

CITY OF MOLINE, KANSAS

Financial Statements  
and  
Supplemental Information

with Independent Auditor's Report

For the Year Ended December 31, 2010

City of Moline, Kansas  
Special Financial Statements  
For the Year Ended December 31, 2010

TABLE OF CONTENTS

<u>Item</u>	<u>Page Number</u>
Independent Auditor's Report	1
Financial Statements:	
Statement 1	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
Statement 2	
Summary of Expenditures - Actual and Budget	4
Statement 3	
Statement of Receipts and Expenditures - Actual and Budget - Individually Presented by Fund	
General Fund	5
Special Revenue Funds	
Employee Benefits Fund	6
Library Fund	7
Special Highway Fund	8
Special Liability Fund	9
Special Equipment Reserve Fund	10
Debt Service Funds	
Bond and Interest Fund	11
Sewer Debt Service Reserve Fund	12
Capital Project Funds	
Fire Station Construction Fund	13
Proprietary Funds	
Sewer Utility Fund	14
Sewer Utility Reserve Fund	15
Water Utility Fund	16
Water Utility Reserve Fund	17
Trust and Agency Funds	
Bridge/Park Fund	18
Griffin Trust Fund	19
Statement 4	
Statement of Cash Receipts and Disbursements - Agency Funds	20
Statement 5	
Statement of Changes in Long-Term Debt	21
Notes to Financial Statements	23-29

**SCHLOTTERBECK AND BURNS, LLC**

CERTIFIED PUBLIC ACCOUNTANTS  
702 WEST MAIN \*\*\* P.O.BOX 832  
CHANUTE, KANSAS 66720

PHONE (620) 431-3410  
FAX (620) 431-7719

*S & B*

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council  
City of Moline, Kansas

We have audited the accompanying statutory basis financial statements of City of Moline, Kansas, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of City of Moline, Kansas, 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 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 that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the City of Moline, Kansas, 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 effect on the financial statements of the differences between this regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, is presumed to be material.

The financial statements referred to above include only the primary government of the City, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity. The financial statements do not include the financial data of any legally separate component units which accounting principles generally accepted in the United States of America require to be reported with the financial data of the City's primary government.

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of City of Moline, Kansas as of December 31, 2010, or changes in 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 City of Moline, Kansas, as of December 31, 2010, and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

Respectfully Submitted,

*Schlotterbeck and Burns, LLC*

June 30, 2011

(This page left blank intentionally)

City of Moline, Kansas  
 Summary of Cash Receipts, Expenditures, and Unencumbered Cash  
 For the Year Ended December 31, 2010

<u>Fund</u>	Beginning Unencumbered Cash Balance	<u>Receipts</u>	<u>Expenditures</u>	Ending Unencumbered Cash Balance	Plus: Accounts Payable and Encumbrances	Ending Cash Balance
General Fund	\$ 87,065	97,064	118,638	65,491	7,897	73,388
Special Revenue Funds:						
Employee Benefits Fund	19,359	8,578	14,645	13,292	1,059	14,351
Library Fund	874	8,083	7,430	1,527	44	1,571
Special Highway Fund	35,856	11,346		47,202		47,202
Special Liability Fund	2,566	4,782	5,420	1,928		1,928
Special Equipment Reserve Fund	49,500	25,000	1,677	72,823		72,823
Debt Service Funds:						
Bond and Interest Fund	8,501	55,594	55,860	8,235		8,235
Sewer Debt Service Reserve Fund	9,224	57,000	56,296	9,928		9,928
Capital Project Funds:						
Fire Station Construction Fund	3,742	-	3,742	-		-
Enterprise Funds:						
Sewer Utility Fund	30,194	64,957	71,868	23,283		23,283
Sewer Utility Reserve Fund	37,542	5,237	-	42,779		42,779
Water Utility Fund	35,223	194,824	219,948	10,099	5,749	15,848
Water Utility Reserve Fund	11,663	49	-	11,712		11,712
Expendable Trust Funds:						
Bridge/Park Fund	135	-	-	135		135
Griffin Trust Fund	137,358	7,751	1,624	143,485	100	143,585
Total Primary Government (1)	<u>468,802</u>	<u>540,265</u>	<u>557,148</u>	<u>451,919</u>	<u>14,849</u>	<u>466,768</u>

Composition of Ending Cash Balance:

Demand Deposits	\$ 397,178
Certificates of Deposit	73,716
Petty Cash Advance	100
Change Fund	100
Less: Agency Funds per Statement 4	<u>(4,326)</u>
Total Composition of Cash	<u>466,768</u>

(1) Excluding Agency Funds.

