

OSAWATOMIE CITY COUNCIL

AGENDA

July 28, 2016

6:30 p.m., Memorial Hall

1. Call to order
2. Roll Call
3. Pledge of Allegiance
4. Invocation – Tim Lewallen, Pastor, Victory Baptist Church
5. Consent Agenda
 - Consent Agenda items will be acted upon by one motion unless a Council member requests an item be removed for discussion and separate action.*
 - A. July 28 Agenda
 - B. Council Minutes for June 9 and June 23, 2016
 - C. CMB Permit – Ron’s Country Market
6. Comments from the Public
 - Citizen participation will be limited to 5 minutes. Please stand & be recognized by the Mayor.*
7. Presentations & Proclamations
 - A. Proclamation honoring Tayler Soucie as Big XII Sportswoman of the Year
8. Public Hearings
9. Unfinished Business
10. New Business
 - A. Presentation – 2015 Audit - Neil Phillips of Jarred, Gilmore & Phillips, PA
 - B. 2016 Audit Engagement Letter – Jarred, Gilmore & Phillips, PA
 - C. Resolution – 2016 GAAP Waiver
 - D. Presentation – Chamber of Commerce 2016 Annual Report
 - E. Manager’s Proposed 2017 Budget
11. Council Reports
12. Mayor’s Report
13. City Manager & Staff Reports
14. Executive Session
15. Other Discussion/Motions
16. Adjourn

REGULAR MEETING – August 11, 2016

REGULAR MEETING – August 25, 2016

CORPORATE APPLICATION FOR LICENSE TO SELL CEREAL MALT BEVERAGES

(This form has been prepared by the Attorney General's Office)

City or County of Osawatomie

SECTION 1 - LICENSE TYPE

Check One: New License Renew License

Check One:

License to sell cereal malt beverages for consumption on the premises.

License to sell cereal malt beverages in original and unopened containers and not for consumption on the licensed premises.

SECTION 2 - APPLICANT INFORMATION

Kansas Sales Tax Registration Number (required): [REDACTED]

Name of Corporation <u>Ron's Country Market, Inc.</u>		Principal Place of Business <u>Osawatomie, 701 6th St.</u>	
Corporation Street Address <u>701 6th St</u>		Corporation City <u>Osawatomie</u>	State <u>KS</u>
		Zip Code <u>66064</u>	
Date of Incorporation [REDACTED]	Articles of Incorporation are on file with the Secretary of State. <u>KS</u>		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Resident Agent Name <u>Payne & Jones, Steve McGiffert</u>		Phone [REDACTED]	
Residence Street Address <u>11000 King, Overland Park</u>		City <u>Overland Park</u>	State <u>KS</u>
		Zip Code <u>66210</u>	

SECTION 3 - LICENSED PREMISE

Licensed Premise (Business Location)		Mailing Address	
DBA Name <u>Ron's Country Market</u>	Name <u>701 6th St. Ron Kleier</u>		
Business Location Address <u>701 6th St.</u>	Address <u>701 6th St.</u>		
City <u>Osawatomie</u>	State <u>KS</u>	City <u>Osawatomie</u>	State <u>KS</u>
Zip <u>66064</u>		Zip <u>66064</u>	
Business Phone No. [REDACTED]	<input checked="" type="checkbox"/> Applicant owns the proposed business location. <input type="checkbox"/> Applicant does not own the proposed business location.		
Business Location Owner Name(s) <u>Ron Kleier</u>			

SECTION 4 - OFFICERS, DIRECTORS, STOCKHOLDERS OWNING 25% OR MORE OF STOCK

List each person and their spouse, if applicable. Attach additional pages if necessary.

Name <u>Ron Kleier</u>	Position <u>Pres.</u>	Date of Birth [REDACTED]	
Residence Street Address <u>3043 Vermont Road</u>	City <u>Rantoul</u>	State <u>KS</u>	Zip Code <u>66079</u>
Spouse Name <u>Sandra Kleier</u>	Position <u>N/A</u>	Date of Birth [REDACTED]	
Residence Street Address <u>3043 Vermont Road</u>	City <u>Rantoul</u>	State <u>KS</u>	Zip Code <u>66079</u>
Name	Position	Date of Birth	
Residence Street Address	City	State	Zip Code
Spouse Name	Position	Age	
Residence Street Address	City	State	Zip Code
Name	Position	Date of Birth	
Residence Street Address	City	State	Zip Code
Spouse Name	Position	Age	
Residence Street Address	City	State	Zip Code

SECTION 4 – OFFICERS, DIRECTORS, STOCKHOLDERS OWNING 25% OR MORE OF STOCK (CONTINUED)

Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Spouse Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Spouse Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Spouse Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Spouse Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Spouse Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Spouse Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Spouse Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code
Spouse Name	Position		Date of Birth
Residence Street Address	City	State	Zip Code

SECTION 5 – MANAGER OR AGENT INFORMATION		
My place of business will be conducted by a manager or agent.		<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, provide the following:		
Manager/Agent Name Mark Skinner	Phone No. [REDACTED]	[REDACTED]
Residence Street Address 3029 VERMONT Rd.	City RANTON	Zip Code 66079
Manager or Agent Spousal Information		
Spouse Name KIM SKINNER	Phone No. [REDACTED]	[REDACTED]
Residence Street Address 3029 VERMONT Rd.	City RANTON	Zip Code 66079

SECTION 6 – QUALIFICATIONS FOR LICENSURE	
<p>Within 2 years immediately preceding the date of this application, none of the individuals identified in Sections 4 & 5 have been convicted of, released from incarceration for or released from probation or parole for any of the following crimes: (1) Any felony; (2) a crime involving moral turpitude; (3) drunkenness; (4) driving a motor vehicle while under the influence of alcohol (DUI); or (5) violation of any state or federal intoxicating liquor law.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<p>None of the individuals identified in Sections 4 and 5 were managers, officers, directors or stockholders owning more than 25% of the stock of a corporation which: (1) had a cereal malt beverage license revoked; or (2) was convicted of violating the Club and Drinking Establishment Act or the CMB laws of Kansas.</p>	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
All of the individuals identified in Sections 4 & 5 are at least 21 years of age ¹ .	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

I declare under penalty of perjury under the laws of the State of Kansas that the foregoing is true and correct and that I am authorized by the corporation to complete this application. (K.S.A. 53-601)

