

OSAWATOMIE CITY COUNCIL
WORK SESSION / MEETING AGENDA
June 28, 2012
7:00 p.m., Memorial Hall

WORK SESSION

- A. Call to Order
- B. Roll Call
- C. Work Session Items
 - 1. Audit Presentation
- D. Adjournment of Work Session

REGULAR MEETING – 7:30 p.m.

- E. Call to Order
- F. Roll Call
- G. Approval of Agenda
- H. Council Items
 - 1. Acceptance of the Audit
 - 2. Proclamation – Flood 5-year Anniversary
 - 3. Mill Street Bridge Study Review
 - 4. Approval of Health Insurance Proposal
 - 5. Resolution - Official Newspaper Change
 - 6. Recreation Commission Resignation
 - 7. Brown and Pacific – Contractor Proposal
 - 8. Budget Discussion
- I. City Manager Updates
- J. Executive Session
- K. Adjournment of Regular Meeting



STAFF AGENDA MEMORANDUM

DATE OF MEETING: June 28, 2012

AGENDA ITEM: Acceptance of the 2011 Audit

PRESENTER: Neil Phillips of Jared, Gilmore & Phillips, PA

ISSUE SUMMARY: Our auditor, Mr. Neil Phillips, will present the results of the 2011 audit. I have asked Neil to do the walk through of the audit during the work session and then we would continue the discussion and vote on the audit at the beginning of the regular session.

I will allow Mr. Phillips to present this information to you and will let him respond to how the City performed during 2011.

The audit is required by state statute and is provided to the Kansas Department of Administration, Division of Accounts and Reports, for review and filing. Accounts and Reports serves as the state's official repository of municipal audit reports.

COUNCIL ACTION NEEDED: Acknowledge receipt and accept the City's 2011 audit from Jared, Gilmore and Phillips.

STAFF RECOMMENDATION TO COUNCIL: Recommend the council action as outlined.

CITY OF OSAWATOMIE, KANSAS

Financial Statements and
Independent Auditors' Report with
Supplemental Information and
Federal Audit Compliance Section

For the Year Ended December 31, 2011

CITY OF OSAWATOMIE, KANSAS

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
FINANCIAL STATEMENTS:	
Independent Auditors' Report	1-2
<u>Statement 1</u>	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash.....	3-4
Notes to the Financial Statement	5-16
SUPPLEMENTAL INFORMATION	
<u>Schedule 1</u>	
Summary of Expenditures – Actual and Budget (Budgeted Funds Only)	17
<u>Schedule 2</u>	
Schedule of Cash Receipts and Expenditures – Actual and Budget (with Comparative Actual Amounts for the Prior Year)	
General Fund	18-20
Industrial Fund.....	21
Library Fund.....	22
Recreation Fund.....	23
Recreation Employee Benefits Fund.....	24
Employee Benefits Fund.....	25
Special Parks and Recreation Fund.....	26
Tourism Fund.....	27
911 Fund.....	28
Street Improvement Fund.....	29
Golf Course Fund	30
Capital Improvements General Fund.....	31
Public Safety Equipment Fund.....	32
Library Project Fund.....	33
Street Project Fund.....	34
General Obligation Bond and Interest Fund.....	35
Electric Utility Fund.....	36-37
Water Utility Fund.....	38-39
Refuse Utility Fund.....	40
Sewer Utility Fund.....	41
<u>Schedule 3</u>	
Schedule of Cash Receipts and Cash Disbursements – Agency Funds	42

TABLE OF CONTENTS
(Continued)

FEDERAL COMPLIANCE SECTION

Schedule of Expenditures of Federal Awards	43
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44-45
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material on Each Major and on Internal Control Over Compliance in Accordance with OMB Circular A-133	46-47
Schedule of Findings and Questioned Costs	48
Summary Schedule of Prior Audit Findings	49-50

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Osawatomie, Kansas

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the City of Osawatomie, Kansas, as of and for the year ended December 31, 2011. This financial statement is the responsibility of the City of Osawatomie, Kansas' management. Our responsibility is to express an opinion on the financial statement 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 we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 Osawatomie, Kansas has prepared this financial statement using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

The financial statement does not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United State of America require the financial data for the component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component unit. The City has not issued such reporting entity financial statements. The effect of this departure has not been determined.

In our opinion, because of the omission of the component units and because of the effects of the matters discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Osawatomie, Kansas, as of December 31, 2011, or the respective changes in financial position and changes in cash flows, where applicable, for the year then ended.

In our opinion, except for the omission of the component units, the financial statement referred above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Osawatomie, Kansas, as of December 31, 2011, and the aggregate cash receipts and expenditures 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 May 18, 2012, on our consideration of the City of Osawatomie, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, and the schedule of cash receipts and expenditures-agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the statutory financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 18, 2012
Chanute, Kansas

CITY OF OSAWATOMIE, KANSAS

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2011

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balance December 31, 2011
General Fund	\$ 25,727.95	\$ 2,393,922.70	\$ 2,388,826.61	\$ 30,824.04	\$ 68,081.89	\$ 98,905.93
Special Revenue Funds:						
Industrial	45,539.51	18,526.39	15,896.44	48,169.46	54.00	48,223.46
Library	109,550.06	21,636.47	39,560.98	91,625.55	1,213.72	92,839.27
Recreation	442.94	142,851.43	142,580.50	713.87	-	713.87
Recreation Employee Benefits	-	12,764.50	12,764.50	-	-	-
Employee Benefits	1,000.00	575,353.21	547,521.44	28,831.77	24,113.52	52,945.29
Special Parks and Recreation	9,295.91	3,629.92	233.40	12,692.43	38.82	12,731.25
Tourism	6,225.25	15,027.78	17,530.50	3,722.53	1,192.62	4,915.15
911	9,897.41	-	-	9,897.41	-	9,897.41
Street Improvement	1,000.00	139,373.42	135,711.16	4,662.26	19,800.13	24,462.39
Golf Course	(32.69)	282,441.73	279,080.70	3,328.34	3,140.21	6,468.55
Capital Improvements General	1,074.55	27,500.00	24,784.26	3,790.29	-	3,790.29
Public Safety Equipment	9,520.05	251.75	-	9,771.80	-	9,771.80
Capital Projects Fund:						
Library Project	1,180.14	70,451.90	71,632.03	0.01	-	0.01
Street Project	0.01	949,076.76	949,076.76	0.01	165,027.84	165,027.85
Debt Service Fund:						
General Obligation Bond and Interest	64,375.37	409,503.81	412,877.50	61,001.68	-	61,001.68
Enterprise Funds:						
Electric Utility	852,394.53	3,948,223.55	4,583,727.46	216,890.62	197,207.35	414,097.97
Water Utility	(2,047.44)	778,698.99	733,076.19	43,575.36	23,838.37	67,413.73
Refuse Utility	6,472.05	367,613.39	369,360.14	4,725.30	29,086.26	33,811.56
Sewer Utility	428,138.09	772,114.81	838,812.55	361,440.35	10,121.04	371,561.39
Total Primary Government (Excluding Agency Funds)	\$ 1,569,753.69	\$ 10,928,962.51	\$ 11,563,053.12	\$ 935,663.08	\$ 542,915.77	\$ 1,478,578.85

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

Statement 1 (Continued)

CITY OF OSAWATOMIE, KANSAS

Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended December 31, 2011

	2011
Total Cash to be accounted for:	<u>\$ 1,478,578.85</u>
Composition of Cash:	
Cash on Hand	\$ 640.00
Checking Accounts:	
Operating Account	49,807.10
Cash Flow Account	1,073,188.53
Petty Cash	2,000.00
Grant Account.....	0.01
CDBG Grant Account.....	4,057.68
ADSAP	5,001.00
Municipal Court	5,658.54
Police Forfeitures.....	19.09
Old Stone Donations.....	13.10
Rural Fire Checking.....	3,387.12
Cafeteria 125 Checking.....	137.54
Investments:	
Kansas Municipal Investment Pool.....	0.42
Certificates of Deposit	<u>421,556.07</u>
Total Primary Government	1,565,466.20
Agency Funds Per Schedule 3	<u>(86,887.35)</u>
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 1,478,578.85</u>

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

CITY OF OSAWATOMIE, KANSAS

Notes to the Financial Statement
December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Osawatomie, Kansas have been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Reporting Entity

The City of Osawatomie, Kansas (the City) is a municipal corporation governed by an elected eight-member council. These financial statements present the City of Osawatomie, Kansas (the primary government).

Discretely Presented Component Unit. Component units should be included in the City's reporting entity because of the significance of their operational or financial relationships with the City. These component units should be reported separately to emphasize that they are legally separate from the City. Based upon the application of this criterion, the following is a brief review of potential component units:

Osawatomie Recreation Commission

The Osawatomie Recreation Commission oversees recreational activities. The City levies taxes for the Recreation Commission. Bond issuance or acquisition of real property must be approved by the City. The Osawatomie Recreation Commission's financial statements should be included with the City's financial statements. However, the statements are omitted in an apparent departure from accounting principles generally accepted in the United States of America. Separate financial statements are prepared and are available at the Osawatomie Recreation Commission. The Osawatomie Recreation Commission is considered a major component unit.

The Osawatomie Housing Authority – The Osawatomie Housing Authority operates the City's housing projects. The Osawatomie Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. The Osawatomie Housing Authority's financial statements should be included with the City's financial statements. However, the statements are omitted in an apparent departure from accounting principles generally accepted in the United States of America. Separate financial statements are prepared and are available at the Osawatomie Housing Authority. The Osawatomie Housing Authority is considered a major component unit.

There are no other separate entities related to the City which should be accounted for in the City's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its cash, liabilities, fund equity, revenues and expenditures. The various funds are grouped by type in the financial statements. The types of funds maintained by the City are as follows:

GOVERNMENTAL FUNDS

General Fund - The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through cash receipts received by the General Fund.

Special Revenue Funds - These funds are used to account for cash receipts derived from specific taxes, governmental grants or other cash receipts sources which are designated to finance particular functions or activities of the City.

Capital Project Funds - The Capital Project Funds account for capital improvements (except for those financed by proprietary funds), which are financed from the City's general obligation bond issues, special assessments, certain federal grants and other specific receipts.

Debt Service Funds - The Bond and Interest Fund is used to account for the payment of principal and interest on the City's general obligation bonds, which are recorded in the general long-term debt group of accounts. Cash receipts for this purpose include ad valorem property taxes, special assessment taxes, and investment interest income.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City 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. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), federal grants and other City funds.

FIDUCIARY FUNDS

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation – Statutory Basis of Accounting

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

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

Departures from Accounting Principles Generally Accepted in the United States of America

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

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer state-wide pension plan. The City’s policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis 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 or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as cash receipts. In the financial statements and budget comparisons presented in this report, reimbursements and refunds are recorded as cash receipts. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as cash receipts in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as cash receipts in the bond and interest fund. Further, state statutes require levying additional general ad valorem property taxes in the City bond and interest fund to finance delinquent special assessments receivable.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper on or before August 5 of the proposed budget and notice of public hearing on the budget.
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. During the year ended December 31, 2011 the City amended the budget for the General Fund, Industrial Fund, Employee Benefits Fund, Library Fund, Street Improvement Fund, Electric Utility Fund, and Sewer Utility Fund.

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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

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

- Capital Improvements General Fund

In addition, an operating budget is not required for enterprise principal and interest funds and enterprise reserve funds.

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.

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1 and Schedule 1, the City was in compliance with the cash basis and budget laws of Kansas.

The City was in violation of K.S.A. 12-1608 which requires that the treasurer of each city shall publish, within 30 days after the end of each of the calendar quarter, financial statements by fund. Of the four required publications, three were completed after the 30 day requirement.