See accompanying notes to financial statements

City of Moline, Kansas  
Statement of Expenditures - Actual and Budget  
For the Year Ended December 31, 2010

Fund	Adopted Budget	Expenditures Chargeable to Current Year	Variance Favorable (Unfavorable)
General Fund	\$ 197,400	118,638	78,762
Special Revenue Funds:			
Employee Benefits Fund	25,000	14,645	10,355
Library Fund	8,250	7,430	820
Special Highway Fund	48,550	-	48,550
Special Liability Fund	7,000	5,420	1,580
Debt Service Funds:			
Bond and Interest Fund	55,959	55,860	99
Sewer Debt Service Reserve Fund	56,297	56,296	1
Enterprise Funds:			
Sewer Utility Fund	151,249	71,868	79,381
Water Utility Fund	249,923	219,948	29,975
Total	<u>799,628</u>	<u>550,105</u>	<u>249,523</u>

See accompanying notes to financial statements

City of Moline, Kansas  
General FundStatement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>	Current Year <u>Budget</u>	Variance Favorable (Unfavorable)
Cash Receipts:				
Taxes				
Ad Valorem Property Tax	\$ 39,967	43,498	44,554	(1,056)
Motor Vehicle Property Tax	9,370	8,814	10,343	(1,529)
Recreational Vehicle Tax	66	41	94	(53)
Delinquent Tax	2,324	1,086	806	280
16/20M Truck Tax	525	337	413	(76)
Total Taxes	<u>52,252</u>	<u>53,776</u>	<u>56,210</u>	<u>(2,434)</u>
Intergovernmental				
Local Sales Tax	17,690	17,244	21,500	(4,256)
FEMA Reimbursement	1,158	-	-	-
Machinery and Equipment State Aid	140	-	-	-
State Fish and Game Grant	9,651	9,651	9,651	-
Total Intergovernmental	<u>28,639</u>	<u>26,895</u>	<u>31,151</u>	<u>(4,052)</u>
Licenses, Fees and Permits				
Franchise Fees	7,702	8,416	7,100	1,316
Camping Fees	246	2,093	300	1,793
Dog Tax	190	195	250	(55)
Licenses and Permits	225	425	300	125
Total Licenses, Fees and Permits	<u>8,363</u>	<u>11,129</u>	<u>7,950</u>	<u>3,179</u>
Charges for Services				
Grave Openings	975	1,075	1,100	(25)
Fines and Forfeitures				
Fines	-	-	150	(150)
Use of Money and Property				
Rent	2,885	2,640	3,500	(860)
Miscellaneous				
Other	1,717	1,549	-	1,549
Total Cash Receipts	<u>94,831</u>	<u>97,064</u>	<u>100,061</u>	<u>(2,997)</u>
Expenditures and Transfers:				
General Government				
General	58,032	57,979	75,000	17,021
Public Safety				
Fire Department	12,924	7,073	13,500	6,427
Police Department	6,185	1,199	10,000	8,801
Total Public Safety	<u>19,109</u>	<u>8,272</u>	<u>23,500</u>	<u>15,228</u>
Public Works				
Street Department	10,901	13,536	17,500	3,964
Street Lights	10,128	10,536	12,000	1,464
Noxious Weed	830	708	2,000	1,292
Total Public Works	<u>21,859</u>	<u>24,780</u>	<u>31,500</u>	<u>6,720</u>
Culture and Recreation				
Parks and Recreation	2,664	2,607	3,500	893
Capital Outlay				
Equipment	-	-	63,900	63,900
Transfers				
To Special Equipment Reserve Fund	25,000	25,000	-	(25,000)
Total Expenditures and Transfers	<u>126,664</u>	<u>118,638</u>	<u>197,400</u>	<u>78,762</u>
Receipts Over (Under)				
Expenditures and Transfers	(31,833)	(21,574)	-	
Unencumbered Cash, Beginning	118,898	87,065	-	
Unencumbered Cash, Ending	<u>87,065</u>	<u>65,491</u>	-	