SIGNATURE [REDACTED] DATE 7-26-16

FOR CITY/COUNTY OFFICE USE ONLY:	
<input checked="" type="checkbox"/> License Fee Received Amount \$ 50.00 Date 07-26-16	(\$25 - \$50 for Off-Premise license or \$25-200 for On-Premise license)
<input checked="" type="checkbox"/> \$25 CMB Stamp Fee Received Date 07-26-16	
<input type="checkbox"/> Background Investigation <input type="checkbox"/> Completed Date _____ <input type="checkbox"/> Qualified <input type="checkbox"/> Disqualified	
<input type="checkbox"/> New License Approved Valid From Date _____ to _____ By: _____	
<input type="checkbox"/> License Renewed Valid From Date _____ to _____ By: _____	

A PHOTOCOPY OF THE COMPLETED FORM, TOGETHER WITH THE STAMP FEE REQUIRED BY K.S.A. 41-2702(e), MUST BE SUBMITTED WITH YOUR QUARTERLY REPORT (ABC-301) TO THE ALCOHOLIC BEVERAGE CONTROL, 915 SW HARRISON STREET ROOM 214, TOPEKA, KS. 66625-3512.

¹ Spouse not required to be over 21 years of age. K.S.A. 41-2703(b)(9)



CITY OF OSAWATOMIE



STAFF AGENDA MEMORANDUM

DATE OF MEETING: July 28, 2016

AGENDA ITEM: **2015 Audit Presentation**

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

ISSUE SUMMARY: Our auditor, Mr. Neil Phillips, will present the results of the 2015 audit. We will have Mr. Phillips present this information to you and he will respond to your questions.

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

COUNCIL ACTION NEEDED: Review and discussion.

STAFF RECOMMENDATION TO COUNCIL: Acknowledge receipt and accept the City's 2015 audit from Jarred, Gilmore and Phillips.

CITY OF OSAWATOMIE, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2015

CITY OF OSAWATOMIE, KANSAS

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
Independent Auditors' Report	1-3
<u>Statement 1</u>	
Summary Statement of Receipts, Expenditures, and Unencumbered Cash- Regulatory Basis.....	4-5
Notes to the Financial Statement	6-18
SUPPLEMENTARY INFORMATION	
<u>Schedule 1</u>	
Summary of Expenditures – Actual and Budget (Budgeted Funds Only) Regulatory Basis	19
<u>Schedule 2</u>	
Schedule of Receipts and Expenditures – Actual and Budget –Regulatory Basis (with Comparative Actual Totals for the Prior Year)	
General Fund	20-22
Industrial Fund.....	23
Library Fund.....	24
Recreation Fund.....	25
Recreation Employee Benefits Fund.....	26
Employee Benefits Fund.....	27
Special Parks and Recreation Fund.....	28
Tourism Fund.....	29
911 Fund.....	30
Street Improvement Fund.....	31
Golf Course Fund	32
Capital Improvements General Fund.....	33
Capital Improvements Sewer Fund	34
Capital Improvements Water Fund	35
Capital Improvements Street Fund	36
Capital Improvements Grants Fund	37
Public Safety Equipment Fund.....	38
Electric Generation Bond Account.....	39
General Obligation Bond and Interest Fund.....	40
Electric Utility Fund.....	41-42
Electric Utility Debt Service Fund	43
Water Utility Fund.....	44
Refuse Utility Fund.....	45
Sewer Utility Fund.....	46
<u>Schedule 3</u>	
Schedule of Receipts and Disbursements – Agency Funds - Regulatory Basis.....	47

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Osawatomie, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Osawatomie, Kansas, as of and for the year ended December 31, 2015 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 and Accounting 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the financial statement is prepared by the City of Osawatomie, Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” 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, 2015, or changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Osawatomie, Kansas as of December 31, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-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 basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. 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 basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic 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 basic financial statement as a whole, on the basis of accounting described in Note 1.

The 2014 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Schedule 2 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2015 basic financial statement upon which we rendered an unmodified opinion dated April 30, 2015. The 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. Such 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2014 basic financial statement. The 2014 comparative information was subjected to the auditing procedures applied in the audit of the 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2014 basic financial statement or to the 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

2014 comparative information is fairly stated in all material respects in relation to the 2014 basic financial statement as a whole, on the basis of accounting described in Note 1.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

July 25, 2016
Chanute, Kansas

CITY OF OSAWATOMIE, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2015

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Cash Balance December 31, 2015
General Fund	\$ 234,071.92	\$ 2,508,396.70	\$ 2,320,317.10	\$ 422,151.52	\$ 71,545.86	\$ 493,697.38
Special Purpose Funds:						
Industrial	49,980.48	31,643.57	20,982.99	60,641.06	2,250.00	62,891.06
Library	102,054.01	12,156.95	7,964.01	106,246.95	157.50	106,404.45
Recreation	3,267.99	681.23	3,949.22	-	-	-
Recreation Employee Benefits	421.66	84.75	506.41	-	-	-
Employee Benefits	107,698.44	695,006.23	732,898.57	69,806.10	404.95	70,211.05
Special Parks and Recreation	90,821.54	60,474.66	56,429.19	94,867.01	3,988.23	98,855.24
Tourism	25,564.38	61,254.14	47,081.52	39,737.00	1,327.33	41,064.33
911	9,897.41	-	-	9,897.41	-	9,897.41
Street Improvement	127,185.86	119,912.69	135,261.80	111,836.75	48,191.22	160,027.97
Golf Course	6,362.09	387,778.71	388,539.94	5,600.86	3,354.71	8,955.57
Capital Improvements General	227,418.52	219,289.25	405,704.68	41,003.09	-	41,003.09
Capital Improvements Sewer	(139,871.62)	235,587.72	96,084.10	(368.00)	-	(368.00)
Capital Improvements Water	-	1,915,581.81	1,346,005.03	569,576.78	190,838.22	760,415.00
Capital Improvements Street	65,978.61	909,123.05	62,075.00	913,026.66	5,356.49	918,383.15
Capital Improvements Grant	252,049.88	6,033.28	136,737.07	121,346.09	4,179.05	125,525.14
Public Safety Equipment	3,704.23	13,500.85	13,532.00	3,673.08	-	3,673.08
Capital Project Funds:						
Electric Generation Bond Account	-	5,999,314.55	2,141,024.20	3,858,290.35	19,844.65	3,878,135.00
Bond and Interest Fund:						
General Obligation Bond and Interest	119,631.91	788,483.90	751,875.00	156,240.81	-	156,240.81
Business Funds:						
Electric Utility	531,865.36	3,723,660.76	3,762,543.63	492,982.49	197,604.47	690,586.96
Electric Utility Debt Service	-	95,763.45	-	95,763.45	-	95,763.45
Water Utility	122,292.04	944,404.67	886,884.07	179,812.64	19,851.91	199,664.55
Refuse Utility	19,986.28	394,364.01	409,408.37	4,941.92	32,097.44	37,039.36
Sewer Utility	357,409.31	848,358.30	960,441.30	245,326.31	15,163.68	260,489.99
Total Reporting Entity (Excluding Agency Funds)	\$ 2,317,790.30	\$ 19,970,855.23	\$ 14,686,245.20	\$ 7,602,400.33	\$ 616,155.71	\$ 8,218,556.04