3. DEPOSITS AND INVESTMENTS

As of December 31, 2011, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-2</u>	<u>Rating</u>
Kansas Investment Pool	\$ 0.42	\$ 0.42	\$ - -	S&P AAf/S1+

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 branch or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

3. DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The City's allocation of investments as of December 31, 2011, is as follows:

<u>Investments</u>	<u>Percentage of Investments</u>
Kansas Investment Pool	100%

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2011.

Deposits: At year-end, the City's carrying amount of deposits was \$1,564,825.78 and the bank balance was \$1,736,976.80. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$379,080.01 was covered by FDIC insurance and \$1,357,896.79 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments to be adequately secured.

At December 31, 2011, the City has invested \$0.42 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligation that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities of up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

4. LONG-TERM LIABILITIES

Changes in long-term liabilities for the City for the year ended December 31, 2011, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Paid by Tax Levies:										
Series 2003A - Streets	3.75%-4.5%	9/1/2003	\$ 475,000.00	9/1/2018	\$ 295,000.00	\$ -	\$ (30,000.00)		\$ 265,000.00	\$ 12,630.00
Series 2008B - Streets	4.1-5.5%	10/15/2008	2,435,000.00	9/1/2028	2,340,000.00	-	(70,000.00)		2,270,000.00	107,377.50
Paid by Utility Revenues:										
Series 2008A - Sewer	4.50%	10/28/2008	3,550,000.00	10/28/2048	3,486,000.00	-	(36,000.00)		3,450,000.00	156,870.00
Revolving Loans										
Kansas Water Pollution Control										
1314-01 - Sewer	3.54%	8/30/1995	1,518,929.00	9/1/2016	537,005.47	-	(81,836.87)		455,168.60	18,292.09
1395-01 - Sewer	3.13%	6/10/1998	2,413,903.00	9/1/2019	1,173,174.54	-	(114,755.13)		1,058,419.41	35,829.37
Kansas Public Water Supply										
2128 - Water	4.21%	7/25/2001	901,479.00	2/1/2023	626,592.41	-	(39,009.38)		587,583.03	25,973.24
Capital Leases										
Golf Course Irrigation	5.75%	11/26/2006	195,525.75	10/1/2021	156,640.05	-	(10,585.94)		146,054.11	9,106.88
Golf Carts	4.49%	5/19/2010	49,910.00	5/19/2012	35,812.10	-	(25,042.08)		10,770.02	1,096.80
Total Contractual Indebtedness					8,650,224.57	-	(407,229.40)		8,242,995.17	367,175.88
Compensated Absences										
Vacation Benefits										
	N/A	N/A	N/A	N/A	166,264.00			\$ 22,528.30	188,792.30	N/A
Compensatory Time										
	N/A	N/A	N/A	N/A	112,985.00			(14,025.10)	98,959.90	N/A
Total Long-Term Liabilities					\$ 8,929,473.57	\$ -	\$ (407,229.40)	\$ 8,503.20	\$ 8,530,747.37	\$ 367,175.88

4. LONG-TERM LIABILITIES (Continued)

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

Issue	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	2047-2048	Total
Principal													
General Obligation Bonds													
Paid by Tax Levies:													
Series 2003A	\$ 30,000.00	\$ 35,000.00	\$ 35,000.00	\$ 40,000.00	\$ 40,000.00	\$ 85,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 265,000.00
Series 2008B	75,000.00	75,000.00	80,000.00	75,000.00	80,000.00	610,000.00	870,000.00	405,000.00	-	-	-	-	2,270,000.00
Paid by Utility Revenues:													
Series 2008A	37,000.00	39,000.00	42,000.00	43,000.00	45,000.00	260,000.00	323,000.00	401,000.00	499,000.00	622,000.00	777,000.00	362,000.00	3,450,000.00
Revolving Loans													
Kansas Water Pollution Control													
1314-01	84,759.54	87,786.58	90,921.72	94,168.84	97,531.92	-	-	-	-	-	-	-	455,168.60
1395-01	118,375.07	122,109.20	125,961.13	129,934.56	134,033.33	428,006.12	-	-	-	-	-	-	1,058,419.41
Kansas Public Water Supply													
2128	40,668.96	42,399.15	44,202.93	46,083.47	48,044.00	272,674.68	93,509.84	-	-	-	-	-	587,583.03
Capital Leases													
Golf Course Irrigation	11,152.28	11,826.83	12,516.32	13,246.00	14,002.68	83,310.00	-	-	-	-	-	-	146,054.11
Golf Carts	10,770.02	-	-	-	-	-	-	-	-	-	-	-	10,770.02
Total Principal Payments	407,725.87	413,121.76	430,602.10	441,432.87	458,611.93	1,738,990.80	1,286,509.84	806,000.00	499,000.00	622,000.00	777,000.00	362,000.00	8,242,995.17
Interest													
General Obligation Bonds													
Paid by Tax Levies:													
Series 2003A	11,505.00	10,245.00	8,775.00	7,305.00	5,625.00	5,850.00	-	-	-	-	-	-	49,305.00
Series 2008B	103,527.50	99,402.50	95,465.00	92,265.00	87,515.00	373,495.00	216,005.00	28,670.00	-	-	-	-	1,096,345.00
Paid by Utility Revenues:													
Series 2008A	155,250.00	153,585.00	151,830.00	149,940.00	148,005.00	707,535.00	643,635.00	564,075.00	465,615.00	342,675.00	189,495.00	24,615.00	3,696,255.00
Revolving Loans													
Kansas Water Pollution Control													
1314-01	15,369.42	12,342.38	9,207.24	5,960.12	2,597.04	-	-	-	-	-	-	-	45,476.20
1395-01	32,209.43	28,475.30	24,623.37	20,649.94	16,551.17	23,747.38	-	-	-	-	-	-	146,256.59
Kansas Public Water Supply													
2128	24,313.66	22,583.47	20,779.69	18,899.15	16,938.62	52,238.42	3,964.09	-	-	-	-	-	159,717.10
Capital Leases													
Golf Course Irrigation	8,539.54	7,865.99	7,176.50	6,446.82	5,690.14	15,154.10	-	-	-	-	-	-	50,873.09
Golf Carts	121.18	-	-	-	-	-	-	-	-	-	-	-	121.18
Total Interest Payments	350,835.73	334,499.64	317,856.80	301,466.03	282,921.97	1,178,019.90	863,604.09	592,745.00	465,615.00	342,675.00	189,495.00	24,615.00	5,244,349.16
Total Principal and Interest	\$ 758,561.60	\$ 747,621.40	\$ 748,458.90	\$ 742,898.90	\$ 741,533.90	\$2,917,010.70	\$2,150,113.93	\$1,398,745.00	\$ 964,615.00	\$ 964,675.00	\$ 966,495.00	\$ 386,615.00	\$13,487,344.33

5. CAPITAL LEASE OBLIGATIONS

The City has entered into a capital lease agreement in order to obtain 25 golf carts. Payments are made monthly, including interest at approximately 4.49%. Final maturity of the lease is May 19, 2012. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2012	\$ 10,891.20
	10,891.20
Less imputed interest	(121.18)
Net Present Value of Minimum Lease Payments	10,770.02
Less: Current Maturities	(10,770.02)
Long-Term Capital Lease Obligations	<u>\$ 0.00</u>

The City has entered into a capital lease agreement in order to finance the acquisition of a Golf Course Irrigation System. Payments are made yearly, including interest at approximately 5.75%. Final maturity of the lease is October 1, 2021. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2012	\$ 19,691.82
2013	19,692.82
2014	19,692.82
2015	19,692.82
2016	19,692.82
2017-2021	98,464.10
	196,927.20
Less imputed interest	(50,873.09)
Net Present Value of Minimum Lease Payments	146,054.11
Less: Current Maturities	(11,152.28)
Long-Term Capital Lease Obligations	<u>\$ 134,901.83</u>

6. OPERATING LEASES

As of December 31, 2011 the City has entered into a number of operating leases for a postage machine and an ice machine on a month to month basis. Rent expense for the year ended December 31, 2011, was \$1,796.00.

The City has entered into an operating lease for a Ricoh Aficio copier. Rent expense for the year ended December 31, 2011, was \$3,468.00. Under the current lease agreement, the future minimum rental payments are as follows:

2012	\$ 3,468.00
2013	3,468.00
2014	1,156.00

7. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Osawatomic participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% or 6 % 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 is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The employer rates established for 2011 was 7.74%. The City of Osawatomic, Kansas' employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009, were \$175,216.63, \$171,854.34, and \$138,653.31, respectively, equal to the statutory required contributions for each year.

8. CAPITAL PROJECTS

The following is a summary of capital project authorizations and expenditures to date:

<u>PROJECT NAME</u>	<u>AUTHORIZED</u>	<u>EXPENDED THRU 12/31/11</u>	<u>ESTIMATED COMPLETION</u>
Library Project	\$ 490,647.00	\$ 490,647.00	Complete
Street Project	1,702,700.00	878,304.00	2012
	<u>\$ 2,193,347.00</u>	<u>\$ 1,368,951.00</u>	

9. COMPENSATED ABSENCES

All full-time employees of the City are eligible for vacation benefits in varying annual amounts. Full time employees will be granted paid vacation time according to the following schedules:

Years Continuous Employment:	Days Granted per Year:	Maximum Days Accrued:
Less than 5 years	12 Days	20 Days
After 5 but less than 10	15 Days	25 Days
After 10 but less than 15	18 Days	30 Days
More than 15 years	21 Days	30 Days

No vacation time may be taken by an employee until they have been in the service of the City continuously for a period of six months.

In the event of termination, an employee will be compensated for unused vacation leave, provided they have been in the service of the City for at least six full months. Accrued vacation pay at December 31, 2011, is \$188,792.30.

9. COMPENSATED ABSENCES (Continued)

Sick leave accrues to all full-time employees at the rate of 8 hours per month to a maximum of 960 hours. All employees shall receive their sick leave credit on the last payroll of the month. Employees who terminate by other than retirement will not be paid for accumulated sick leave. Upon retirement 30 days of remaining sick leave will be paid at their hourly rate, provided the employee has accrued 960 hours and provided one year notice to the City of their intent to retire.

The City determines a liability for compensated absences and compensatory time when the following conditions are met:

1. The City's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the City has estimated a liability for vacation pay and compensatory time, which has been earned, but not taken by City employees. The liability for compensated absences and compensatory time is reflected in the long-term liabilities footnote 4 since it is anticipated that none of the liability will be liquidated with available financial resources. In accordance with the above criteria, the City has not recorded a liability for sick pay, inasmuch as the amount cannot be reasonably estimated.

10. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the Federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

11. 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; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The City pays annual premium to KMIT for its workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

12. CONCENTRATION OF RISK

The City has two Rural Water Districts that they supply water to. During 2011, sales to Rural Water District No. 1 accounted for 14.85% of the water sold and sales to Rural Water District No. 3 accounted for 25.42% of the water sold. Risk of accounting loss exists from the possibility that a customer would no longer purchase water from the City. Impact of potential risk cannot be determined.

13. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
Electric Utility	General	K.S.A. 12-825d	\$ 743,800.00
Sewer Utility	General	K.S.A. 12-825d	77,900.00
Library	General	K.S.A. 79-2934	2,810.72
Library	Library Project	K.S.A. 12-1,118	20,019.90
Recreation	Electric Utility	K.S.A. 79-2934	22,000.00
Electric Utility	Employee Benefits	K.S.A. 12-825d	45,000.00
Electric Utility	Street Improvement	K.S.A. 12-825d	17,000.00
Electric Utility	Golf Course	K.S.A. 12-825d	65,000.00
Electric Utility	Capital Improvements		
	General	K.S.A. 12-825d	27,500.00
Electric Utility	Street Project	K.S.A. 12-825d	452,131.76
Sewer Utility	General Obligation		
	Bond and Interest	K.S.A. 12-825d	200,000.00

14. SUBSEQUENT EVENTS

There were no subsequent events requiring recognition in the financial statement. Additionally, there were no nonrecognized subsequent events requiring disclosure.

