursements	49,339	362,689
Receipts over Disbursements	111	(111)
CASH, BEGINNING BALANCE	<hr/>	<hr/>
		111
CASH, ENDING BALANCE	\$ <u>111</u>	\$ <u>(0)</u>

CITY OF MAYETTA, KANSAS

**STREET BOND PROJECT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
YEARS ENDED DECEMBER 31, 2010**

	<u>2009</u> <u>Actual</u>	<u>2010</u> <u>Actual</u>
CASH RECEIPTS:		
Loan Proceeds	\$ _____	\$ _____ 75,000
Total Cash Receipts		75,000
CASH DISBURSEMENTS:		
Engineering Fees	\$ _____	\$ _____
Administration Fees		3,171
Contractor		
Other Expenses	_____	_____
Total Cash Disbursements	_____	_____ 3,171
Receipts over Disbursements		71,829
CASH, BEGINNING BALANCE	_____	_____
CASH, ENDING BALANCE	\$ _____	\$ _____ 71,829

CITY OF MAYETTA, KANSAS

G.O.BOND PRINCIPAL AND INTEREST FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET

YEAR ENDED DECEMBER 31, 2009

	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2010 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Transfer from Sewer Fund	\$ 6,000	\$ 10,000	\$ 6,000	\$ (4,000)
Special Assessments	2,720	2,507		2,507
County Taxes	<u>15,253</u>	<u>7,343</u>	<u>15,250</u>	<u>(7,907)</u>
Total Cash Receipts	23,973	19,850	<u>\$ 21,250</u>	<u>\$ (9,400)</u>
CASH DISBURSEMENTS:				
Interest Payment	7,177	3,513	\$ 7,684	\$ 4,171
Principal Payment	16,173	14,682	16,172	1,490
Commission and fees	334	5,267	226	(5,041)
Cash Basis Reserve			<u>5,000</u>	<u>5,000</u>
Total Cash Disbursements	<u>23,684</u>	<u>23,462</u>	<u>\$ 29,082</u>	<u>\$ 5,620</u>
Receipts (under) over Disbursements	289	(3,612)		
CASH, BEGINNING BALANCE	<u>4,308</u>	<u>4,597</u>		
CASH, ENDING BALANCE	<u>\$ 4,597</u>	<u>\$ 985</u>		

CITY OF MAYETTA, KANSAS

SEWER RESERVE FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET

YEAR ENDED DECEMBER 31, 2010

	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2010 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Interest on Idle Funds	\$ 975	\$ 3,233	\$ 975	\$ 2,258
Transfer from Sewer Fund		<u>3,000</u>		<u>3,000</u>
Total Cash Receipts	975	6,233	<u>\$ 975</u>	<u>\$ 5,258</u>
CASH DISBURSEMENTS:				
Capital Outlay			\$	
Transfer				\$
Total Cash Disbursements			<u>\$</u>	<u>\$</u>
Receipts over (under) Disbursements	975	6,233		
CASH, BEGINNING BALANCE	<u>110,037</u>	<u>111,012</u>		
CASH, ENDING BALANCE	<u>\$ 111,012</u>	<u>\$ 117,245</u>		

CITY OF MAYETTA, KANSAS

WATER RESERVE FUND

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL
YEAR ENDED DECEMBER 31, 2010**

	<u>2009 Actual</u>	<u>2010 Actual</u>
CASH RECEIPTS:		
Interest on Idle Funds	\$ 879	\$ 1,007
Total Cash Receipts	879	1,007
CASH DISBURSEMENTS:		
Total Cash Disbursements	_____	_____
Receipts over Disbursements	879	1,007
CASH, BEGINNING BALANCE	<u>105,646</u>	<u>106,525</u>
CASH, ENDING BALANCE	<u>\$ 106,525</u>	<u>\$ 107,532</u>