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

Statement 1 (Continued)

CITY OF OSAWATOMIE, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2015

Total Cash to be accounted for:	\$	8,218,556.04
Composition of Cash:		
Cash on Hand	\$	800.00
Checking Accounts:		
Operating Account		767,309.45
Cash Flow Account		1,257,298.46
Petty Cash		2,000.00
Grant Account.....		121,346.09
Street & Sewer Project.....		913,026.66
ADSAP		7,401.00
Municipal Court		13,666.54
Police Forfeitures.....		2,928.42
PayPal Donations Account.....		0.01
Cafeteria 125 Checking.....		32,174.07
USDA Loan Checking.....		468,501.78
Investments:		
Kansas Municipal Investment Pool.....		4,278,169.93
Certificates of Deposit		430,403.48
		<hr/>
Total Reporting Entity		8,295,025.89
Agency Funds Per Schedule 3		(76,469.85)
Total Reporting Entity (Excluding Agency Funds)		<hr/>
	\$	<u>8,218,556.04</u>

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

CITY OF OSAWATOMIE, KANSAS

Notes to the Financial Statement
December 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Osawatome, 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.

Financial Reporting Entity

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

Related Municipal Entities: A related municipal entity is determined by the following criteria. Whether the City exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of the public service, and significant operational or financial relationships with the City. Related municipal entities are not required to be included in the City's audit by the Kansas Municipal Audit and Accounting Guide (KMAAG). Based upon the application of this criterion, the following is a brief review of potential related municipal entities:

The Osawatome Housing Authority – The Osawatome Housing Authority operates the City's housing projects. The Osawatome Housing Authority can sue and be sued, and can buy, sell, or lease real property. Bond ordinances must be approved by the City. The Osawatome 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 Osawatome Housing Authority. The Osawatome Housing Authority is considered a major component unit.

Regulatory Basis Fund Types

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The following types of funds comprise the financial activities of the City of Osawatome, Kansas, for the year of 2015:

General fund – the chief operating fund. Used to account for all resources except those required to be accounted for in another fund.

Special Purpose fund – used to account for the proceeds of specific tax levies and other specific revenue sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

Business fund – funds financed in whole or in part by fees charged to users of the goods or services (i.e. enterprise and internal service fund etc.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

Bond and Interest fund – used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project fund – used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Agency fund – funds used to report assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, county treasurer tax collection account, etc.).

Basis of Presentation – Regulatory Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

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

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 statement and budget comparison schedules 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.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business 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 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2015 the City amended the General Fund, Employee Benefits Fund, Recreation Fund, Recreation Employee Benefits Fund, Golf Course Fund, Public Safety Equipment Fund, Refuse Utility Fund, and the 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 schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All legal annual operating budgets are prepared using the regulatory 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 project funds, trust funds, and the following special purpose funds:

- Capital Improvements General Fund
- Capital Improvements Sewer Fund
- Capital Improvements Water Fund
- Capital Improvements Street Fund
- Capital Improvements Grant Fund

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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, the City was in apparent violation of K.S.A. 10-1,113. The City has obligated expenditures in excess of available monies in the Capital Improvements Sewer Fund. However, K.S.A 10-1,116 provides that under certain situations, the fund can end the year with a negative unencumbered cash balance and therefore, exempt from the cash basis laws of Kansas. The Capital Improvements Sewer Fund met the criteria under the statutes and therefore, is not deemed to be in violation of the Kansas cash basis laws. As shown in Schedule 1, the City was in compliance with the budget laws of Kansas.

During the year ended December 31, 2015 the City was in apparent violation of K.S.A. 10-130, as remittance of funds to the State treasurer for bonds was late.

Compliance with Revenue Bond Covenants

The City is required, under the ordinances on Revenue Bond Issues, to maintain in its Business Funds certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts described below:

<u>RESERVE ACCOUNTS</u>	<u>REQUIRED AMOUNT</u>	<u>ACTUAL AMOUNT</u>
Principal and Interest Account for Electric Revenue Bonds Series 2015 – requires transfers Monthly of 1/12 of next maturing interest and 1/12 of next maturing principal.	\$ 95,763.45	\$ 95,763.45

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

The City agrees to fix, establish, maintain and collect such rates, fees or charges for Electric Utility service which will be sufficient to enable the City to have, in each fiscal year, Net Revenues in an amount that will not be less than 125% of the Debt Service Requirements required to be paid by the City during that fiscal year on all System revenue bonds at the time outstanding. Net income is defined as gross income less operating expenses, but before any transfers, depreciation and capital expense. For the year ended December 31, 2015, the City had net revenues available for debt service of \$903,174.65. The loan agreement defines net revenues available for debt service to be revenues, less ordinary and necessary expenses of operating the system, but not including charges for interest and principal paid on the loan, or charges for depreciation. Therefore, this amount consists of receipts over expenditures, less debt service expenditures and capital outlay. Capital outlay is not considered to be an ordinary expense.

3. DEPOSITS AND INVESTMENTS

As of December 31, 2015, 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	\$4,278,169.93	\$ 4,278,169.93	\$ - -	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.

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, 2015, 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, 2015.