See accompanying notes to financial statements

City of Moline, Kansas  
 Employee Benefits Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>	Current Year <u>Budget</u>	Variance Favorable <u>(Unfavorable)</u>
Cash Receipts:				
Taxes				
Ad Valorem Property Tax	\$ 10,736	4,980	5,100	(120)
Motor Vehicle Property Tax	4,594	3,034	2,779	255
Recreational Vehicle Tax	23	16	25	(9)
Delinquent Tax	913	337	217	120
16/20M Truck Tax	111	198	111	87
Total Taxes	<u>16,377</u>	<u>8,565</u>	<u>8,232</u>	<u>333</u>
Intergovernmental				
Machinery and Equipment State Aid	46		-	-
Miscellaneous				
Other	1,382	13		13
Total Cash Receipts	<u>17,805</u>	<u>8,578</u>	<u>8,232</u>	<u>346</u>
Expenditures and Transfers:				
General Government				
Employee Benefits	15,838	14,645	<u>25,000</u>	<u>10,355</u>
Receipts Over (Under)				
Expenditures and Transfers	1,967	(6,067)		
Unencumbered Cash, Beginning	<u>17,392</u>	<u>19,359</u>		
Unencumbered Cash, Ending	<u>19,359</u>	<u>13,292</u>		

See accompanying notes to financial statements

City of Moline, Kansas  
 Library Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>	Current Year <u>Budget</u>	Variance Favorable <u>(Unfavorable)</u>
Cash Receipts:				
Taxes				
Ad Valorem Property Tax	\$ 3,842	6,961	7,129	(168)
Motor Vehicle Property Tax	1,265	957	994	(37)
Recreational Vehicle Tax	7	5	9	(4)
Delinquent Tax	273	110	78	32
16/20M Truck Tax	50	50	40	10
Total Cash Receipts	<u>5,437</u>	<u>8,083</u>	<u>8,250</u>	<u>(167)</u>
Expenditures and Transfers:				
Culture and Recreation				
Appropriation to Board	<u>4,563</u>	<u>7,430</u>	<u>8,250</u>	<u>820</u>
Receipts Over (Under)				
Expenditures and Transfers	874	653		
Unencumbered Cash, Beginning	<u>-</u>	<u>874</u>		
Unencumbered Cash, Ending	<u>874</u>	<u>1,527</u>		

See accompanying notes to financial statements

City of Moline, Kansas  
 Special Highway Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>	Current Year <u>Budget</u>	Variance Favorable (Unfavorable)
Cash Receipts:				
Intergovernmental				
Special City/County Highway Fund	\$ 10,756	11,346	12,380	(1,034)
Expenditures and Transfers:				
Public Works				
Capital Outlay	-	-	48,550	48,550
Receipts Over (Under)				
Expenditures and Transfers	10,756	11,346		
Unencumbered Cash, Beginning	25,100	35,856		
Unencumbered Cash, Ending	<u>35,856</u>	<u>47,202</u>		

See accompanying notes to financial statements

City of Moline, Kansas  
Special Liability Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>	Current Year <u>Budget</u>	Variance Favorable <u>(Unfavorable)</u>
Cash Receipts:				
Taxes				
Ad Valorem Property Tax	\$ 3,226	3,157	3,233	(76)
Motor Vehicle Property Tax	960	752	835	(83)
Recreational Vehicle Tax	7	4	8	(4)
Delinquent Tax	241	92	65	27
16/20M Truck Tax	57	34	33	1
Total Taxes	<u>4,491</u>	<u>4,039</u>	<u>4,174</u>	<u>(135)</u>
Intergovernmental				
Machinery and Equipment State Aid	21		-	-
Miscellaneous				
Other		743		743
Total Cash Receipts	<u>4,512</u>	<u>4,782</u>	<u>4,174</u>	<u>608</u>
Expenditures and Transfers:				
General Government				
Contractual Services	<u>5,532</u>	<u>5,420</u>	<u>7,000</u>	<u>1,580</u>
Receipts Over (Under)				
Expenditures and Transfers	(1,020)	(638)		
Unencumbered Cash, Beginning	<u>3,586</u>	<u>2,566</u>		
Unencumbered Cash, Ending	<u><u>2,566</u></u>	<u><u>1,928</u></u>		