CITY OF MAYETTA, KANSAS

**WATER REVENUE BOND PRINCIPAL AND INTEREST FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ACTUAL AND BUDGET
YEAR ENDED DECEMBER 31, 2010**

	<u>2009 Actual</u>	<u>2010 Actual</u>	<u>2010 Budget</u>	<u>Variance Favorable (Unfavorable)</u>
CASH RECEIPTS:				
Transfer from Water Fund	\$ 16,733	\$ 16,262	\$ 16,733	\$ (471)
Total Cash Receipts	16,733	16,262	<u>\$ 16,733</u>	<u>\$ (471)</u>
CASH DISBURSEMENTS:				
Principal Payment	15,000	15,000	\$ 15,000	\$
Interest Payment	1,733	1,260	1,733	473
Cash Basis Reserve			13,526	13,526
Bond Fees	<u>1</u>	<u>1</u>	<u>2</u>	<u>1</u>
Total Cash Disbursements	<u>16,734</u>	<u>16,261</u>	<u>\$ 30,261</u>	<u>\$ 14,000</u>
Receipts under Disbursements	(1)	1		
CASH, BEGINNING BALANCE	<u>6,360</u>	<u>6,359</u>		
CASH, ENDING BALANCE	<u>\$ 6,359</u>	<u>\$ 6,360</u>		

CITY OF MAYETTA, KANSAS

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Basis of Presentation - Fund Accounting - The accounts of the City of Mayetta, Kansas are organized on the basis of funds, each of which is considered a separate accounting entity.

The following types of funds comprise the financial activities of the City for 2010.

Governmental funds:

General fund - to account for all unrestricted resources except those required to be accounted for in other funds or account groups.

Special revenue funds - to account for the proceeds of specific revenue sources or to finance specified activities as required by law or administrative regulation.

Capital project funds - to account for major capital expenditures not financed by other funds.

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

Proprietary funds:

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

- b. Basis of Accounting - These financial statements are presented on a basis of accounting, which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, 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.

The municipality has obtained a GAAP waiver from the State of Kansas, which thereby requires this type of special reporting.

- c. Departure from Generally Accepted Accounting Principles - The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown 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 generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance, encumbrances outstanding at year-end did not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year ended December 31, 2010.

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 encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, 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 capital project funds.

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

2. DEPOSITS

At year-end, the carrying amount of the City’s deposits was \$542,479 and the bank balance was \$556,695. The difference between the carrying amount and the balance is outstanding checks and deposits in transit. The bank balance is covered by FDIC insurance and collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City’s name and insurance.

3. TAXES

Property Taxes – The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser annually determines assessed valuations and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county.

In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the following year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1 of each year. One-half of the property taxes is due December 20, prior to the fiscal year for which they are budgeted, and the second half is due the following May 10.

Motor Vehicle Taxes – Since 1981 most motor vehicles became subject to a special tax paid at the time of registration instead of the traditional property tax. In 1995, the legislature enacted a five-year phase down in the assessment rate on motor vehicles for 30% to 20% of market value.

In 2010, the City received the following from county and state taxes:

	General Fund	Special Highway Fund	GO Bond and Interest Fund
Property Taxes	\$ 43,349	\$	\$ 12,827
Motor Vehicle Taxes	7,558		2,426
Sales and Use Taxes	20,332		
Special Assessments			2,720
State Highway Aid		8,946	
	<u>\$ 71,239</u>	<u>\$ 8,946</u>	<u>\$ 17,973</u>

The assessed valuation in 2010 was \$1,183,199, which was used to determine the mill levy for 2010. The mill levy was 48.246 for 2010.

4. UTILITIES

The City provides water, sewer, and solid waste services. The City reads the meters at the end of each month and mails their utility bills on the 1st day of each month for the previous month’s service. The utility bills are due the third Wednesday of the each month. Payments received after this date, are

subjected to a late charge of 10.0% on the unpaid bill. If bills are not paid by the fourth Wednesday of the month, the customer is disconnected.