3. DEPOSITS AND INVESTMENTS (Continued)

Deposits: At year-end, the City's carrying amount of deposits was \$4,016,055.96 and the bank balance was \$3,349,351.19. The bank balance was held by one banks resulting in a concentration of credit risk. Of the bank balance, \$500,000.00 was covered by FDIC insurance and \$2,849,351.19 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, 2015, the City has invested \$4,278,169.93 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 DEBT

Changes in long-term debt for the City for the year ended December 31, 2015, were as follows:

Issue	Interest Rates	Date of Issue	Original Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds									
Paid by Tax Levies:									
Series 2008B - Streets	4.1-5.5%	10/15/2008	\$ 2,435,000.00	9/1/2028	\$ 2,040,000.00	-	\$ (75,000.00)	\$ 1,965,000.00	\$ 91,265.00
Series 2014 - Temporary	1.00%	8/28/2014	700,000.00	10/1/2015	700,000.00	-	(700,000.00)	-	5,580.56
Series 2015 - Temporary	1.15%	5/28/2015	2,830,000.00	6/1/2016	-	2,830,000.00	-	2,830,000.00	-
Paid by Utility Receipts:									
Series 2008A - Sewer	4.50%	10/28/2008	3,550,000.00	10/28/2048	3,332,000.00	-	(43,000.00)	3,289,000.00	149,940.00
Series 2012A - Refunding	2.00-4.70%	5/1/2012	2,810,000.00	9/1/2027	1,975,000.00	-	(350,000.00)	1,625,000.00	42,500.00
Revenue Bonds									
Paid by Utility Receipts:									
Series 2015 - Electric	3.50%	12/14/2015	6,095,000.00	9/1/2035	-	6,095,000.00	-	6,095,000.00	-
State Revolving Loans									
KDHE No. 1961-01	2.83%	11/20/2013	1,273,000.00	9/1/2029	1,030,669.00	235,587.75	(2,437.37)	1,263,819.38	30,411.01
Capital Leases									
Golf Course Irrigation	3.25%	11/26/2006	195,525.75	10/1/2021	106,525.11	-	(13,712.80)	92,812.31	9,037.52
Street Sweeper	3.10%	12/23/2013	95,250.00	12/1/2017	72,403.23	-	(23,385.58)	49,017.65	2,094.42
Case Tractor & Bush Hog	2.50%	7/6/2015	76,261.00	7/6/2023	-	76,261.00	-	76,261.00	-
Total Contractual Indebtedness					\$ 9,256,597.34	\$ 9,236,848.75	\$ (1,207,535.75)	\$ 17,285,910.34	\$ 330,828.51

4. LONG-TERM DEBT (Continued)

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

Principal Issue	2016	2017	2018	2019	2020	2021-2025	2026-2030	2031-2035	2036-2040	2041-2045	2046-2049	Less Proceeds Not Drawn Down	Total
General Obligation Bonds													
Paid by Tax Levies:													
Series 2008B	\$ 80,000.00	\$ 85,000.00	\$ 90,000.00	\$ 140,000.00	\$ 145,000.00	\$ 830,000.00	\$ 595,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,965,000.00
Series 2015	2,830,000.00	-	-	-	-	-	-	-	-	-	-	-	2,830,000.00
Paid by Utility Receipts:													
Series 2008A	45,000.00	48,000.00	49,000.00	52,000.00	54,000.00	310,000.00	384,000.00	477,000.00	596,000.00	742,000.00	532,000.00	-	3,289,000.00
Series 2012A	355,000.00	260,000.00	270,000.00	230,000.00	90,000.00	335,000.00	85,000.00	-	-	-	-	-	1,625,000.00
Revenue Bonds													
Series 2015	135,000.00	225,000.00	235,000.00	240,000.00	250,000.00	1,395,000.00	1,655,000.00	1,960,000.00	-	-	-	-	6,095,000.00
State Revolving Loans													
KDHE No. 1961-01	4,058.84	4,174.53	54,647.25	56,204.71	57,806.56	539,411.51	554,259.23	-	-	-	-	(6,743.25)	1,263,819.38
Capital Leases													
Golf Course Irrigation	14,225.87	14,703.01	15,187.49	15,687.94	16,201.91	16,806.09	-	-	-	-	-	-	92,812.31
Street Sweeper	24,123.77	24,893.88	-	-	-	-	-	-	-	-	-	-	49,017.65
Case Tractor & Bush Hog	8,725.21	8,948.57	9,172.28	9,401.59	9,633.89	30,379.46	-	-	-	-	-	-	76,261.00
Total Principal Payments	3,496,133.69	670,719.99	723,007.02	743,294.24	622,642.36	3,456,597.06	3,273,259.23	2,437,000.00	596,000.00	742,000.00	532,000.00	(6,743.25)	17,285,910.34
Interest													
General Obligation Bonds													
Paid by Tax Levies:													
Series 2008B	87,515.00	83,515.00	79,690.00	76,000.00	70,190.00	252,140.00	56,635.00	-	-	-	-	-	705,685.00
Series 2015	32,816.21	-	-	-	-	-	-	-	-	-	-	-	32,816.21
Paid by Utility Receipts:													
Series 2008A	148,005.00	145,980.00	143,820.00	141,615.00	139,275.00	657,585.00	581,355.00	487,080.00	369,495.00	222,885.00	48,555.00	-	3,085,650.00
Series 2012A	35,500.00	28,400.00	23,200.00	17,800.00	13,200.00	35,812.50	3,900.00	-	-	-	-	-	157,812.50
Revenue Bonds													
Series 2015	152,290.35	208,600.00	200,725.00	192,500.00	184,100.00	711,825.00	520,625.00	185,404.00	-	-	-	-	2,356,069.35
State Revolving Loans													
KDHE No. 1961-01	35,941.16	35,825.47	35,352.75	33,795.29	32,193.44	121,355.59	39,980.84	-	-	-	-	-	334,444.54
Capital Leases													
Golf Course Irrigation	3,064.45	2,587.31	2,102.83	1,602.38	1,088.41	484.23	-	-	-	-	-	-	10,929.61
Street Sweeper	1,356.23	586.12	-	-	-	-	-	-	-	-	-	-	1,942.35
Case Tractor & Bush Hog	1,911.75	1,688.39	1,464.68	1,235.37	1,003.07	1,531.48	-	-	-	-	-	-	8,834.74
Total Interest Payments	498,400.15	507,182.29	486,355.26	464,548.04	441,049.92	1,780,733.80	1,202,495.84	672,484.00	369,495.00	222,885.00	48,555.00	-	6,694,184.30
Total Principal and Interest	\$3,994,533.84	\$1,177,902.28	\$1,209,362.28	\$1,207,842.28	\$1,063,692.28	\$5,237,330.86	\$4,475,755.07	\$3,109,484.00	\$ 965,495.00	\$ 964,885.00	\$ 580,555.00	\$ (6,743.25)	\$23,980,094.64