See accompanying notes to financial statements

City of Moline, Kansas  
 Special Equipment Reserve Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts:		
Transfers		
From General Fund	\$ 25,000	25,000
Total Cash Receipts	<u>25,000</u>	<u>25,000</u>
Expenditures and Transfers:		
Capital Outlay	<u>1,500</u>	<u>1,677</u>
Receipts Over (Under)		
Expenditures and Transfers	23,500	23,323
Unencumbered Cash, Beginning	<u>26,000</u>	<u>49,500</u>
Unencumbered Cash, Ending	<u><u>49,500</u></u>	<u><u>72,823</u></u>

See accompanying notes to financial statements

City of Moline, Kansas  
Bond and Interest Fund  
Statement of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>	Current Year <u>Budget</u>	Variance Favorable <u>(Unfavorable)</u>
Cash Receipts:				
Taxes				
Ad Valorem Property Tax	\$ 21,807	15,887	16,273	(386)
Motor Vehicle Property Tax	3,580	4,592	5,644	(1,052)
Recreational Vehicle Tax	20	21	51	(30)
Delinquent Tax	733	508	440	68
16/20M Truck Tax	111	149	225	(76)
Total Taxes	<u>26,251</u>	<u>21,157</u>	<u>22,633</u>	<u>(1,476)</u>
Use of Money and Property				
Interest on Idle Funds	91	37	100	(63)
Transfers				
From Water Fund	34,400	34,400	34,400	-
Total Cash Receipts	<u>60,742</u>	<u>55,594</u>	<u>57,133</u>	<u>(1,539)</u>
Expenditures and Transfers:				
Debt Service				
Principal	42,096	47,188	47,188	-
Interest	11,963	8,671	8,671	-
Commission and Postage	1	1	100	99
Total Expenditures and Transfers	<u>54,060</u>	<u>55,860</u>	<u>55,959</u>	<u>99</u>
Receipts Over (Under)				
Expenditures and Transfers	6,682	(266)		
Unencumbered Cash, Beginning	<u>1,819</u>	<u>8,501</u>		
Unencumbered Cash, Ending	<u>8,501</u>	<u>8,235</u>		

See accompanying notes to financial statements

City of Moline, Kansas  
 Sewer Debt Service Reserve Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>	Current Year <u>Budget</u>	Variance Favorable (Unfavorable)
Cash Receipts:				
Transfers				
From Water Fund	\$ 57,000	57,000	57,000	-
Expenditures and Transfers:				
Debt Service				
Principal	11,081	11,607	11,607	-
Interest	45,216	44,689	44,690	1
Total Expenditures and Transfers	<u>56,297</u>	<u>56,296</u>	<u>56,297</u>	<u>1</u>
Receipts Over (Under)				
Expenditures and Transfers	703	704		
Unencumbered Cash, Beginning	<u>8,521</u>	<u>9,224</u>		
Unencumbered Cash, Ending	<u>9,224</u>	<u>9,928</u>		

See accompanying notes to financial statements

City of Moline, Kansas  
 Fire Station Construction Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
None	\$ _____	_____
Expenditures and Transfers:		
Public Safety		
Capital Outlay	_____ 160	_____ 3,742
Receipts Over (Under)		
Expenditures and Transfers	(160)	(3,742)
Unencumbered Cash, Beginning	_____ 3,902	_____ 3,742
Unencumbered Cash, Ending	<u>_____ 3,742</u>	<u>_____ -</u>

See accompanying notes to financial statements

City of Moline, Kansas  
 Sewer Utility Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>	Current Year <u>Budget</u>	Variance Favorable (Unfavorable)
Cash Receipts:				
Charges for Services:				
Sewer Charges	\$ 63,132	63,722	80,000	(16,278)
Miscellaneous				
Other	1,228	1,235	1,750	(515)
Total Cash Receipts	<u>64,360</u>	<u>64,957</u>	<u>81,750</u>	<u>(16,793)</u>
Expenditures and Transfers:				
Public Works				
Personal Services	13,816	2,785	28,500	25,715
Contractual Services	8,068	5,253	10,000	4,747
Commodities	2,356	1,605	7,000	5,395
Capital Outlay			48,749	48,749
Transfer to Sewer Reserve	34,675	5,225		(5,225)
Transfer to Debt Service Reserve	57,000	57,000	57,000	-
Total Expenditures and Transfers	<u>115,915</u>	<u>71,868</u>	<u>151,249</u>	<u>79,381</u>
Receipts Over (Under)				
Expenditures and Transfers	(51,555)	(6,911)		
Unencumbered Cash, Beginning	81,749	30,194		
Unencumbered Cash, Ending	<u>30,194</u>	<u>23,283</u>		