SUPPLEMENTAL INFORMATION

CITY OF OSAWATOMIE, KANSAS
 Summary of Expenditures - Actual and Budget
 (Budgeted Funds Only)
 For the Year Ended December 31, 2011

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
General Fund	\$ 2,391,221.00	\$ 40,394.05	\$ 2,431,615.05	\$ 2,388,826.61	\$ (42,788.44)
Special Revenue Funds:					
Industrial	22,091.00	-	22,091.00	15,896.44	(6,194.56)
Library	46,916.00	-	46,916.00	39,560.98	(7,355.02)
Recreation	176,766.00	-	176,766.00	142,580.50	(34,185.50)
Recreation Employee Benefits	13,096.00	-	13,096.00	12,764.50	(331.50)
Employee Benefits	572,317.00	-	572,317.00	547,521.44	(24,795.56)
Special Parks and Recreation	12,029.00	-	12,029.00	233.40	(11,795.60)
Tourism	26,150.00	-	26,150.00	17,530.50	(8,619.50)
'911	11,979.00	-	11,979.00	-	(11,979.00)
Street Improvement	136,489.00	-	136,489.00	135,711.16	(777.84)
Golf Course	313,307.00	-	313,307.00	279,080.70	(34,226.30)
Public Safety Equipment	9,817.00	-	9,817.00	-	(9,817.00)
Debt Service Fund:					
General Obligation Bond and Interest	482,519.00	-	482,519.00	412,877.50	(69,641.50)
Enterprise Funds:					
Electric Utility	4,759,843.00	-	4,759,843.00	4,583,727.46	(176,115.54)
Water Utility	879,167.00	-	879,167.00	733,076.19	(146,090.81)
Refuse Utility	381,950.00	-	381,950.00	369,360.14	(12,589.86)
Sewer Utility	853,641.00	-	853,641.00	838,812.55	(14,828.45)

CITY OF OSAWATOMIE, KANSAS
GENERAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Ad Valorem Property Tax	\$ 432,232.74	\$ 432,233.00	\$ (0.26)
Delinquent Tax	17,885.95	17,886.00	(0.05)
Motor Vehicle Tax	50,359.77	50,360.00	(0.23)
Recreational Vehicle Tax	730.63	731.00	(0.37)
Special Assessments	6,000.00	-	6,000.00
Sales Tax	625,011.16	608,187.00	16,824.16
Franchise Taxes	156,721.41	156,824.00	(102.59)
Intergovernmental			
Local Alcoholic Liquor Tax	3,629.94	3,975.00	(345.06)
Grant Proceeds	10,494.50	10,495.00	(0.50)
Licenses and Permits			
Business Licenses, Permits & Fees	30,257.17	30,143.00	114.17
Non-Business Licenses, Permits & Fees	6,297.00	6,288.00	9.00
Charges for Services			
Sale of Cemetery Lots	5,340.00	4,965.00	375.00
Cemetery Charges	35,625.00	36,820.00	(1,195.00)
Auditorium Rent	3,445.00	3,395.00	50.00
Memorial Hall Rent	4,650.00	4,105.00	545.00
Swimming Pool Fees	4,339.65	4,340.00	(0.35)
Animal Control	2,426.00	2,426.00	-
Fines, Forfeitures and Penalties			
Fines	101,607.89	104,816.00	(3,208.11)
Use of Money and Property			
Interest Income	22,095.48	20,850.00	1,245.48
Sale of Equipment and Property	1,750.00	-	1,750.00
Other Revenues			
Miscellaneous	7,221.81	7,341.00	(119.19)
John Brown Cabin	896.83	556.00	340.83
Reimbursed Expense	40,394.05	32,433.00	7,961.05
Operating Transfers from:			
Electric Utility Fund	743,800.00	763,800.00	(20,000.00)
Sewer Utility Fund	77,900.00	77,900.00	-

CITY OF OSAWATOMIE, KANSAS
GENERAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts (Continued)			
Operating Transfers from (Continued):			
Library Fund	\$ 2,810.72	\$ 3,940.00	\$ (1,129.28)
Total Cash Receipts	<u>2,393,922.70</u>	<u>\$ 2,384,809.00</u>	<u>\$ 9,113.70</u>
Expenditures and Transfers			
Subject to Budget			
General Administration			
Personal Services	400,496.66	397,822.00	2,674.66
Contractual Services	88,456.93	108,761.00	(20,304.07)
Commodities	14,781.80	12,544.00	2,237.80
Capital Outlay	4,070.42	9,071.00	(5,000.58)
Other Expenses	20,278.00	20,278.00	-
Sports Complex			
Personal Services	40,377.91	40,258.00	119.91
Contractual Services	20,378.79	20,452.00	(73.21)
Commodities	18,202.39	18,516.00	(313.61)
Capital Outlay	2,830.00	2,830.00	-
Police and Fire			
Personal Services	784,082.62	774,694.00	9,388.62
Contractual Services	78,974.18	77,107.00	1,867.18
Commodities	64,280.89	56,538.00	7,742.89
Capital Outlay	7,036.70	6,384.00	652.70
John Brown Cabin			
Personal Services	25,953.85	25,855.00	98.85
Contractual Services	14,624.00	14,698.00	(74.00)
Commodities	928.72	1,228.00	(299.28)
Streets and Alleys			
Personal Services	246,754.69	245,861.00	893.69
Contractual Services	19,849.27	19,780.00	69.27
Commodities	17,833.06	17,861.00	(27.94)
Swimming Pool			
Personal Services	23,431.49	24,037.00	(605.51)
Contractual Services	9,599.57	7,890.00	1,709.57
Commodities	5,922.77	5,923.00	(0.23)

CITY OF OSAWATOMIE, KANSAS
GENERAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Expenditures and Transfers			
Subject to Budget (Continued)			
Cemeteries			
Personal Services	\$ 77,441.59	\$ 76,956.00	\$ 485.59
Contractual Services	28,758.40	28,626.00	132.40
Commodities	11,128.50	11,463.00	(334.50)
Lakes and Parks			
Contractual Services	2,219.79	2,667.00	(447.21)
Commodities	5,890.16	6,945.00	(1,054.84)
Municipal Court Services			
Personal Services	19,209.71	19,529.00	(319.29)
Contractual Services	101,246.09	92,745.00	8,501.09
Commodities	200.32	195.00	5.32
Levees and Stormwater			
Contractual Services	119,982.56	128,083.00	(8,100.44)
Commodities	1,192.28	1,208.00	(15.72)
Library			
Personal Services	76,133.70	78,019.00	(1,885.30)
Contractual Services	9,807.51	9,499.00	308.51
Commodities	25,484.42	25,911.00	(426.58)
Capital Outlay	986.87	987.00	(0.13)
Total Certified Budget		2,391,221.00	(2,394.39)
Adjustments for Qualifying			
Budget Credits		40,394.05	(40,394.05)
Total Expenditures and Transfers			
Subject to Budget	<u>2,388,826.61</u>	<u>\$ 2,431,615.05</u>	<u>\$ (42,788.44)</u>
Receipts Over(Under) Expenditures	5,096.09		
Unencumbered Cash, Beginning	<u>25,727.95</u>		
Unencumbered Cash, Ending	<u>\$ 30,824.04</u>		

CITY OF OSAWATOMIE, KANSAS
INDUSTRIAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Ad Valorem Tax	\$ 5.40	\$ 5.00	\$ 0.40
Delinquent Tax	156.91	157.00	(0.09)
Motor Vehicle Tax	178.77	179.00	(0.23)
Recreational Vehicle Tax	-	1.00	(1.00)
Use of Money and Property			
Rental Income	18,184.00	18,184.00	-
Total Cash Receipts	<u>18,526.39</u>	<u>\$ 18,526.00</u>	<u>\$ (0.92)</u>
Expenditures and Transfers			
Subject to Budget			
General Government			
Contractual Services	14,091.50	\$ 20,286.00	\$ (6,194.50)
Commodities	1,804.94	1,805.00	(0.06)
Total Expenditures and Transfers			
Subject to Budget	<u>15,896.44</u>	<u>\$ 22,091.00</u>	<u>\$ (6,194.56)</u>
Receipts Over(Under) Expenditures	2,629.95		
Unencumbered Cash, Beginning	<u>45,539.51</u>		
Unencumbered Cash, Ending	<u>\$ 48,169.46</u>		

CITY OF OSAWATOMIE, KANSAS
LIBRARY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Ad Valorem Property Tax	\$ 51.99	\$ 52.00	\$ (0.01)
Delinquent Tax	1,197.85	1,198.00	(0.15)
Motor Vehicle Tax	1,549.51	1,550.00	(0.49)
Recreational Vehicle Tax	11.37	11.00	0.37
Intergovernmental			
Grant Proceeds	8,262.50	-	8,262.50
Use of Money and Property			
Interest Income	864.28	321.00	543.28
Other Revenues			
Donations	9,698.97	-	9,698.97
Reimbursed Expense	-	9,677.00	(9,677.00)
Total Cash Receipts	<u>21,636.47</u>	<u>\$ 12,809.00</u>	<u>\$ 8,827.47</u>
Expenditures and Transfers			
Subject to Budget			
Culture and Recreation			
Contractual Services	16,730.36	\$ 17,956.00	\$ (1,225.64)
Commodities	-	5,000.00	(5,000.00)
Capital Outlay	-	20,020.00	(20,020.00)
Operating Transfers to:			
General Fund	2,810.72	3,940.00	(1,129.28)
Library Project Fund	20,019.90	-	20,019.90
Total Expenditures and Transfers			
Subject to Budget	<u>39,560.98</u>	<u>\$ 46,916.00</u>	<u>\$ (7,355.02)</u>
Receipts Over(Under) Expenditures	(17,924.51)		
Unencumbered Cash, Beginning	<u>109,550.06</u>		
Unencumbered Cash, Ending	<u>\$ 91,625.55</u>		

CITY OF OSAWATOMIE, KANSAS
RECREATION FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Ad Valorem Property Tax	\$ 89,447.71	\$ 95,654.00	\$ (6,206.29)
Delinquent Tax	3,394.96	2,000.00	1,394.96
Motor Vehicle Tax	9,144.36	8,901.00	243.36
Recreational Vehicle Tax	130.68	120.00	10.68
16M-20M Truck Tax	-	91.00	(91.00)
Other Revenues			
Reimbursed Expense	40,733.72	70,000.00	(29,266.28)
Total Cash Receipts	142,851.43	\$ 176,766.00	\$ (33,914.57)
Expenditures and Transfers			
Subject to Budget			
General Government			
Personal Services	40,462.79	\$ 70,000.00	\$ (29,537.21)
Contractual Services	-	2,000.00	(2,000.00)
Culture and Recreation			
Recreation Appropriations	80,117.71	104,766.00	(24,648.29)
Operating Transfers to			
Electric Utility Fund	22,000.00	-	22,000.00
Total Expenditures and Transfers			
Subject to Budget	142,580.50	\$ 176,766.00	\$ (34,185.50)
Receipts Over(Under) Expenditures	270.93		
Unencumbered Cash, Beginning	442.94		
Unencumbered Cash, Ending	<u>\$ 713.87</u>		

CITY OF OSAWATOMIE, KANSAS
RECREATION EMPLOYEE BENEFITS FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Ad Valorem Property Tax	\$ 11,181.27	\$ 11,957.00	\$ (775.73)
Delinquent Tax	424.01	-	424.01
Motor Vehicle Tax	1,142.89	1,113.00	29.89
Recreational Vehicle Tax	16.33	15.00	1.33
16M-20M Truck Tax	-	11.00	(11.00)
Total Cash Receipts	<u>12,764.50</u>	<u>\$ 13,096.00</u>	<u>\$ (331.50)</u>
Expenditures and Transfers			
Subject to Budget			
Culture and Recreation			
Recreation Appropriations	<u>12,764.50</u>	<u>\$ 13,096.00</u>	<u>\$ (331.50)</u>
Total Expenditures and Transfers			
Subject to Budget	<u>12,764.50</u>	<u>\$ 13,096.00</u>	<u>\$ (331.50)</u>
Receipts Over(Under) Expenditures	-		
Unencumbered Cash, Beginning	-		
Unencumbered Cash, Ending	<u>\$ -</u>		