The City requires that, at the time of making application for utility service, the property owner or customer shall make a cash deposit in the amount of \$75, set by the governing body to secure payment of accrued bills or bills due on discontinuance of service.

The amount due to the City for utility services as of December 31, 2010 was \$15,288, of which \$12,198 is related to the December billings (due January 10, 2011). The amount due to customers for utility deposits as of December 31, 2010 was \$6,425.

Utility Rates as of December 31, 2010 are as follows:

Water Rates:

Minimum charge	\$23.00	includes 2,000 gallons
Next 1,000 gallons	\$8.00	per 1,000 gallons, inside the City limits
	\$9.00	per 1,000 gallons, outside the City limits

Sewer Rates:

Minimum charge	\$13.50	includes no gallons, for residential
Minimum charge	\$22.00	includes no gallons, for commercial
Rate per 1,000	\$1.00	per 1,000 gallons

Solid Waste:

Monthly charge	\$15.00
Monthly charge	\$6.50 if 65 and older

5. LONG-TERM DEBT

In 2003, the City issued Water Utility System Refunding Revenue Bonds, Series 2003, in the amount of \$130,000 (\$40,000 outstanding at December 31, 2010) for the purpose of refinancing the Water Utility System Revenue Bonds, Series 1992.

In 2003, the City issued General Obligation Bonds, Series 2003, in the amount of \$99,205 (\$69,443 outstanding at December 31, 2010) for the purpose of providing funds to permanently finance the construction of improvements to the sidewalks and curbs.

In February 1999, the City entered into a 20-year loan agreement with Kansas Department of Health and Environment for the construction of a third lagoon cell and modification of piping, transfer and discharge structures.

The amount of the loan is up to \$233,000 (\$125,697 outstanding at December 31, 2010) bearing interest at a rate of 3.11%; principal and interest payments are made on a semi-annual basis beginning one year after the completion of the project in the amount of \$7,692.

The following represents activity of long-term debt:

	<u>Revolving Loan Program</u>	<u>Water Utility Refunding Bonds</u>	<u>General Obligation Bonds</u>
Outstanding January 1, 2010	\$ 136,909	\$ 55,000	\$ 74,403
Advances			
Retired	<u>11,212</u>	<u>15,000</u>	<u>4,960</u>
Outstanding December 31, 2010	<u>\$ 125,697</u>	<u>\$ 40,000</u>	<u>\$ 69,443</u>

Kansas Water Pollution Control Revolving Fund

The amount of the loan is up to \$233,000 (\$136,909 outstanding at December 31, 2010) bearing interest at a rate of 3.11%. Principal and interest payments of \$7,692 are made on a semi-annual basis beginning September 1, 1999 through 2019.

Water Utility System Refunding Revenue Bonds

Water utility system refunding revenue bonds are serial bonds to be retired through the year 2011. Principal payments ranging from \$15,000 to \$25,000 will be paid annually beginning on November 1, 2004, and semi-annual interest will be payable on May 1 and November 1, beginning on May 1, 2004.

	<u>Interest Rates</u>	<u>Bonds Outstanding</u>
Water Utility System Refunding Revenue Bonds, \$130,000, Series 2003, issued September 11, 2003	3.15%	<u>\$ 40,000</u>

General Obligation Bonds

General obligation bonds are serial bonds to be retired through the year 2023. Principal payments of \$4,960 will be paid annually beginning on October 1, 2004, and annual interest will be payable on October 1, 2004.