See accompanying notes to financial statements

City of Moline, Kansas  
 Sewer Utility Reserve Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts:		
Use of Money and Property		
Interest on Idle Funds	\$ 31	12
Transfers		
From Sewer Fund	<u>34,675</u>	<u>5,225</u>
Total Cash Receipts	<u>34,706</u>	<u>5,237</u>
Expenditures and Transfers:		
None	<u>-</u>	<u>-</u>
Receipts Over (Under)		
Expenditures and Transfers	34,706	5,237
Unencumbered Cash, Beginning	<u>2,836</u>	<u>37,542</u>
Unencumbered Cash, Ending	<u><u>37,542</u></u>	<u><u>42,779</u></u>

See accompanying notes to financial statements

City of Moline, Kansas  
 Water Utility Fund  
 Statement of Cash Receipts and Expenditures - Actual and Budget  
 For the Year Ended December 31, 2010  
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>	Current Year <u>Budget</u>	Variance Favorable (Unfavorable)
Cash Receipts:				
Charges for Services:				
Water Charges and Penalties	\$ 194,418	193,286	191,750	1,536
Hookup Fees	285	250	550	(300)
Total Charges for Services	<u>194,703</u>	<u>193,536</u>	<u>192,300</u>	<u>1,236</u>
Use of Money and Property				
Interest on Idle Funds	<u>885</u>	<u>658</u>	<u>500</u>	<u>158</u>
Miscellaneous				
Other	<u>949</u>	<u>630</u>	<u>500</u>	<u>130</u>
Total Cash Receipts	<u>196,537</u>	<u>194,824</u>	<u>193,300</u>	<u>1,524</u>
Expenditures and Transfers:				
Public Works				
Personal Services	44,396	42,296	65,000	22,704
Contractual Services	18,925	40,665	25,000	(15,665)
Commodities	111,466	102,587	75,000	(27,587)
Capital Outlay			50,523	50,523
Transfer to Bond and Interest Fund	<u>34,400</u>	<u>34,400</u>	<u>34,400</u>	<u>-</u>
Total Expenditures and Transfers	<u>209,187</u>	<u>219,948</u>	<u>249,923</u>	<u>29,975</u>
Receipts Over (Under)				
Expenditures and Transfers	(12,650)	(25,124)		
Unencumbered Cash, Beginning	<u>47,873</u>	<u>35,223</u>		
Unencumbered Cash, Ending	<u>35,223</u>	<u>10,099</u>		

See accompanying notes to financial statements

City of Moline, Kansas  
 Water Utility Reserve Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts:		
Use of Money and Property		
Interest on Idle Funds	\$ 124	49
	<u>          </u>	<u>          </u>
Expenditures and Transfers:		
None	-	-
	<u>          </u>	<u>          </u>
Receipts Over (Under)		
Expenditures and Transfers	124	49
Unencumbered Cash, Beginning	11,539	11,663
Unencumbered Cash, Ending	<u>11,663</u>	<u>11,712</u>

See accompanying notes to financial statements

City of Moline, Kansas  
 Bridge/Park Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
None	\$ -	-
Expenditures and Transfers:		
Capital Outlay	532	-
Receipts Over (Under)		
Expenditures and Transfers	(532)	-
Unencumbered Cash, Beginning	<u>667</u>	<u>135</u>
Unencumbered Cash, Ending	<u><u>135</u></u>	<u><u>135</u></u>

See accompanying notes to financial statements

City of Moline, Kansas  
 Griffin Trust Fund  
 Statement of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2010  
(With Comparative Actual Totals for the Prior Year Ended December 31, 2009)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Cash Receipts:		
Use of Money and Property		
Interest on Idle Funds	\$ 1,553	694
Oil and Gas Royalties	<u>8,759</u>	<u>7,057</u>
Total Cash Receipts	<u>10,312</u>	<u>7,751</u>
Expenditures and Transfers:		
General Government	1,786	1,624
Culture and Recreation	<u>2,124</u>	<u>1,624</u>
Total Expenditures and Transfers	<u>3,910</u>	<u>1,624</u>
Receipts Over (Under)		
Expenditures and Transfers	6,402	6,127
Unencumbered Cash, Beginning	<u>130,956</u>	<u>137,358</u>
Unencumbered Cash, Ending	<u><u>137,358</u></u>	<u><u>143,485</u></u>