5. CAPITAL LEASE OBLIGATIONS

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 3.25%. 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>
2016	\$ 17,290.32
2017	17,290.32
2018	17,290.32
2019	17,290.32
2020	17,290.32
2021	<u>17,290.32</u>
	103,741.92
Less imputed interest	<u>(10,929.61)</u>
Net Present Value of Minimum	
Lease Payments	92,812.31
Less: Current Maturities	<u>(14,225.87)</u>
Long-Term Capital Lease Obligations	<u>\$ 78,586.44</u>

The City has entered into a capital lease agreement in order to finance the acquisition of a street sweeper. Payments are made semi-annually, including interest at approximately 3.10%. Final maturity of the lease is December 1, 2017. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2016	\$ 25,480.00
2017	<u>25,480.00</u>
	50,960.00
Less imputed interest	<u>(1,942.35)</u>
Net Present Value of Minimum	
Lease Payments	49,017.65
Less: Current Maturities	<u>(24,123.77)</u>
Long-Term Capital Lease Obligations	<u>\$ 24,893.88</u>

The City has entered into a capital lease agreement in order to finance the acquisition of a 2015 Case Tractor and Bush Hog. Payments are made yearly, including interest at approximately 2.50%. Final maturity of the lease is July 6, 2023. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2016	\$ 10,636.96
2017	10,636.96
2018	10,636.96
2019	10,636.96
2020	10,636.96
2021-2023	<u>31,910.94</u>
	85,095.74
Less imputed interest	<u>(8,834.74)</u>
Net Present Value of Minimum	
Lease Payments	76,261.00
Less: Current Maturities	<u>(8,725.21)</u>
Long-Term Capital Lease Obligations	<u>\$ 67,535.79</u>

6. OPERATING LEASES

As of December 31, 2015 the City has entered into a number of operating leases for equipment. Rent expense for the year ended December 31, 2015, was \$20,316.60. Under the current lease agreements, the future minimum rental payments are as follows:

2016	\$ 6,186.90
2017	4,531.80
2018	4,531.80
2019	2,566.34
2020	1,162.44

7. DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan description. The City 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. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for Death and Disability Program, which increased to 1.00% as of July 1, 2015) and the statutory contribution rate was 9.48% for the fiscal year ended December 31, 2015. Contributions to the pension plan from the City were \$239,968.73 for the year ended December 31, 2015.

Net Pension Liability

At December 31, 2015, The City's proportionate share of the collective net pension liability reported by KPERS was \$1,829,779.00. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

7. DEFINED BENEFIT PENSION PLAN (Continued)

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

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 12/31/15</u>	<u>ESTIMATED COMPLETION</u>
Electric Generation Project	\$ 5,942,990.00	\$ 2,141,024.20	2018

9. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

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.

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.

9. OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS (Continued)

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 was \$131,990.17 and compensatory time was \$19,142.67. In accordance with the above criteria, the City has not recorded a liability for sick pay, inasmuch as the amount cannot be reasonably estimated.

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, except as disclosed below, 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.

Early Retirement Incentive:

The City offered an early retirement incentive program to certain eligible employees. The early retirement incentive was offered in 2011 and accepted in 2012 to reduce expenditures for 2012 and 2013. The original goal for the program was three retirees, reducing expenditures by an estimated \$100,000 for 2012 and \$200,000 for 2013. The incentive was offered to all retirement eligible employees for a limited period in late 2011. As of December 31, 2012, only two employees accepted the incentive and both were altered slightly from the original offer to match individual circumstances. One position was provided 3 years of single health insurance provided with 100% of the premium covered by the City. Another position covered the employee and spouse at 70%, with some provisions for coverage of the spouse until age 65. Amounts paid on behalf of employees for the year ended December 31, 2015 was \$6,289.12, with no future obligations.

10. 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.

11. CONCENTRATION OF RISK

The City provides water to two rural water districts. During 2015, sales to Miami County Rural Water District No. 1 accounted for 9.93% of the water sold and sales to Miami County Rural Water District No. 3 accounted for 30.54% 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.

12. 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	\$ 418,342.00
Sewer Utility	General	K.S.A. 12-825d	140,021.00
Water Utility	General	K.S.A. 12-825d	145,813.00
Recreation Fund	Special Parks and Recreation	K.S.A. 79-2958	3,949.22
Recreation Employee			
Employee Benefits	Employee Benefits	K.S.A. 12-16,102	506.41
Electric Utility	Employee Benefits	K.S.A. 12-16,102	61,166.00
Sewer Utility	Employee Benefits	K.S.A. 12-16,102	12,547.00
Water Utility	Employee Benefits	K.S.A. 12-16,102	33,330.00
Electric Utility	Special Parks and Recreation	K.S.A. 12-825d	52,550.00
Electric Utility	Tourism	K.S.A. 12-825d	12,000.00
Electric Utility	Golf Course	K.S.A. 12-825d	165,000.00
Electric Utility	Capital Improvements		
	General	K.S.A. 12-825d	135,000.00
Sewer Utility	General Obligation		
	Bond and Interest	K.S.A. 13-1270	434,200.00
Water Utility	General Obligation		
	Bond and Interest	K.S.A. 13-1270	59,827.00

13. SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

Schedule 1

CITY OF OSAWATOMIE, KANSAS
 Summary of Expenditures - Actual and Budget
 (Budgeted Funds Only)
 Regulatory Basis
 For the Year Ended December 31, 2015