CITY OF OSAWATOMIE, KANSAS
EMPLOYEE BENEFITS FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Ad Valorem Property Tax	\$ 467,468.20	\$ 467,467.00	\$ 1.20
Delinquent Tax	16,610.66	16,611.00	(0.34)
Motor Vehicle Tax	45,616.85	45,617.00	(0.15)
Recreational Vehicle Tax	657.50	658.00	(0.50)
Operating Transfers from Electric Utility Fund	45,000.00	45,000.00	-
Total Cash Receipts	<u>575,353.21</u>	<u>\$ 575,353.00</u>	<u>\$ 0.21</u>
Expenditures and Transfers			
Subject to Budget			
General Government			
Personal Services	547,176.27	\$ 571,914.00	\$ (24,737.73)
Contractual Services	345.17	403.00	(57.83)
Total Expenditures and Transfers Subject to Budget	<u>547,521.44</u>	<u>\$ 572,317.00</u>	<u>\$ (24,795.56)</u>
Receipts Over(Under) Expenditures	27,831.77		
Unencumbered Cash, Beginning	1,000.00		
Unencumbered Cash, Ending	<u>\$ 28,831.77</u>		

CITY OF OSAWATOMIE, KANSAS
SPECIAL PARKS AND RECREATION FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Local Alcoholic Liquor Tax	\$ 3,629.92	\$ 4,920.00	\$ (1,290.08)
Total Cash Receipts	<u>3,629.92</u>	<u>\$ 4,920.00</u>	<u>\$ (1,290.08)</u>
Expenditures and Transfers			
Subject to Budget			
Culture and Recreation			
Contractual Services	141.90	\$ -	\$ 141.90
Commodities	91.50	-	91.50
Capital Outlay	-	12,029.00	(12,029.00)
Total Expenditures and Transfers			
Subject to Budget	<u>233.40</u>	<u>\$ 12,029.00</u>	<u>\$ (11,795.60)</u>
Receipts Over(Under) Expenditures	3,396.52		
Unencumbered Cash, Beginning	<u>9,295.91</u>		
Unencumbered Cash, Ending	<u>\$ 12,692.43</u>		

CITY OF OSAWATOMIE, KANSAS
TOURISM FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Transient Guest Tax	\$ 4,509.64	\$ 15,000.00	\$ (10,490.36)
Charges for Services			
Rental Income	250.00	-	250.00
Other Revenues			
Donations	10,204.96	10,000.00	204.96
Reimbursed Expense	63.18	-	63.18
Total Cash Receipts	<u>15,027.78</u>	<u>\$ 25,000.00</u>	<u>\$ (9,972.22)</u>
Expenditures and Transfers			
Subject to Budget			
General Government			
Contractual Services	11,923.17	\$ 20,650.00	\$ (8,726.83)
Commodities	3,385.77	5,500.00	(2,114.23)
Other Expenses	2,221.56	-	2,221.56
Total Expenditures and Transfers			
Subject to Budget	<u>17,530.50</u>	<u>\$ 26,150.00</u>	<u>\$ (8,619.50)</u>
Receipts Over(Under) Expenditures	(2,502.72)		
Unencumbered Cash, Beginning	<u>6,225.25</u>		
Unencumbered Cash, Ending	<u>\$ 3,722.53</u>		

CITY OF OSAWATOMIE, KANSAS
911 FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Emergency Telephone Tax	\$ -	\$ -	\$ -
Total Cash Receipts	-	\$ -	\$ -
Expenditures and Transfers			
Subject to Budget			
General Government			
Contractual Services	-	\$ 11,979.00	\$ (11,979.00)
Total Expenditures and Transfers			
Subject to Budget	-	\$ 11,979.00	\$ (11,979.00)
Receipts Over(Under) Expenditures	-		
Unencumbered Cash, Beginning	9,897.41		
Unencumbered Cash, Ending	\$ 9,897.41		

CITY OF OSAWATOMIE, KANSAS
STREET IMPROVEMENT FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Motor Fuel Tax	\$ 117,273.42	\$ 117,273.00	\$ 0.42
Intergovernmental			
County Connecting Links	5,100.00	5,100.00	-
Operating Transfers from			
Electric Utility Fund	17,000.00	17,000.00	-
Total Cash Receipts	<u>139,373.42</u>	<u>\$ 139,373.00</u>	<u>\$ 0.42</u>
Expenditures and Transfers			
Subject to Budget			
General Government			
Contractual Services	46,017.30	\$ 54,533.00	\$ (8,515.70)
Commodities	72,187.86	64,450.00	7,737.86
Capital Outlay	17,506.00	17,506.00	-
Total Expenditures and Transfers			
Subject to Budget	<u>135,711.16</u>	<u>\$ 136,489.00</u>	<u>\$ (777.84)</u>
Receipts Over(Under) Expenditures	3,662.26		
Unencumbered Cash, Beginning	<u>1,000.00</u>		
Unencumbered Cash, Ending	<u>\$ 4,662.26</u>		

CITY OF OSAWATOMIE, KANSAS
GOLF COURSE FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Charges for Services			
Golf Course Sheds	\$ 3,970.00	\$ 11,000.00	\$ (7,030.00)
Membership Fees	83,137.85	79,000.00	4,137.85
Green Fees	54,093.01	85,000.00	(30,906.99)
Golf Cart Fees	29,250.34	57,000.00	(27,749.66)
Sales Tax	-	4,500.00	(4,500.00)
Driving Range	3,560.00	6,000.00	(2,440.00)
Concessions	37,558.42	61,000.00	(23,441.58)
Other Fees	3,188.50	7,000.00	(3,811.50)
Other Revenues			
Miscellaneous	2,683.61	2,600.00	83.61
Operating Transfers from Electric Utility Fund	65,000.00	-	65,000.00
Total Cash Receipts	<u>282,441.73</u>	<u>\$ 313,100.00</u>	<u>\$ (30,658.27)</u>
Expenditures and Transfers			
Subject to Budget			
Culture and Recreation			
Personal Services	140,264.04	\$ 152,225.00	\$ (11,960.96)
Contractual Services	29,274.68	37,000.00	(7,725.32)
Commodities	60,892.87	67,250.00	(6,357.13)
Capital Outlay	2,817.41	1,000.00	1,817.41
Other Expenses	-	10,000.00	(10,000.00)
Debt Service			
Principal	35,527.22	34,637.00	890.22
Interest	10,304.48	11,195.00	(890.52)
Total Expenditures and Transfers Subject to Budget	<u>279,080.70</u>	<u>\$ 313,307.00</u>	<u>\$ (34,226.30)</u>
Receipts Over(Under) Expenditures	3,361.03		
Unencumbered Cash, Beginning	<u>(32.69)</u>		
Unencumbered Cash, Ending	<u>\$ 3,328.34</u>		

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS GENERAL FUND
Schedule of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2011

	<u>Current Year Actual</u>
Cash Receipts	
Operating Transfers from Electric Utility Fund	<u>\$ 27,500.00</u>
Total Cash Receipts	<u>27,500.00</u>
Expenditures and Transfers	
Capital Projects	
Contractual Services	12,164.26
Capital Outlay	<u>12,620.00</u>
Total Expenditures and Transfers	<u>24,784.26</u>
Receipts Over(Under) Expenditures	2,715.74
Unencumbered Cash, Beginning	<u>1,074.55</u>
Unencumbered Cash, Ending	<u><u>\$ 3,790.29</u></u>

CITY OF OSAWATOMIE, KANSAS
PUBLIC SAFETY EQUIPMENT FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Ad Valorem Property Tax	\$ 5.60	\$ -	\$ 5.60
Delinquent Tax	86.37	-	86.37
Motor Vehicle Tax	158.62	-	158.62
Recreational Vehicle Tax	1.16	-	1.16
	251.75	\$ -	\$ 251.75
Total Cash Receipts	251.75	\$ -	\$ 251.75
Expenditures and Transfers			
Subject to Budget			
General Government			
Capital Outlay	-	\$ 9,817.00	\$ (9,817.00)
Total Expenditures and Transfers	-	\$ 9,817.00	\$ (9,817.00)
Subject to Budget	-	\$ 9,817.00	\$ (9,817.00)
Receipts Over(Under) Expenditures	251.75		
Unencumbered Cash, Beginning	9,520.05		
Unencumbered Cash, Ending	\$ 9,771.80		

CITY OF OSAWATOMIE, KANSAS
LIBRARY PROJECT FUND

Schedule of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2011

	<u>Current</u> <u>Year</u> <u>Actual</u>
Cash Receipts	
Intergovernmental	
Federal Grant Proceeds	\$ 50,432.00
Operating Transfers from Library Fund	<u>20,019.90</u>
Total Cash Receipts	<u>70,451.90</u>
Expenditures and Transfers	
General Government	
Capital Outlay	<u>71,632.03</u>
Total Expenditures and Transfers	<u>71,632.03</u>
Receipts Over(Under) Expenditures	(1,180.13)
Unencumbered Cash, Beginning	<u>1,180.14</u>
Unencumbered Cash, Ending	<u><u>\$ 0.01</u></u>

CITY OF OSAWATOMIE, KANSAS
STREET PROJECT FUND

Schedule of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2011

	<u>Current Year Actual</u>
Cash Receipts	
Intergovernmental	
Federal Grant Proceeds	\$ 496,945.00
Operating Transfers from Electric Utility Fund	<u>452,131.76</u>
Total Cash Receipts	<u>949,076.76</u>
Expenditures and Transfers	
General Government	
Capital Outlay	<u>949,076.76</u>
Total Expenditures and Transfers	<u>949,076.76</u>
Receipts Over(Under) Expenditures	-
Unencumbered Cash, Beginning	<u>0.01</u>
Unencumbered Cash, Ending	<u>\$ 0.01</u>

CITY OF OSAWATOMIE, KANSAS
GENERAL OBLIGATION BOND AND INTEREST FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Taxes and Shared Revenue			
Ad Valorem Property Tax	\$ 190,697.74	\$ 203,899.00	\$ (13,201.26)
Delinquent Tax	5,109.75	-	5,109.75
Motor Vehicle Tax	13,506.64	12,678.00	828.64
Recreational Vehicle Tax	189.68	171.00	18.68
16M-20M Truck Tax	-	130.00	(130.00)
Operating Transfers from Sewer Utility Fund	200,000.00	200,000.00	-
Total Cash Receipts	<u>409,503.81</u>	<u>\$ 416,878.00</u>	<u>\$ (7,374.19)</u>
Expenditures and Transfers			
Subject to Budget			
Capital Improvements			
Contractual Services	-	\$ 4,000.00	\$ (4,000.00)
Debt Service			
Bond Principal	136,000.00	136,000.00	-
Bond Interest	276,877.50	276,878.00	(0.50)
Cash Basis Reserve	-	65,641.00	(65,641.00)
Total Expenditures and Transfers Subject to Budget	<u>412,877.50</u>	<u>\$ 482,519.00</u>	<u>\$ (69,641.50)</u>
Receipts Over(Under) Expenditures			(3,373.69)
Unencumbered Cash, Beginning			<u>64,375.37</u>
Unencumbered Cash, Ending			<u>\$ 61,001.68</u>

CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Charges for Services			
Utility Revenue	\$ 3,612,738.42	\$ 3,563,129.00	\$ 49,609.42
Sales Tax	113,888.46	114,419.00	(530.54)
Utility Deposits	53,450.00	55,650.00	(2,200.00)
Late Fees	85,485.46	84,110.00	1,375.46
Other Charges	7,945.00	-	7,945.00
Use of Money and Property			
Interest Income	2,528.09	2,871.00	(342.91)
Sale of Property and Materials	2,600.00	2,600.00	-
Other Revenues			
Miscellaneous	46,241.17	161,147.00	(114,905.83)
Reimbursed Expense	1,346.95	-	1,346.95
Operating Transfers from			
Recreation Fund	22,000.00	-	22,000.00
Total Cash Receipts	<u>3,948,223.55</u>	<u>\$ 3,983,926.00</u>	<u>\$ (35,702.45)</u>
Expenditures and Transfers			
Subject to Budget			
Administration			
Personal Services	2,199.00	\$ 50,945.00	\$ (48,746.00)
Contractual Services	49,488.96	177,446.00	(127,957.04)
Commodities	10,838.75	483.00	10,355.75
Capital Outlay	10,843.38	176,601.00	(165,757.62)
Other Expenses	199,436.07	411,255.42	(211,819.35)
Electric Production			
Personal Services	120,066.20	73,673.00	46,393.20
Contractual Services	2,181,093.11	2,125,750.00	55,343.11
Commodities	12,053.00	66,100.00	(54,047.00)
Electric Distribution			
Personal Services	269,712.34	257,878.00	11,834.34
Contractual Services	65,363.62	87,500.00	(22,136.38)
Commodities	107,868.58	85,250.00	22,618.58
Capital Outlay	204,332.69	50,000.00	154,332.69

CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Expenditures and Transfers			
Subject to Budget (Continued)			
Operating Transfers to:			
General Fund	\$ 743,800.00	\$ 763,800.00	\$ (20,000.00)
Golf Course Fund	65,000.00	65,000.00	-
Street Improvement Fund	17,000.00	17,000.00	-
Street Project Fund	452,131.76	291,161.58	160,970.18
Employee Benefits Fund	45,000.00	45,000.00	-
Capital Improvements General Fund	27,500.00	15,000.00	12,500.00
Total Expenditures and Transfers			
Subject to Budget	4,583,727.46	\$ 4,759,843.00	\$ (176,115.54)
Receipts Over(Under) Expenditures			(635,503.91)
Unencumbered Cash, Beginning		852,394.53	
Unencumbered Cash, Ending		\$ 216,890.62	

CITY OF OSAWATOMIE, KANSAS
WATER UTILITY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Charges for Services			
Utility Revenues	\$ 759,432.35	\$ 824,500.00	\$ (65,067.65)
Other Charges	3,286.38	-	3,286.38
Use of Money and Property			
Rental Income	11,592.00	8,000.00	3,592.00
Other Revenues			
Miscellaneous	75.60	1,500.00	(1,424.40)
Reimbursed Expense	4,312.66	1,500.00	2,812.66
Total Cash Receipts	778,698.99	\$ 835,500.00	\$ (56,801.01)
Expenditures and Transfers			
Subject to Budget			
Administration			
Personal Services	202.00	\$ 250.00	\$ (48.00)
Contractual Services	56,616.28	100,050.00	(43,433.72)
Commodities	726.68	1,850.00	(1,123.32)
Capital Outlay	1,740.00	-	1,740.00
Water Treatment			
Personal Services	133,482.76	160,410.00	(26,927.24)
Contractual Services	58,023.07	59,250.00	(1,226.93)
Commodities	154,590.44	174,150.00	(19,559.56)
Capital Outlay	34,812.52	-	34,812.52
Water Distribution			
Personal Services	111,953.90	96,324.00	15,629.90
Contractual Services	67,354.59	57,600.00	9,754.59
Commodities	48,591.33	36,900.00	11,691.33
Capital Outlay	-	50,000.00	(50,000.00)

CITY OF OSAWATOMIE, KANSAS
WATER UTILITY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Expenditures and Transfers (Continued)			
Subject to Budget (Continued)			
Debt Service			
Principal Payment	\$ 39,009.38	\$ 39,009.00	\$ 0.38
Interest Payment	25,973.24	25,974.00	(0.76)
Operating Transfers to			
General Fund	-	77,400.00	(77,400.00)
Total Expenditures and Transfers			
Subject to Budget	<u>733,076.19</u>	<u>\$ 879,167.00</u>	<u>\$ (146,090.81)</u>
Receipts Over(Under) Expenditures	45,622.80		
Unencumbered Cash, Beginning	<u>(2,047.44)</u>		
Unencumbered Cash, Ending	<u>\$ 43,575.36</u>		

CITY OF OSAWATOMIE, KANSAS
REFUSE UTILITY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Charges for Services			
Utility Revenues	\$ 367,613.39	\$ 375,000.00	\$ (7,386.61)
Total Cash Receipts	<u>367,613.39</u>	<u>\$ 375,000.00</u>	<u>\$ (7,386.61)</u>
Expenditures and Transfers			
Subject to Budget			
Collections			
Contractual Services	368,728.08	\$ 371,450.00	\$ (2,721.92)
Commodities	632.06	500.00	132.06
Operating Transfers to			
General Fund	-	10,000.00	(10,000.00)
Total Expenditures and Transfers			
Subject to Budget	<u>369,360.14</u>	<u>\$ 381,950.00</u>	<u>\$ (12,589.86)</u>
Receipts Over(Under) Expenditures	(1,746.75)		
Unencumbered Cash, Beginning	<u>6,472.05</u>		
Unencumbered Cash, Ending	<u>\$ 4,725.30</u>		

CITY OF OSAWATOMIE, KANSAS
SEWER UTILITY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	Current Year		Variance - Over (Under)
	Actual	Budget	
Cash Receipts			
Charges for Services			
Utility Revenues	\$ 771,764.81	\$ 782,418.00	\$ (10,653.19)
Other Charges	350.00	-	350.00
Other Revenues			
Miscellaneous	-	350.00	(350.00)
Total Cash Receipts	<u>772,114.81</u>	<u>\$ 782,768.00</u>	<u>\$ (10,653.19)</u>
Expenditures and Transfers			
Subject to Budget			
Collections			
Personal Services	114,948.76	\$ 114,897.00	\$ 51.76
Contractual Services	63,948.94	68,036.00	(4,087.06)
Commodities	43,140.39	53,934.00	(10,793.61)
Capital Outlay	88,161.00	88,161.00	-
Debt Service			
Principal Payments	196,592.00	196,592.00	-
Interest Payments	54,121.46	54,121.00	0.46
Operating Transfers to:			
General Fund	77,900.00	77,900.00	-
General Obligation			
Bond and Interest Fund	200,000.00	200,000.00	-
Total Expenditures and Transfers			
Subject to Budget	<u>838,812.55</u>	<u>\$ 853,641.00</u>	<u>\$ (14,828.45)</u>
Receipts Over(Under) Expenditures	(66,697.74)		
Unencumbered Cash, Beginning	<u>428,138.09</u>		
Unencumbered Cash, Ending	<u>\$ 361,440.35</u>		

CITY OF OSAWATOMIE, KANSAS

Agency Funds

Schedule of Cash Receipts and Cash Disbursements
For the Year Ended December 31, 2011

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Cafeteria 125	\$ 136.87	\$ 1,863.11	\$ 1,862.44	\$ 137.54
Court ADSAP	4,661.00	3,000.00	2,660.00	5,001.00
Court Bonds	4,033.86	16,842.20	15,217.52	5,658.54
Fire Insurance Proceeds	0.84	27,888.50	27,888.50	0.84
Forfeiture	289.09	-	270.00	19.09
Old Stone Church Donations	303.07	-	289.97	13.10
Revolving Loan	72,485.50	184.62	-	72,670.12
Rural Fire	-	45,400.00	42,012.88	3,387.12
	\$ 81,910.23	\$ 95,178.43	\$ 90,201.31	\$ 86,887.35

FEDERAL COMPLIANCE SECTION

CITY OF OSAWATOMIE, KANSAS

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Identifying Number	CFDA #	Federal Receipts	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>				
Pass Through the Kansas Department of Commerce				
Community Development Block Grant	09-PF-737	14.218	\$ 50,432.00	\$ 51,052.90
Community Development Block Grant	10-PF-045	14.218	<u>496,945.00</u>	<u>496,944.60</u>
Total U.S. Department of Housing and Urban Development			<u>547,377.00</u>	<u>547,997.50</u>
<u>Environmental Protection Agency</u>				
Pass Through the Kansas Department of Health and Environment				
State Revolving Loan Capitalization Grant	R8500	44.468	<u>4,061.00</u>	<u>4,061.00</u>
Total Environmental Protection Agency			<u>4,061.00</u>	<u>4,061.00</u>
Total Expenditures of Federal Awards			<u><u>\$ 551,438.00</u></u>	<u><u>\$ 552,058.50</u></u>

NOTE A -- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Osawatomie, Kansas and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(M) = Major Program

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Council
City of Osawatomie, Kansas

We have audited the financial statements of the City of Osawatomie, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the City of Osawatomie, Kansas' basic financial statements and have issued our report thereon dated May 18, 2012. 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 City of Osawatomie, Kansas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Osawatomie, Kansas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Osawatomie, Kansas' internal control over financial reporting.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Osawatomie, Kansas' 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 federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 18, 2012
Chanute, Kansas

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council
City of Osawatomie, Kansas

Compliance

We have audited City of Osawatomie, Kansas' compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of City of Osawatomie, Kansas' major federal programs for the year ended December 31, 2011. City of Osawatomie, Kansas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Osawatomie, Kansas' management. Our responsibility is to express an opinion on City of Osawatomie, Kansas' compliance based on our audit.

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

In our opinion, City of Osawatomie, Kansas, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Jarred, Gilmore & Phillips, PA".

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

May 18, 2012
Chanute, Kansas

CITY OF OSAWATOMIE, KANSAS

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2011

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

The auditors' report expresses a qualified opinion on the financial statements of City of Osawatomie, Kansas.

Internal Control over Financial Reporting:

Material weakness(es) identified? _____ Yes X No
Significant deficiencies identified that are not considered to be a material weakness? _____ Yes X No
Non compliance or other matters required to be reported under *Government Auditing Standards* _____ Yes X No

Federal Awards:

Internal control over major programs:
Material weakness(es) identified? _____ Yes X No
Significant deficiencies identified that are not considered to be a material weaknesses? _____ Yes X No

The auditors' report on compliance for the major federal award programs for City of Osawatomie, Kansas expresses an unqualified opinion.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? _____ Yes X No

Identification of major programs:

U.S. Department of Housing and Urban Development

Community Development Block Grant – CFDA No. 14.218

The threshold for distinguishing Types A and B programs was \$300,000.00.

Auditee qualified as a low risk auditee? _____ Yes X No

II. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

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

NONE

CITY OF OSAWATOMIE, KANSAS

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2011

Period Year Ended/Findings:

Finding 2010-01

Condition:

We were informed that golf course receipt transactions are not always entered into the cash register. In addition, it was also brought to our attention during the audit that the City is currently allowing a golf course employee to sell his own merchandise from the golf course clubhouse. Receipts for these merchandise sales are combined with other golf course receipts and deposited into the City's bank account. The City then reimburses the golf course employee for his merchandise sales.

Recommendation:

We recommend that an individual independent of cash receipting reconcile the cash register tape to the cash collections. Any discrepancies between the two reports needs to be examined thoroughly. We also recommend that the cash register be reset at the beginning of each day so that the daily closeouts can be tracked. Additionally, we recommend that blind counts be performed daily and that all transactions be run through the cash registers.

Status:

The City has implemented policies and procedures to ensure that golf course collections are all being entered into the cash register. The cash register ticket and deposit are brought to City Hall and are included with the daily deposit.

Finding 2010-02

Condition:

During the audit we noted that an individual independent of the utility billing process was not reviewing and approving delinquent utility accounts on a periodic basis.