See accompanying notes to financial statements

City of Moline, Kansas  
 Agency Funds  
 Statement of Cash Receipts and Disbursements  
For the Year Ended December 31, 2010

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Trash Collections	\$ 2,779	35,412	35,410	2,781
Customer Overpayments	161	2,103	2,119	145
Medical Savings Plan	1,953	5,400	5,953	1,400
	<u>4,893</u>	<u>42,915</u>	<u>43,482</u>	<u>4,326</u>

See accompanying notes to financial statements.

City of Moline, Kansas  
Statement of Changes in Long Term Debt  
For the Year Ended December 31, 2010

<u>Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/Payments</u>	<u>Balance end of Year</u>	<u>Interest Paid</u>
<u>General Obligation Bonds</u>									
G.O. Refunding Bonds	7.25-8.00%	4/1/1989	\$ 515,000	9/1/2010	45,000		45,000	-	3,600
G.O. Bonds	4.375%	10/8/2007	120,000	10/11/2037	115,909		2,188	113,721	5,071
<u>Revenue Bonds</u>									
Sewer Utility Revenue Bonds	4.750%	11/6/2003	1,000,000	11/6/2043	940,835		11,607	929,228	44,690
Total Long Term Debt					1,101,744	-	58,795	1,042,949	53,361

Schedule of Maturity of Long-Term Debt:

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>		<u>Revenue Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2011	2,284	4,975	12,158	44,138	63,555
2012	2,370	4,875	12,617	43,561	63,423
2013	2,487	4,772	13,335	42,962	63,556
2014	2,596	4,663	13,969	42,328	63,556
2015	2,710	4,549	14,632	41,665	63,556
2016-2020	15,408	20,864	84,032	197,236	317,540
2021-2025	19,104	17,183	106,119	174,758	317,164
2026-2030	23,666	12,622	133,840	147,562	317,690
2031-2035	29,319	6,972	168,809	112,610	317,710
2036-2040	13,777	914	212,886	68,523	296,100
2041-2043			156,831	15,277	172,108
Total	113,721	82,389	929,228	930,620	2,055,958

See accompanying notes to financial statements

(This page left blank intentionally)

City of Moline, Kansas  
Notes to Financial Statements  
December 31, 2010

Note 1     Summary of Significant Accounting Policies

A. Reporting Entity

The City of Moline, Kansas is a municipal corporation governed by an elected mayor and five-member council. These financial statements present the City of Moline, Kansas as a primary government only. The City has waived the application of generally accepted accounting principles and as such, have not included any component units in these financial statements.

B. Basis of Presentation

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 on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

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

Governmental Funds:

General Fund--to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds--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 expenditure for specified purposes.

Debt Service Funds--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.

Capital Project Funds--to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds:

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

Fiduciary Funds:

Trust and Agency Funds--to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, (c) Pension Trust Funds and (d) Agency Funds.

City of Moline, Kansas  
Notes to Financial Statements  
December 31, 2010

C. Basis of Accounting

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

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

*Departure from accounting principles generally accepted in the United States of America* - The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown non-cash assets such as receivables, inventories and prepaid expenses, 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 City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

D. Budgets

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 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. During 2010, the City had no such amendments.

City of Moline, Kansas  
Notes to Financial Statements  
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 statutory basis of accounting, in which revenues are recognized when cash is received and 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. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, fiduciary funds, and the following special revenue funds:

Special Equipment Reserve Fund  
Sewer Utility Reserve Fund  
Water Utility Reserve 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.

E. Assets, Liabilities, and Fund Equity

Cash

To facilitate better management of the City's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon, unless specifically designated, are credited to the Water Utility Fund.

Property Taxes and Other Receivables

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and therefore, are not susceptible to accrual.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage.

City of Moline, Kansas  
Notes to Financial Statements  
December 31, 2010

K.S.A. 12-1675 allows the City to deposit idle funds in time deposits-open accounts, and certificates of deposit with allowable financial institutions, and to invest funds in U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool.

The City held no investments at December 31, 2010 and held no investments throughout the year.