	<u>Interest Rates</u>	<u>Bonds Outstanding</u>
General Obligation Bonds, \$99,205, Series 2003, issued October 15, 2003	4.49%	<u>\$ 69,443</u>

Principal payments of long-term debt are as follows:

	<u>Revolving Loan Fund</u>	<u>Water Utility System Refunding Bonds</u>	<u>General Obligation Bonds</u>	<u>Totals</u>
2011	11,926	25,000	4,960	41,886
2012	12,300		4,960	17,260
2013	12,686		4,960	17,646
2014	13,083		4,960	18,043
2015	13,494		4,960	18,454
2016	13,916		4,960	18,876
2017	14,353		4,960	19,313
2018	14,802		4,960	19,762
2019	7,573		4,961	12,534
2020			4,961	4,961
2021			4,961	4,961
2022			4,961	4,961
2023			4,961	4,961
	<u>114,133</u>	<u>25,000</u>	<u>64,485</u>	<u>203,618</u>

Interest payments on long-term debt are as follows:

	<u>Revolving Loan Fund</u>	<u>Water Utility System Refunding Bonds</u>	<u>General Obligation Bonds</u>	<u>Totals</u>
2011	3,458	788	2,895	7,141
2012	3,084		2,673	5,757
2013	2,698		2,450	5,148
2014	2,301		2,227	4,528
2015	1,891		2,004	3,895
2016	1,468		1,782	3,250
2017	1,332		1,559	2,891
2018	582		1,336	1,918
2019	118		1,114	1,232
2020			891	891
2021			668	668
2022			445	445
2023			223	223
	<u>\$ 16,932</u>	<u>\$ 788</u>	<u>\$ 20,267</u>	<u>\$ 37,987</u>

6. COMPLIANCE WITH BOND RESERVE REQUIREMENTS

In accordance with the water utility system refunding revenue bonds, the City has established a principal and interest account to pay the principal and interest that will become due on the bonds on the next succeeding maturity date. The fund designated for this purpose had a balance of \$10,954 at December 31, 2010. The required balance is \$8,197.

In addition, the City is required to maintain debt service coverage ratio of 1.10. The debt service coverage ratio on the Water Fund was (.55) at December 31, 2010.

Receipts under disbursements	\$ 24,785
Add Back:	
Transfers	16,733
Less:	
Deposits	<u>(2,425)</u>
Available for debt service	\$ 39,093
Debt Service	\$ <u>26,260</u>
Debt Service Coverage Ratio	<u>1.49</u>

The City will carry and maintain reasonable amounts of insurance including general liability insurance with a minimum coverage of \$500,000 per occurrence. The City has a general liability policy for \$500,000. See Schedule of Insurance.

The City is required to maintain its books in accordance with Generally Accepted Accounting Principles (GAAP). The City maintains its books on a basis of accounting, which demonstrates compliance with the cash basis and budget laws of Kansas.

7. PENSION PLAN

The City's full-time employees participate in the Kansas Public Employees Retirement System (System), a multiple employer public employee retirement system. The payroll for employees covered by the System for 2010 was \$28,213, and the City's total payroll for 2010 was \$46,586.

Covered employees are required by state statute to contribute 4% of their salary to the System. The City is required by statute to contribute 5.54% using the full funding method, which funds current costs each year and past service liability over a 40-year period. The contribution requirement for the year ended December 31, 2010 was \$2,777 which consisted of \$1,144 from employees and \$1,634 from the City.

8. INTERFUND TRANSFERS

	Transfer In	Transfer Out
Water Fund	\$ 27,999	\$ 26,272
Water Escrow	9,539	27,999
GO Bond Principal & Interest	6,000	
Capital Equipment Fund	5,000	
Sewer Fund		11,000
Water Revenue Bond Principal and Interest	<u>16,733</u>	<u> </u>
	<u>\$ 65,271</u>	<u>\$ 65,271</u>

9. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and legal representatives of the City. There were no apparent statutory violations during the year ended December 2010.

10. WATER PURCHASE CONTRACT

On July 1, 1974, the City entered into a 40-year agreement to purchase water from Rural Water District No. 3 of Jackson County, Kansas (RWD). RWD agrees to sell the City water, not to exceed 1,296,000 gallons per month, at a rate of \$4.00 per 1,000 gallons and a minimum rate of \$146 per month. The City purchased 8,566,620 gallons in 2010. The RWD increased their rate to \$5.45 per 1,000 gallons.