Recommendation:

We recommend that an individual independent of the utility billing process review and approve a delinquent utility account list on a periodic basis. We also recommend that a utility billing aging report be attached to the list of accounts sent to the State of Kansas set off program. Additionally we recommend that an individual independent of the utility billing process review and initial their approval on the set off list.

Status:

The City has implemented policies and procedures to ensure that delinquent accounts are being reviewed on a monthly basis and are signed off on by the reviewer.

CITY OF OSAWATOMIE, KANSAS

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2011

Period Year Ended/Findings:

Finding 2010-3

Condition:

During the audit we noted that an individual independent of uploading the utility meter readings is not reviewing the report that lists out the meter reading information by account.

Recommendation:

We recommend that an individual independent of uploading the utility meter reading review the report that details the meter reading information for reasonableness and any potential upload error.

Status:

The City has implemented policies and procedures to ensure that the utility meter reading reports are being reviewed.

May 18, 2012

Jarred, Gilmore & Phillips, PA
P.O. Box 779
Chanute, Kansas 66720

Dear Ladies & Gentlemen:

We are providing this letter in connection with your audit of the financial statement of the City of Osawatomie, Kansas, as of December 31, 2011, and for the year then ended for the purpose of expressing an opinion as to whether the financial statement presents fairly, in all material respects, the cash and unencumbered cash balances of each of the various funds of the City of Osawatomie, Kansas, and cash received and expenditures paid of such funds for the year ended, taken as a whole, in conformity with Kansas cash basis laws. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with Kansas cash basis laws. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 18, 2012, the following representations made to you during your audit.

- 1) The financial statement referred to above is fairly presented in conformity with Kansas cash basis laws and include all properly classified funds and other financial information of the primary government required to be included in the financial reporting entity and we acknowledge the exclusion of the Osawatomie Recreation Commission and The Osawatomie Housing Authority.
- 2) We have made available to you all—
 - a) Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
 - b) Minutes of the meetings of City Council or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 3) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 4) There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements or the schedule of expenditures of federal awards.
- 5) We are in agreement with the proposed audit adjustments and they have been posted to the City's general ledger.
- 6) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 7) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a) Management,
 - b) Employees who have significant roles in internal control, or

- c) Others where the fraud could have a material effect on the financial statements.
- 8) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
 - 9) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
 - 10) The City has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or unencumbered cash.
 - 11) The following, if any, have been properly recorded or disclosed in the financial statements:
 - a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the City is contingently liable.
 - c) All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
 - 12) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
 - 13) There are no—
 - a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
 - 14) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes and schedule of expenditures of federal awards.
 - 15) The City has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
 - 16) The City has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
 - 17) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

- 18) The financial statements include all joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 19) The financial statements properly classify all funds and activities.
- 20) Expenditures have been appropriately classified in or allocated to functions and programs in the financial statements and allocations have been made on a reasonable basis.
- 21) Cash receipts are appropriately classified in the financial statements in accordance with the Kansas Municipal Audit Guide.
- 22) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 23) Deposits and investment securities and derivative transactions are properly classified as to risk and are properly disclosed.
- 24) With respect to the supplementary information-
 - a) We acknowledge our responsibility for presenting the supplemental information in conformity with accounting practices as prescribed by the State of Kansas to demonstrate compliance with Kansas cash basis laws, and we believe the supplemental information, including its form and content, is fairly presented. The methods of measurement and presentation of the supplemental information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 25) We have evaluated the City's ability to continue as a going concern and have included appropriate disclosures, as necessary, in the financial statements.
- 26) With respect to federal award programs:
 - a) We are responsible for understanding and complying with and have complied with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, including requirements relating to preparation of the schedule of expenditures of federal awards.
 - b) We have prepared the schedule of expenditures of federal awards in accordance with OMB Circular A-133, and have identified and disclosed in the schedule expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
 - c) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of OMB Circular A-133 §310.b, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Circular. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.
 - d) If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information

no later than the date we issue the supplementary information and the auditor's report thereon.

- e) We have identified and disclosed to you all of our government programs and related activities subject to OMB Circular A-133.
- f) We are responsible for understanding and complying with, and have complied with, the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
- g) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.
- h) We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- i) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- j) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the OMB Circular A-133 Compliance Supplement, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the requirements of federal awards.
- k) We have disclosed any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- l) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- m) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB Circular A-87, Cost Principles for State, Local, and Tribal Governments, and OMB's Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.
- n) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- o) We have made available to you all documentation related to compliance with the direct material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- p) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

- q) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- r) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies in internal control over compliance (including material weaknesses in internal control over compliance), have occurred subsequent to the date as of which compliance was audited.
- s) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.
- t) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- u) We have charged costs to federal awards in accordance with applicable cost principles.
- v) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB Circular A-133 and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- w) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by OMB Circular A-133.

27) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements or in the schedule of findings and questioned costs.

Signed : _____

Signed : _____

Title : City Manager _____

Title : City Mayor _____

Signed : _____

Title : City Clerk _____



STAFF AGENDA MEMORANDUM

DATE OF MEETING: June 28, 2012

AGENDA ITEM: **Mill Street Bridget Report**

PRESENTER: J.R. McMahon, Miami County Road and Bridge Supervisor
Gabe Pfefferkorn, P.E. - Pfefferkorn Design & Construction LLC

ISSUE SUMMARY: I was informed on Monday that the County Commission had received a report on options for repair or replacement of the Mill Street Bridge. That report has been included in this packet. The County Commission met on Wednesday, June 27 to review the report. I attended the meeting and Councilman Moon also attended.

The report by Mr. Pfefferkorn, provides option for the bridge that are not a full replacement. He will attend the meeting with Mr. McMahon to discuss this report and answer some of your questions.

COUNCIL ACTION NEEDED: None.

STAFF RECOMMENDATION TO COUNCIL: Review the report.

Mill Street Bridge

COPY

Miami County
Kansas



PFEFFERKORN DESIGN & CONSTRUCTION LLC

The Mill Street Bridge over the Marais Des Cygnes River is currently closed due to concerns of deterioration in the steel trusses. The purpose of this report is to take an unconventional look at possible options for the existing structure.

The Mill Street Bridge over the Marais Des Cygnes River is deemed unserviceable due to concerns with the superstructure. Thus the structure is currently closed to traffic. Due to the nature of the crossing as well as environmental concerns with grading issues at the west approach of the bridge, previous projections have put the replacement cost for a new bridge between **\$4m.** and **\$6m.** The purpose of this report is to take an *unconventional* look at possible options with the existing structure.

For this report the bridge will be divided into basic components; the superstructure and the substructure. The illustration, along with the description below defines these terms.

- **Superstructure:** the part of a bridge that rests on the piers and abutments.
- **Substructure:** the foundations, piers, and abutments upon which the trusses or girders of the spans of a bridge rest.



Superstructure for this bridge includes the Steel Truss Members, Concrete Bridge Deck, and Bridge Bearing Assemblies.

Substructure for this bridge includes the Concrete Piers and Abutments as well as the foundation on which they bear.

Superstructure

As previously mentioned the bridge is closed to traffic due to concerns with the superstructure. One connection in particular triggered the shutdown of the structure; however there are multiple areas that raise serious alarm. A small sample of these areas is illustrated on the next page.



Section Loss in Primary Member of Main Span Truss. This was noted in multiple places on all three truss spans. Given these are critical members individual failure would be catastrophic.



"Zipper" rust in outside purlins. Essentially the bottom flange of the I-Beam is un-zipping from the web. This is consistent along both outside edges of the bridge and is likely due to de-icing salt spilling over the edge of the deck over time.



Pack Rust covering the entire connection of the Girder, Truss Cord, and King Post. This connection is the most critical for the endspan trusses, and pack rust is the kiss of death for a steel member. This particular connection triggered the closure of the bridge. Unlike surface rust, pack rust cannot be superficially removed.

This is the connection point of a girder to the truss. The tops of all of the girders are exposed at the edge of the deck. For this reason they are very vulnerable to de-icing salts. All of the girders are in similar condition with pack rust evident. The very tip of the arrow is pointing to a 2in. x 2in. section of the top flange of the beam that has rusted completely off. This is extremely critical because the top flange of this beam is in compression.

- Pack rust is usually found in structural connections. The very minute movement of the connection known as fatigue will allow the rust to work itself deep into the member. In order to repair the structure the connection must be replaced. To do this all members leading into the connection must be temporarily supported.
- One could argue for welding patches to the connections; however welding to a steel of this age is near impossible. At time this structure was constructed welding was not the preferred method of making attachments. Thus the carbon content of the steel was not a concern. Rather the steel was predrilled and riveted together. The metallurgy at that time is far different than today. **If one tried to weld to steel with the composition of that found around the time this bridge was constructed to modern steel replacement parts the old steel would disintegrate with the heat of the welder rather than fuse together.**

Substructure

In stark contrast to the superstructure the substructure is in excellent condition. As the pictures below illustrates the concrete is in extremely good condition given the age of the structure. The piers stand perfectly plumb and have little to no undermining at the bases.



Summary of the Existing Structure

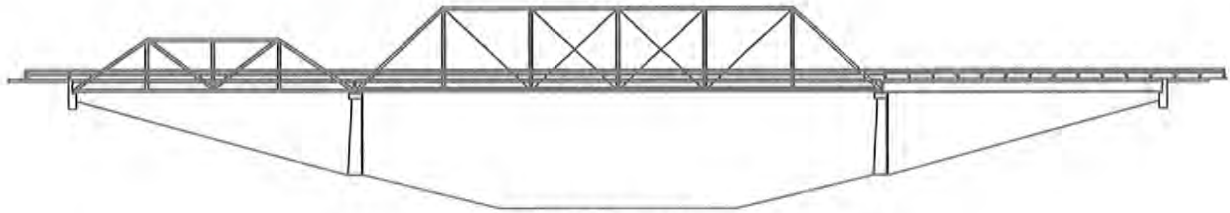
- **Superstructure:** Going decades with de-icing salts and without any substantial maintenance to protective against the elements the structural steel of the bridge has deteriorated to the point portions of the superstructure have reached the end of their useful life. Should one fix the singular problem that triggered the closure of the bridge, multiple others in other spans will likely follow soon after.
- **Substructure:** The concrete substructure of the bridge is in excellent condition. There is little to no spalling or cracking. The piers require little attention and the abutments show wear only at the bearing assemblies.
- **Foundation:** Original plans for the bridge are unavailable. Thus the size and composition of the piers is unknown. With that said, one can decipher that the foundation of the piers as well as the abutments is in excellent condition. The piers are perfectly plumb and neither the piers nor the abutments show any signs of stress that would indicate a localized foundation issue.

Recommendations:

Save the substructure, replace the superstructure

Given the steel truss superstructure is in such a state of decay and the substructure is in such good condition I recommend removing the existing truss superstructure as feasible, doing minimal structural work to the substructure, and installing steel girders and a new deck. For the purpose of cost analysis sketches and estimates of possible girder configurations are included in the following pages.

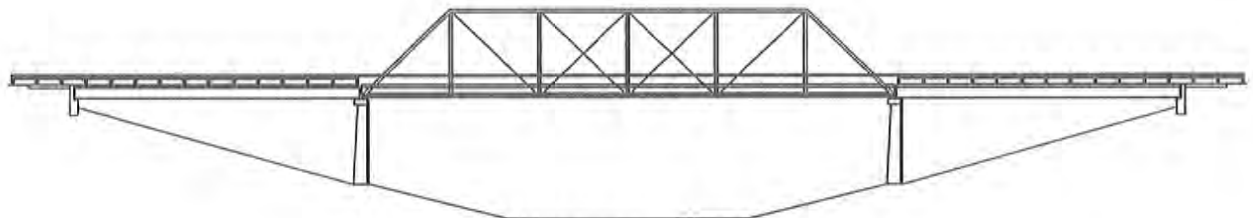
The options option are tiered and begin with the most immediately economical in an effort to return the bridge to serviceability and progress to that which has the best return on investment. As previously mentioned these options are unconventional and are intended to be used as benchmarks for analysis of what is possible other than the \$5m total replacement option.