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
	\$	\$	\$	\$	\$
General Fund	2,484,225.00	14,810.88	2,499,035.88	2,320,317.10	(178,718.78)
Special Purpose Funds:					
Industrial	70,463.00	-	70,463.00	20,982.99	(49,480.01)
Library	106,394.00	-	106,394.00	7,964.01	(98,429.99)
Recreation	7,268.00	-	7,268.00	3,949.22	(3,318.78)
Recreation Employee Benefits	672.00	-	672.00	506.41	(165.59)
Employee Benefits	754,130.00	-	754,130.00	732,898.57	(21,231.43)
Special Parks and Recreation	262,199.00	-	262,199.00	56,429.19	(205,769.81)
Tourism	76,550.00	-	76,550.00	47,081.52	(29,468.48)
911	9,897.00	-	9,897.00	-	(9,897.00)
Street Improvement	157,980.00	-	157,980.00	135,261.80	(22,718.20)
Golf Course	390,631.00	-	390,631.00	388,539.94	(2,091.06)
Public Safety Equipment	17,204.00	-	17,204.00	13,532.00	(3,672.00)
Bond and Interest Fund:					
General Obligation Bond and Interest	831,705.00	-	831,705.00	751,875.00	(79,830.00)
Business Funds:					
Electric Utility	4,256,969.00	5,374.86	4,262,343.86	3,762,543.63	(499,800.23)
Water Utility	969,144.00	-	969,144.00	886,884.07	(82,259.93)
Refuse Utility	421,000.00	-	421,000.00	409,408.37	(11,591.63)
Sewer Utility	1,019,144.00	-	1,019,144.00	960,441.30	(58,702.70)

**CITY OF OSAWATOMIE, KANSAS
GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Current Year			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 508,063.93	\$ 551,075.14	\$ 596,008.00	\$ (44,932.86)
Delinquent Tax	31,074.97	17,457.53	18,947.00	(1,489.47)
Motor Vehicle Tax	56,778.12	56,717.42	50,442.00	6,275.42
Recreational Vehicle Tax	802.12	813.15	747.00	66.15
16/20M Vehicle Tax	475.90	468.17	506.00	(37.83)
Commercial Vehicle	1,505.52	661.33	-	661.33
Special Assessments	5,611.82	1,275.00	-	1,275.00
Sales Tax	719,508.51	732,240.20	688,943.00	43,297.20
Franchise Taxes	143,103.31	125,968.09	127,506.00	(1,537.91)
Intergovernmental				
Local Alcoholic Liquor Tax	2,900.01	2,597.46	3,146.00	(548.54)
Grant Proceeds	22,908.77	20,246.58	22,000.00	(1,753.42)
Licenses and Permits	19,382.58	26,724.70	25,800.00	924.70
Charges for Services				
Sale of Cemetery Lots	7,800.00	13,400.00	45,400.00	(32,000.00)
Cemetery Charges	26,665.00	28,436.85	-	28,436.85
Auditorium Rent	3,980.00	3,420.00	-	3,420.00
Memorial Hall Rent	4,190.00	4,635.00	-	4,635.00
Swimming Pool Fees	545.00	-	-	-
Animal Control	7,787.00	5,760.00	-	5,760.00
Drug Screening	2,385.00	700.00	-	700.00
Fines, Forfeitures and Penalties				
Fines	115,309.00	104,480.99	122,000.00	(17,519.01)
Use of Money and Property				
Interest Income	12,895.86	12,553.02	20,000.00	(7,446.98)
Sale of Equipment and Property	6,000.00	-	1,000.00	(1,000.00)
Other Receipts				
Miscellaneous	4,371.49	79,779.19	10,250.00	69,529.19
Reimbursed Expense	38,525.14	14,810.88	12,000.00	2,810.88
Operating Transfers from:				
Electric Utility Fund	323,806.00	418,342.00	503,539.00	(85,197.00)
Water Utility Fund	112,412.00	145,813.00	41,000.00	104,813.00
Sewer Utility Fund	116,204.00	140,021.00	39,000.00	101,021.00
Total Receipts	<u>2,294,991.05</u>	<u>2,508,396.70</u>	<u>\$ 2,328,234.00</u>	<u>\$ 180,162.70</u>

**CITY OF OSAWATOMIE, KANSAS
GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures				
General Administration				
Personal Services	\$ 304,377.39	\$ 353,683.13	\$ 341,219.00	\$ 12,464.13
Contractual Services	145,883.52	130,247.50	146,151.00	(15,903.50)
Commodities	17,405.23	11,075.85	21,250.00	(10,174.15)
Capital Outlay	7,020.48	5,307.19	12,000.00	(6,692.81)
Other Expenses	6,596.95	7,550.77	7,250.00	300.77
Code Enforcement				
Personal Services	57,809.24	85,479.17	91,762.00	(6,282.83)
Contractual Services	10,491.05	36,076.25	48,402.00	(12,325.75)
Commodities	4,906.84	7,992.54	7,700.00	292.54
Capital Outlay	1,153.00	1,095.97	1,000.00	95.97
Police and Fire				
Personal Services	791,247.36	821,338.43	808,729.00	12,609.43
Contractual Services	90,991.81	68,663.99	67,586.00	1,077.99
Commodities	75,448.33	44,433.65	53,100.00	(8,666.35)
Capital Outlay	3,577.14	6,925.53	6,100.00	825.53
John Brown Cabin				
Personal Services	27,533.84	27,892.04	27,869.00	23.04
Contractual Services	7,659.23	6,338.58	8,274.00	(1,935.42)
Commodities	131.10	137.39	1,250.00	(1,112.61)
Capital Outlay	-	189.00	600.00	(411.00)
Streets and Alleys				
Personal Services	162,489.62	110,582.27	148,068.00	(37,485.73)
Contractual Services	27,511.38	25,356.07	28,900.00	(3,543.93)
Commodities	60,139.29	39,792.10	44,600.00	(4,807.90)
Capital Outlay	6,923.04	4,515.40	4,284.00	231.40
Swimming Pool				
Contractual Services	1,910.01	-	-	-
Commodities	375.00	-	-	-
Cemeteries				
Personal Services	149,751.19	159,563.15	190,840.00	(31,276.85)
Contractual Services	28,862.92	41,144.55	42,700.00	(1,555.45)
Commodities	20,202.90	38,935.36	37,200.00	1,735.36
Capital Outlay	1,420.99	857.75	3,000.00	(2,142.25)