11. WASTE MANAGEMENT CONTRACT

In June 2009, the City entered into a five-year contract with Waste Management of Kansas for the collection of solid waste. The contract with Waste Management was update to reflect the increases from the landfill. The increase was effective in December 2009. The fees are as follows:

	Rate Per Month	Senior Citizen Rate
1st Year	\$ 12.25	\$ 6.50
2nd Year	\$ 13.08	\$ 6.50
3rd Year	\$ 13.08	\$ 6.50
4th Year	\$ 13.08	\$ 6.50
5th Year	\$ 13.08	\$ 6.50

12. CAPITAL PROJECTS

The City’s capital project in 2010 consisted of building a storm water drainage improvement project. The total cost of the project is \$444,000 and is contracted with J&K Construction. The city applied for and received a federal grant through the American Recovery and Reinvestment Act in the amount of \$400,000 with the city providing the remaining \$44,000 cost of the project. Costs incurred to date on the project is \$49,339 at December 31, 2010

13. COMPENSATED ABSENCES

The City vacation and sick policies are as follows:

Vacation Leave:

Years of Service	Hours Earned Per Month of Service
0-5	6.67
6-10	8
>10	10

The above is based on employees working 35-40 hours per week. Part-time employees who work at least 20 hours or more per week shall earn vacation credit at the rate of 4 hours per month.

Sick Leave:

0-5	6.67
6-10	8

The maximum accumulated sick leave shall not exceed 160 hours.

14. INFRASTRUCTURE

The City has elected not to comply with Government Accounting Standards Board 34 (GASB 34), which requires Cities to account for their infrastructure.

15. CONCENTRATIONS

The City is engaged in the sale of water, trash and sewer services to customers located in the City. The City grants credit to those customers and requires no collateral. The City has one customer that accounted for 5.6% of the gallons sold.

16. RISK MANAGEMENT

The City has various risks including general liabilities, employees injured while working, automobile, etc. The City insures these risks through various insurance policies. See Schedule of Insurance for details.

* * * * *

CITY OF MAYETTA, KANSAS

INSURANCE IN FORCE YEAR ENDED DECEMBER 31, 2010

Policy Type	Expiration Date	Company	Annual Premium	Amount of Coverage	Description
General Liability	4/1/2011	Employers Mutual Casualty Company (EMCC)	\$496	1,000,000	Aggregate limit 100,000 Property damage limit 500,000 Personal injury limit 500,000 Advertising injury limit 5,000 Medical expense
Commercial Property	4/1/2011	EMCC	\$1,578	305,093	Building and personal property
Linebacker Coverage	4/1/2011	EMCC	\$1,881	500,000 1,000,000	Each loss Aggregate
Workers' Compensation	4/1/2011	EMCC	\$853	500,000 500,000 500,000	Bodily injury by accident Bodily injury by each employee Bodily injury by policy limit
Employee Dishonesty	4/1/2011	Wester Surety	\$400	32,000	Fidelity bond
Business Auto	4/1/2011	EMCC	518	500,000 500,000 500,000	Liability Uninsured motorists Underinsured motorists

CITY OF MAYETTA, KANSAS

SCHEDULE OF STATISTICS YEAR ENDED DECEMBER 31, 2010

WATER

Number of Customers	205
Gallons of water sold	8,011,000
Gallons of water purchased	8,451,100
Water loss %	5.21%
Average gallons sold per customer per month	3,257
Water sale per customer per month	\$40
Operating expenses per customer per month (excludes transfers)	\$32
Water sales per 1,000 gallons	\$12
Operating expenses per 1,000 gallons, (excluding transfers)	\$10

OTHER

Population	359
Valuation	\$1,183,199
Mill Levy	48.246
Taxes Levied	\$57,084
Outstanding Debt	\$218,957
Debt per capita	\$610