Option A

Estimated Cost \$195,000

Remove the Superstructure in East Jump Span
Replace with Rolled Steel Girders, Concrete Deck, and Guardrail



Option B

Estimated Cost \$390,000

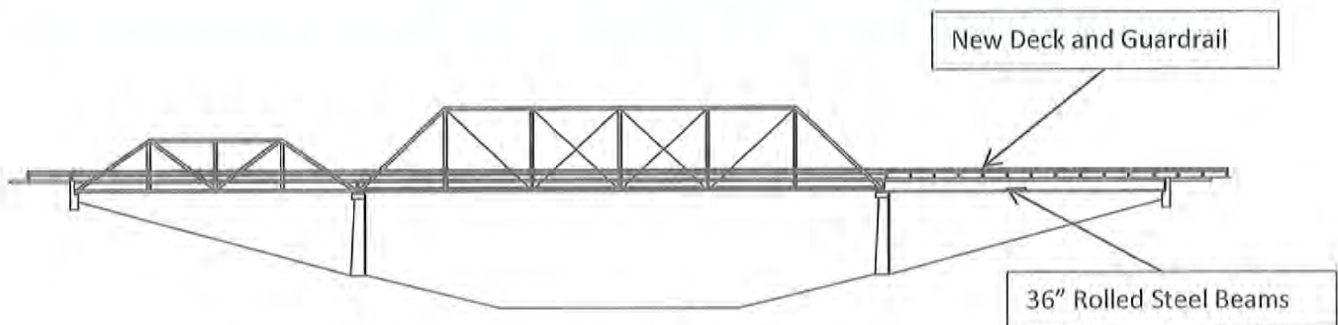
Remove the Superstructure in both the East and West Jump Spans
Replace with Rolled Steel Girders, Concrete Deck, and Guardrail



Option C

Estimated Cost \$1,200,000

Remove the Entire Super Structure
Replace with Built Up Plate Girders, Concrete Deck, and Guardrail



Option A

Estimated Cost \$195,000

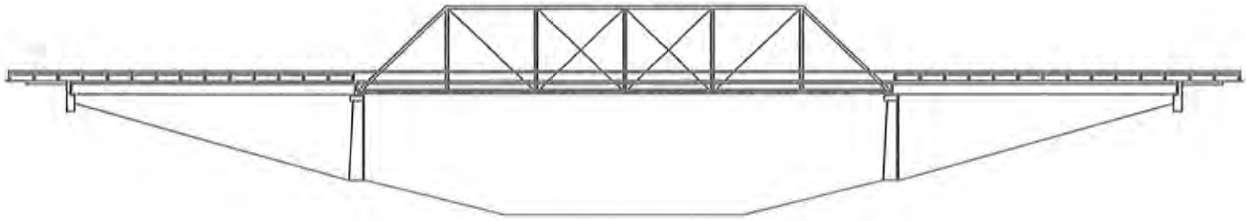
Remove the Superstructure in East Jump Span
Replace with 36" Rolled Steel Girders, Concrete Deck, and Guardrail

Pros

- Least costly option
- Work can be completed with County Forces
- No change in grade at the approaches
- West jump span can be removed and replaced at a later date
- Smaller beams are easier to construct

Cons

- Does not address any issues with the other 2 spans
- Bridge will still require very close inspection on regular intervals
- Does not allow for the main span to be replaced in the future
- Narrow roadway
- No improved load rating



Option B

Estimated Cost \$390,000

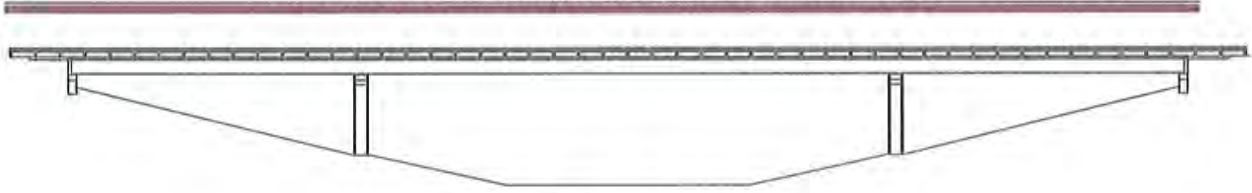
Remove and Replace the Superstructure in both the East and West Jump Spans
Replace with 36in Rolled Steel Girders, Concrete Deck, and Guardrail

Pros

- Takes advantage of the easiest two spans to replace
- Economy of doing two spans in the same timeframe.
- Work can be completed with County Forces
- No change in grade at the approaches
- Smaller beams are easier to construct

Cons

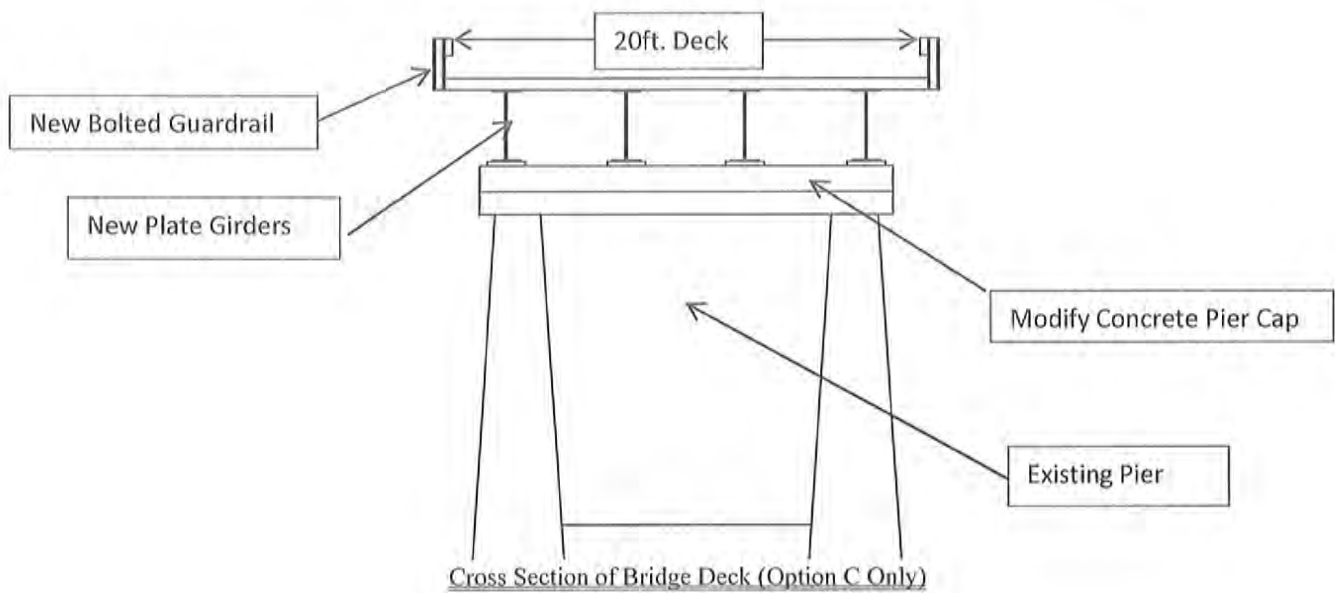
- Does not address the issues with the main span
- Bridge will still require very close inspection on regular intervals
- Does not allow for the main span to be replaced in the future
- Narrow roadway
- No improved load rating



Option C

Estimated Cost \$1,200,000

Remove the Entire Super Structure
Replace with Tall Built Up Plate Girders, Concrete Deck, and Guardrail



Pros

- Improved Load Rating
- Wider Deck
- No Longer Fracture Critical (Less Inspection)
- Best Overall Structure

Cons

- Grade Change at Approaches
- Plate Girders are More Difficult to Construct
- Main Span is Costly to Remove and Replace



STAFF AGENDA MEMORANDUM

DATE OF MEETING: June 28, 2012

AGENDA ITEM: 2012-2013 Health Insurance Proposal

PRESENTER: Don Cawby, City Manager
Mike Keller, Health Insurance Advisor, Hardman and Howell Benefits

ISSUE SUMMARY: Over the past several weeks we have selected a health insurance provider, determined a general direction for providing coverage, and then completed a city-wide health assessment in order to bid for health insurance rates. My goals for our insurance were:

1. Better coverage for the premiums we pay.
2. Less maximum out of pocket coverage for our employees.
3. Mechanisms to incentivize better employee health.
4. Provide more employee choice in the coverage we provide.
5. Get the City's premium year aligned with the coverage year.

On Tuesday, we convened an employee committee to discuss options and issues regarding health insurance and to evaluate the proposals provided by Mr. Keller, our insurance advisor. The committee is supportive of the overall direction we are heading, even though this proposal does not address all of my goals. I believe the proposal that we have brought forward is a step in the right direction. The high level summary of this plan is:

1. A 10% reduction in premiums
2. Out of pocket is reduced from our current \$6,000 individual/\$14,000 family to \$2,000 individual/\$8,000 family, by eliminating after deductible co-insurance.
3. We maintain copays for routine office visits.
4. We are providing an easy access, pre-tax flexible spending account to allow employees to reduce their out-of-pocket costs by up to 30%.
5. We have also reduced premiums for vision and dental while maintaining the same coverage.

Attached are a few informational sheets from Mr. Keller the he will review with you at the Council meeting.

COUNCIL ACTION NEEDED: Vote on the proposed plan.

STAFF RECOMMENDATION TO COUNCIL: Approve the proposed plan.

Proposed Plan

COVERAGE BEFORE THE DEDUCTIBLE IS MET

- \$40 Copay Primary Care Office Visit
 - \$ 0 Copay Out Patient Lab
 - \$40 Copay Maternity Care (*copay on initial visit only*)
 - \$ 0 Well Woman or Well Man Exam
 - \$ 0 Copay Preventive Services
Services as required by HCR
 - \$ 3 Copay Tier 1A Prescription Drugs
 - \$12 Copay Tier 1B Prescription Drugs
- All services paid 100% after copay*

DEDUCTIBLE
\$2,000 employee, \$4,000 employee+1, and \$8,000 Family*

COVERAGE AFTER THE DEDUCTIBLE IS MET

- \$ 40 Copay Specialist Office Visits
- \$ 0 Copay Out Patient Surgery
- \$ 50 Copay Urgent Care Facility
- \$200 Copay Hospital ER Room
- \$ 0 Copay Ambulance
- \$ 0 Copay In Patient Services
- \$ 0 Copay Out Patient X-ray & Diag. Testing
- \$ 150 Copay MRI, CT Scans and Pet Scans
- \$ 40 Copay Tier 2 Prescription Drugs
- \$ 65 Copay Tier 3 Prescription Drugs

All services paid 100% after deductible & copay

This is only a brief summary. Refer to Coventry HealthCare of Kansas proposal for more complete information regarding the benefits.

*The City of Osawatomie will reimburse the second \$2,000 of the deductible to all employees and/or 50% of the cost of insulin until the \$4,000 deductible is met. This includes up to \$2,000 per insured employee and if dependents are insured, up to \$4,000 maximum per family.