**CITY OF OSAWATOMIE, KANSAS
GENERAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Municipal Court Services				
Personal Services	\$ 19,781.31	\$ 39,914.93	\$ 47,969.00	\$ (8,054.07)
Contractual Services	84,688.32	106,928.73	111,725.00	(4,796.27)
Commodities	1,528.93	1,129.79	1,550.00	(420.21)
Capital Outlay	962.94	-	1,500.00	(1,500.00)
Levees and Stormwater				
Contractual Services	6,455.70	4,909.54	5,490.00	(580.46)
Commodities	2,605.46	4,606.11	3,750.00	856.11
Capital Outlay	-	-	25,000.00	(25,000.00)
Library				
Personal Services	83,156.57	85,922.69	84,672.00	1,250.69
Contractual Services	14,287.57	19,548.28	20,485.00	(936.72)
Commodities	28,985.89	17,869.88	29,250.00	(11,380.12)
Capital Outlay	9,226.15	4,313.52	3,000.00	1,313.52
Total Certified Budget			2,484,225.00	(163,907.90)
Adjustments for Qualifying Budget Credits			14,810.88	(14,810.88)
Total Expenditures	2,263,497.69	2,320,317.10	\$ 2,499,035.88	\$ (178,718.78)
Receipts Over(Under) Expenditures	31,493.36	188,079.60		
Unencumbered Cash, Beginning	202,578.56	234,071.92		
Unencumbered Cash, Ending	\$ 234,071.92	\$ 422,151.52		

**CITY OF OSAWATOMIE, KANSAS
INDUSTRIAL FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Delinquent Tax	\$ 12.10	\$ 0.59	\$ -	\$ 0.59
Use of Money and Property				
Rental Income	25,000.00	25,910.00	25,000.00	910.00
Sale of Assets	13,780.00	272.98	-	272.98
Other Receipts				
Miscellaneous	6,612.50	5,460.00	5,460.00	-
Total Receipts	45,404.60	31,643.57	\$ 30,460.00	\$ 1,183.57
Expenditures				
General Government				
Contractual Services	30,545.58	20,982.99	\$ 40,463.00	\$ (19,480.01)
Commodities	-	-	30,000.00	(30,000.00)
Total Expenditures	30,545.58	20,982.99	\$ 70,463.00	\$ (49,480.01)
Receipts Over(Under) Expenditures	14,859.02	10,660.58		
Unencumbered Cash, Beginning	35,121.46	49,980.48		
Unencumbered Cash, Ending	\$ 49,980.48	\$ 60,641.06		

CITY OF OSAWATOMIE, KANSAS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Delinquent Tax	\$ 93.20	\$ 5.16	\$ -	\$ 5.16
Intergovernmental				
Grant Proceeds	9,200.00	6,000.00	9,000.00	(3,000.00)
Use of Money and Property				
Interest Income	119.27	221.66	-	221.66
Other Receipts				
Donations	4,233.85	5,930.13	2,000.00	3,930.13
Total Receipts	<u>13,646.32</u>	<u>12,156.95</u>	<u>\$ 11,000.00</u>	<u>\$ 1,156.95</u>
Expenditures				
Culture and Recreation				
Contractual Services	3,389.46	2,376.50	\$ 98,394.00	\$ (96,017.50)
Commodities	3,250.60	5,587.51	8,000.00	(2,412.49)
Capital Outlay	3,346.43	-	-	-
Total Expenditures	<u>9,986.49</u>	<u>7,964.01</u>	<u>\$ 106,394.00</u>	<u>\$ (98,429.99)</u>
Receipts Over(Under) Expenditures	3,659.83	4,192.94		
Unencumbered Cash, Beginning	98,394.18	102,054.01		
Unencumbered Cash, Ending	<u>\$ 102,054.01</u>	<u>\$ 106,246.95</u>		

CITY OF OSAWATOMIE, KANSAS
RECREATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ (17.47)	\$ (18.12)	\$ -	\$ (18.12)
Delinquent Tax	2,008.94	699.35	4,000.00	(3,300.65)
Motor Vehicle Tax	1,949.71	-	-	-
Recreational Vehicle Tax	24.69	-	-	-
16/20M Vehicle Tax	85.12	-	-	-
Total Receipts	4,050.99	681.23	\$ 4,000.00	\$ (3,318.77)
Expenditures				
Culture and Recreation				
Operating Transfers to Special Parks and Recreation Fund	783.00	3,949.22	\$ 7,268.00	\$ (3,318.78)
Total Expenditures	783.00	3,949.22	\$ 7,268.00	\$ (3,318.78)
Receipts Over(Under) Expenditures	3,267.99	(3,267.99)		
Unencumbered Cash, Beginning	-	3,267.99		
Unencumbered Cash, Ending	\$ 3,267.99	\$ -		

CITY OF OSAWATOMIE, KANSAS
RECREATION EMPLOYEE BENEFITS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ (2.19)	\$ (2.27)	\$ -	\$ (2.27)
Delinquent Tax	245.90	87.02	250.00	(162.98)
Motor Vehicle Tax	244.20	-	-	-
Recreational Vehicle Tax	3.09	-	-	-
16/20M Vehicle Tax	10.66	-	-	-
Total Receipts	501.66	84.75	\$ 250.00	\$ (165.25)
Expenditures				
Culture and Recreation				
Operating Transfer to Employee Benefits Fund	80.00	506.41	\$ 672.00	\$ (165.59)
Total Expenditures	80.00	506.41	\$ 672.00	\$ (165.59)
Receipts Over(Under) Expenditures	421.66	(421.66)		
Unencumbered Cash, Beginning	-	421.66		
Unencumbered Cash, Ending	\$ 421.66	\$ -		