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

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

*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, 2010, the carrying amount of the City's deposits was \$470,894 and the bank balance was \$470,991. Due to changes in FDIC regulations during 2008, including the FDIC's Temporary Liquidity Guarantee Program, the entire bank balance was secured by federal depository insurance.

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as an expenditure during the year of purchase as required by state statutes. No physical inventories were taken at year end and no accounting controls exist for control of materials inventory.

Long-Term Debt

Long-term debt is recognized as a liability when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability.

F. Revenues and Expenditures

Property Tax Revenue Recognition

Property taxes become a lien against all property November 1st. Taxpayers have the option of paying in full or in two installments. The delinquency dates are December 20th and May 10th. Delinquent taxes are assessed interest at rates established by Kansas Statute. This interest is retained by the County Treasurer.

Taxes levied to finance the budget are made available to the City after January 1st and are distributed by the County Treasurer approximately every month and a half. At least 50% of the taxes levied are available in January.

City of Moline, Kansas  
Notes to Financial Statements  
December 31, 2010

Vacation and Sick Pay

The City's policies regarding vacation and sick pay are summarized as follows:

**Vacation:** Full-time employees are entitled to 5 days of vacation after one year of employment. After 2 years, employees are entitled to 10 days. Unused vacation at the end of each year is cancelled and may not be carried over to the next year. Any unused vacation is cancelled upon employment termination.

**Sick Pay:** Employees are entitled to 3 days of sick leave each year. Unused sick leave is cancelled at the end of each year and is not paid upon employment termination.

Interfund Transactions

Quasi-external transactions are accounted for as revenue, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Note 2     Stewardship, Compliance, and Accountability

Compliance with Kansas Cash Basis Law

No violations.

Compliance with Kansas Budget Law

No violations.

Compliance with Kansas Depository Security Law

No violations.

Note 3     Detail Notes on All Funds and Account Groups

A. Assets:

General Fixed Assets

The City has not maintained a record of fixed assets used in performance of general governmental operations as required by generally accepted accounting principles.

The City waived the maintenance of these records through December 31, 2010, in accordance with K.S.A. 75-1120(a).

City of Moline, Kansas  
Notes to Financial Statements  
December 31, 2010

B. Liabilities:

Defined Benefit Pension Plan

*Plan Description.* The City contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 75-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100; Topeka, KS 66603) 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. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The employer rate established by statute for the period January 1, 2010 through December 31, 2010 was 7.14% (6.14% for the period April through June). The City employer contributions for the years ending December 31, 2010, 2009, and 2008 were \$4,235, \$7,451, and \$7,375, respectively, equal to the statutory required contributions for each year.

General Long-Term Debt

Kansas cities are limited to aggregate general obligation debt not to exceed 30% of assessed valuation of tangible taxable property within the city. The City's assessed valuation as of November 1, 2010 was \$962,188. KSA 10-427a exempts advance refunding bond issues from this debt limitation, but requires the refunded bonds to remain in the computation of the limitation until they are fully retired. However, all of the bonds which were advance refunded were fully retired at the time of refunding. Kansas Statutes also exempt Revenue Bonds from this limitation. The outstanding debt that was subject to this limitation as of December 31, 2010 was \$113,721. The resulting legal debt margin for the City is \$174,935.

A schedule of changes in the City's long term debt, along with payments due subsequent to December 31, 2010, is presented in Statement 5.

C. Operating Transfers:

<u>From</u>	<u>To</u>	<u>Amount</u>
Water Utility Fund	Bond and Interest Fund	\$ 34,400
Sewer Utility Fund	Sewer Debt Reserve Fund	57,000
General Fund	Special Equipment Reserve Fund	25,000
Sewer Utility Fund	Sewer Replacement Reserve Fund	5,225

Note 4 Summary, Disclosure of Significant Contingencies

Federally Assisted Programs - Compliance Audits

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

City of Moline, Kansas  
Notes to Financial Statements  
December 31, 2010

Construction Project

During 2006, the City began a project to construct a new fire station, which will include room for a new City office as well. The project was funded by \$120,000 in General Obligation Bonds, plus an \$85,000 grant from the United States Department of Agriculture, with the remainder coming from local funds. The total authorization as of December 31, 2010 for this project is \$247,410 and as of that date a total of \$247,410 had been expended on the project to date.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance to cover its risk of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.