	Coventry		
	Current	Renewal	Option 2
	\$2000 PPO Plan	\$2000 PPO Plan	PPO SJ 4000
Physician Services			
Office Visits			
Primary Care Physician	\$25 Copay	\$30 Copay	\$40 Copay
Specialist Physician	\$50 Copay	\$50 Copay	\$40 Copay after deductible
In Office Lab	\$0 Copay	\$0 Copay	\$0 Copay
In Office X-ray	\$0 Copay	\$0 Copay	\$0 Copay
Maternity Care	\$25 Copay (Initial Visit Only)	\$30 Copay (Initial Visit Only)	\$40 Copay (Initial Visit Only)
Annual Eye Exam	\$25 / \$50 Copay	\$25 / \$50 Copay	\$40 Copay / \$40 Copay after ded

Preventive Services			
Well Baby / Child Care up to age 2; Routine Physical Exam over age 2; Immunizations & Flu Shots; Routine Lab & Lipid Panel; Well Women Exam with Pap & Mammography (no referral); Well Man Exam; Colorectal Cancer Screening over age 50 and	100% Coverage	100% Coverage	100% Coverage

Other Medical Services			
Deductible			
Individual	\$2,000	\$2,000	\$4,000
Family Maximum	\$6,000	\$6,000	\$12,000
Coinsurance	70% / 30%	70% / 30%	---
Individual Maximum	\$4,000	\$4,500	\$4,000
Family Maximum	\$8,000	\$9,000	\$8,000
Out of Pocket Maximum			
Individual Maximum	\$6,000	\$6,500	\$4,000
Family Maximum	\$14,000	\$15,000	\$12,000
Outpatient Surgery	Deductible & Coinsurance	Deductible & Coinsurance	0% after deductible
Emergency Services (no coverage for non-emergency)			
Urgent Care Facility	\$75 Copay	\$50 Copay	\$50 Copay after deductible
Hospital Emergency Room (waived if admitted)	\$175 Copay then ded & coin	\$225 Copay then ded & coin	\$200 Copay after deductible
Ambulance	Deductible & Coinsurance	Deductible & Coinsurance	0% after deductible
In-Patient Services	Deductible & Coinsurance	Deductible & Coinsurance	0% after deductible
Outpatient Hospital Lab	\$0 Copay	\$0 Copay	\$0 Copay
Outpatient Hospital X-ray	Deductible & Coinsurance	Deductible & Coinsurance	0% after deductible
MRI, CT Scans and PET Scans	\$150 Copay then ded & coin	\$150 Copay then ded & coin	\$150 Copay after deductible

Plan Provisions			
Plan Type	PPO	PPO	PPO
Network Name	CHC of Kansas	CHC of Kansas	CHC of Kansas
Lifetime Maximum	Unlimited	Unlimited	Unlimited
Dependents Eligibility	Up to Age 26	Up to Age 26	Up to Age 26

Prescription Drugs			
Retail Pharmacy	34 Day Supply	34 Day Supply	34 Day Supply
Deductible			
Individual	---	---	---
Family Maximum	---	---	---
Copayments			
Tier 1A Prescriptions	\$10 Copay	\$3 Copay	\$3 Copay
Tier 1B Prescriptions	\$10 Copay	\$10 Copay	\$12 Copay
Tier 2 Prescriptions	\$35 Copay	\$35 Copay	\$40 Copay after deductible
Tier 3 Prescriptions	\$60 Copay	\$60 Copay	\$65 Copay after deductible
Mail Order Pharmacy	90 Day Supply	90 Day Supply	90 Day Supply
Copayments			
Tier 1A Prescriptions	\$30 Copay	\$9 Copay	\$9 Copay
Tier 1B Prescriptions	\$30 Copay	\$30 Copay	\$36 Copay
Tier 2 Prescriptions	\$105 Copay	\$105 Copay	\$120 Copay after deductible
Tier 3 Prescriptions	\$180 Copay	\$180 Copay	\$195 Copay after deductible

Monthly Premium Rates		\$2,000 PPO			
		\$2000 PPO Plan	\$2000 PPO Plan	PPO SJ 4000	
		Current	Renewal	Revised	Option 2
Employee Only	17	\$320.95	\$383.84	\$334.68	\$279.84
Employee + Spouse	10	\$641.91	\$767.70	\$669.38	\$559.68
Employee + Child(ren)	10	\$609.81	\$729.31	\$635.90	\$531.70
Family	11	\$1,027.05	\$1,228.31	\$1,071.00	\$895.49
Monthly Premiums	48	\$29,270.90	\$35,006.79	\$30,523.36	\$27,592.29
Compared to Current			19.6%	4.3%	-12.2%

City of Osawatomie Medical Insurance Contribution Strategy Coventry Healthcare of Kansas

July 1, 2010 – June 30, 2012

	Monthly Premium	Osawatomie Pays	Employee Pays Per	
			Month	Paycheck
Medical Insurance				
\$2,000 PPO Plan				
Employee Only	320.95	240.71	80.24	37.03
Employee & Spouse	641.91	481.43	160.48	74.07
Employee & Child(ren)	609.81	457.36	152.45	70.36
Family	1027.05	770.29	256.76	118.51
PPO SJ 3000				
Employee Only	292.53	219.40	73.13	33.75
Employee & Spouse	585.08	438.81	146.27	67.51
Employee & Child(ren)	555.83	416.87	138.96	64.13
Family	936.13	702.10	234.03	108.02

July 1, 2012 – June 30, 2013

	Monthly Premium	Osawatomie Pays	Employee Pays Per	
			Month	Paycheck
Medical Insurance				
PPO SJ 4000				
Employee Only	279.84	209.88	69.96	32.29
Employee & Spouse	559.68	419.76	139.92	64.58
Employee & Child(ren)	531.70	398.78	132.93	61.35
Family	895.49	671.62	223.87	103.33



City of
Osawatomie
www.osawatomieks.org

Osawatomie City Hall
439 Main Street • PO Box 37
Osawatomie, KS 66064
Phone: (913)755-2146
Fax: (913)755-4164

STAFF AGENDA MEMORANDUM

DATE OF MEETING: June 28, 2012

AGENDA ITEM: Official Newspaper Change

PRESENTER: Don Cawby, City Manager

ISSUE SUMMARY: As of Wednesday, June 27, 2012, the Osawatomie Journal did not print its third paper in the past 52 weeks. That action disqualifies it to be the City's official newspaper. Since the Osawatomie Graphic is the only newspaper currently publishing in the City of Osawatomie, I have included in the packet is a resolution to change the official City newspaper back to the Graphic

COUNCIL ACTION NEEDED: Designate an official City newspaper.

STAFF RECOMMENDATION TO COUNCIL: Recommend the designation of the Osawatomie Graphic as the City's official newspaper.

RESOLUTION NO. ____

A RESOLUTION DESIGNATING THE OFFICIAL NEWSPAPER
OF THE CITY OF OSAWATOMIE, KANSAS.

WHEREAS, K.S.A. 12-1651(a) requires the Governing Body to designate by resolution a newspaper to be the official city newspaper; and

WHEREAS, the Governing Body passed Resolution No. 633, on September 23, 2010, which designated the Osawatome Journal as the official newspaper of the City of Osawatome; and

WHEREAS, the Osawatome Journal has recently ceased publication and will not meet the statutory requirement to publish a paper 50 of 52 weeks in the last twelve months; and

WHEREAS, the Osawatome Graphic was the official paper of the City prior to the passage of Resolution No. 633, and is currently the only paper written and published in Osawatome.

BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF OSAWATOMIE, KANSAS:

SECTION ONE: The official newspaper of the City of Osawatome, Kansas, is hereby designated to be the Osawatome Graphic, Osawatome, Kansas.

SECTION TWO: Any notice or publication required by law to be published within the official City newspaper of the City of Osawatome, Kansas, shall have such notice or publication take effect by being published in the Osawatome Graphic.

SECTION THREE: This Resolution shall be in full force and effect from and after its adoption.

PASSED AND ADOPTED by the Governing Body of the City of Osawatome, Kansas this 28th day of June, 2012.

APPROVED AND SIGNED by the Mayor.

Philip A. Dudley, Mayor

(SEAL)

ATTEST:

Ann Elmquist, City Clerk



STAFF AGENDA MEMORANDUM

DATE OF MEETING: June 28, 2012

AGENDA ITEM: **Brown & Pacific Completion Proposal**

PRESENTER: Don Cawby, City Manager

ISSUE SUMMARY: We have received a detailed proposal from Orr-Wyatt to complete the project on Brown & Pacific. The proposed solutions are as follows:

1. The contractor will remove all the concrete diamonds around the manholes and re-pour them to match the existing asphalt elevations adjacent to them.
2. The contractor will micro mill the cold joint and bump on the NE corner of 14th Street and Pacific Avenue.
3. The contractor will mill the asphalt surface course and install new surface material on the south side of the east end of Pacific from approximately 557+50 to approximately 550+00 (approximately 150LF).
4. The contractor will mill the asphalt surface course and install new surface material on the south side of the west end of Brown from approximately 513+90 to approximately 514+80 (approximately 90LF).
5. The contractor will extend the warranty to the end of May, 2013 so they can all monitor the asphalt topping and the edge condition where the asphalt meets the concrete curbs. They will also provide a warranty bond. If there are problems with those situations the contractor will address them at that time. Should the city, or its engineer, or agents, detect any problems with those areas prior to May 2013, the contractor requests that it be notified so it can assess the situation and determine if spot repairs are necessary, so that other damage doesn't occur to the curbs or other new work.

If this proposal is acceptable, we will have the City Attorney create a formal contract with these terms and then have it ready for the Mayor's signature.

COUNCIL ACTION NEEDED: Review and consider the proposal from Orr-Wyatt.

STAFF RECOMMENDATION TO COUNCIL: I recommend the City Council direct the City Attorney to draft a formal agreement with Orr-Wyatt to formalize this proposal and to approve the Mayor to sign such agreement once approved by the City Attorney.



MEMORANDUM

To: Mayor and City Council
From: Don Cawby, City Manager
Re: **Projects & Issues Update**
Date: June 28, 2012

Projects

Mold Abatement. Still on hold.

Swimming Pool. Ace Pipe Cleaning called us this week and told us that they would not be billing us for the pipe lining since it did not work. We are VERY appreciative of their offer and will take them up on it.

Also, as we talk about the Capital Improvements budget for next year, we need to give some serious thought to how we proceed with the Swimming Pool. I already have pool architects and engineers beating down my door. My hope is that in the next couple of months we come up with a study committee or task force to look at this issue and come back with some recommendations.

Levee Study. This morning I received the Levee study in a 4-inch binder. I have nothing to report right now, but it, along with the budget, will be my weekend homework.

Issues

Fireworks. I have talked to Chief Tewes and he has plans in place for dealing with the fireworks show at the lake. We will try to mitigate any potential fire hazards around the launch area, as well as being prepared for the traffic we expect for the show. We will post no fireworks signs and put notices on Facebook starting tomorrow.

Power Plant. Today was the first day that we have generated at the power plant for the EMP1 Pool. Problems with the Nearman Plant and issues with one of the Gardner generators has us running our generation. If this heat wave continues, I would expect that we will be generating fairly regularly for the next couple of weeks.

Planning & Zoning Update. For the next meeting I hope to have a proposal to you for a complete update of the Zoning & Subdivision Regulations. Scott Michie, our on-call planner, has given me a proposal for my consideration. It is around \$13,000. Because of the amount, we either need to pare back the project to get it below bid requirements or put it out for bid. Also, I need some time to review it to see where we can scale it back and see where it fits in our budget.

Sidewalk Regulations. I still owe you regulations for placing items in front of stores in the downtown districts.

Sunday Sales. The Sunday Sales petition was approved and will be placed on the August primary ballot for consideration.

Ward Realignment. After the budget is complete, I plan to bring forward the ward realignment issue so that it can be passed and in effect before the end of the year.

Recognition

All City Staff. The Jamboree couldn't have gone off smoothly without all the City employees that helped set up, work during, and tear down after the event. From Police and Fire, to Electric and Parks crews, the staff was great in making sure the Jamboree was a great success this past weekend.

Upcoming Meetings/Dates

July 4	Independence Day & Fireworks at the City Lake (City Offices Closed)
July 12	City Council Meeting
July 26	City Council Meeting

Manager's Out-of-town Schedule

July 10	MARC meeting in Olathe in the morning.
---------	--