CITY OF OSAWATOMIE, KANSAS
EMPLOYEE BENEFITS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 523,862.57	\$ 512,191.05	\$ 553,956.00	\$ (41,764.95)
Delinquent Tax	28,449.21	16,887.65	19,536.00	(2,648.35)
Motor Vehicle Tax	50,268.83	56,461.00	52,009.00	4,452.00
Recreational Vehicle Tax	710.06	821.34	771.00	50.34
16/20M Vehicle Tax	423.94	413.90	521.00	(107.10)
Commercial Vehicle	1,330.97	681.88	-	681.88
Operating Transfers from:				
Electric Utility Fund	49,254.00	61,166.00	57,757.00	3,409.00
Sewer Utility Fund	19,061.00	12,547.00	14,222.00	(1,675.00)
Water Utility Fund	29,232.00	33,330.00	33,330.00	-
Recreation Employee Benefits Fund	80.00	506.41	-	506.41
Total Receipts	702,672.58	695,006.23	\$ 732,102.00	\$ (37,095.77)
Expenditures				
General Government				
Personal Services	600,102.36	708,001.97	\$ 734,130.00	\$ (26,128.03)
Contractual Services	15,395.00	24,896.60	20,000.00	4,896.60
Total Expenditures	615,497.36	732,898.57	\$ 754,130.00	\$ (21,231.43)
Receipts Over(Under) Expenditures	87,175.22	(37,892.34)		
Unencumbered Cash, Beginning	20,523.22	107,698.44		
Unencumbered Cash, Ending	<u>\$ 107,698.44</u>	<u>\$ 69,806.10</u>		

**CITY OF OSAWATOMIE, KANSAS
SPECIAL PARKS AND RECREATION FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Local Alcoholic Liquor Tax	\$ 2,900.00	\$ 2,597.44	\$ 3,146.00	\$ (548.56)
Charges for Services				
Registration Fees	28,619.50	-	26,500.00	(26,500.00)
Concessions	6,911.33	-	15,000.00	(15,000.00)
Sponsorship Income	125.00	-	1,000.00	(1,000.00)
Other Receipts				
Donations	500.00	-	500.00	(500.00)
Miscellaneous	6,157.00	591.00	5,800.00	(5,209.00)
Reimbursed Expense	195.00	787.00	-	787.00
Operating Transfers from:				
Recreation Fund	783.00	3,949.22	1,000.00	2,949.22
Electric Utility Fund	175,000.00	52,550.00	180,000.00	(127,450.00)
Total Receipts	221,190.83	60,474.66	\$ 232,946.00	\$ (172,471.34)
Expenditures				
Culture and Recreation				
Facilities				
Personal Services	66,940.81	-	\$ 61,792.00	\$ (61,792.00)
Contractual Services	25,856.88	20,401.20	26,250.00	(5,848.80)
Commodities	33,549.14	2,873.10	32,200.00	(29,326.90)
Capital Outlay	2,478.99	22,270.62	26,000.00	(3,729.38)
Recreation Programs				
Personal Services	48,240.05	8,533.03	58,587.00	(50,053.97)
Contractual Services	19,482.16	1,976.24	24,170.00	(22,193.76)
Commodities	21,401.76	375.00	33,200.00	(32,825.00)
Capital Outlay	640.00	-	-	-
Total Expenditures	218,589.79	56,429.19	\$ 262,199.00	\$ (205,769.81)
Receipts Over(Under) Expenditures	2,601.04	4,045.47		
Unencumbered Cash, Beginning	88,220.50	90,821.54		
Unencumbered Cash, Ending	<u>\$ 90,821.54</u>	<u>\$ 94,867.01</u>		

CITY OF OSAWATOMIE, KANSAS
TOURISM FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Transient Guest Tax	\$ 18,670.58	\$ 19,193.03	\$ 12,500.00	\$ 6,693.03
Charges for Services				
Rental Income	100.00	170.00	150.00	20.00
Sponsorship Income	15,900.00	14,800.00	18,000.00	(3,200.00)
Ticket Sales	7,271.53	6,005.22	8,000.00	(1,994.78)
Entry Fees	421.00	1,295.00	1,250.00	45.00
Concessions	2,694.75	2,363.00	3,000.00	(637.00)
Other Receipts				
Donations	4,174.62	3,171.64	3,950.00	(778.36)
Miscellaneous	689.90	1,583.75	3,750.00	(2,166.25)
Reimbursed Expense	302.98	672.50	9,000.00	(8,327.50)
Operating Transfers from Electric Utility Fund	12,000.00	12,000.00	12,000.00	-
Total Receipts	62,225.36	61,254.14	\$ 71,600.00	\$ (10,345.86)
Expenditures				
General Government				
Contractual Services	29,986.02	33,462.97	\$ 51,750.00	\$ (18,287.03)
Commodities	14,013.97	10,333.34	21,600.00	(11,266.66)
Other Expenses	639.99	3,285.21	3,200.00	85.21
Total Expenditures	44,639.98	47,081.52	\$ 76,550.00	\$ (29,468.48)
Receipts Over(Under) Expenditures	17,585.38	14,172.62		
Unencumbered Cash, Beginning	7,979.00	25,564.38		
Unencumbered Cash, Ending	<u>\$ 25,564.38</u>	<u>\$ 39,737.00</u>		

CITY OF OSAWATOMIE, KANSAS
911 FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Emergency Telephone Tax	\$ -	\$ -	\$ -	\$ -
Total Receipts	-	-	\$ -	\$ -
Expenditures				
General Government				
Contractual Services	-	-	\$ 9,897.00	\$ (9,897.00)
Total Expenditures	-	-	\$ 9,897.00	\$ (9,897.00)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	9,897.41	9,897.41		
Unencumbered Cash, Ending	\$ 9,897.41	\$ 9,897.41		

CITY OF OSAWATOMIE, KANSAS
STREET IMPROVEMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Motor Fuel Tax	\$ 113,541.73	\$ 114,812.69	\$ 112,840.00	\$ 1,972.69
Intergovernmental				
County Connecting Links	5,100.00	5,100.00	5,100.00	-
Other Receipts				
Reimbursed Expense	15.40	-	-	-
Operating Transfers from Capital Improvements Grant Fund	-	-	10,000.00	(10,000.00)
Total Receipts	118,657.13	119,912.69	\$ 127,940.00	\$ (8,027.31)
Expenditures				
General Government				
Contractual Services	7,067.04	50,051.15	\$ 5,500.00	\$ 44,551.15
Commodities	37,072.68	37,849.92	62,000.00	(24,150.08)
Capital Outlay	43,927.89	21,880.73	90,480.00	(68,599.27)
Debt Service				
Principal	22,846.77	23,385.58	-	23,385.58
Interest	2,633.23	2,094.42	-	2,094.42
Total Expenditures	113,547.61	135,261.80	\$ 157,980.00	\$ (22,718.20)
Receipts Over(Under) Expenditures	5,109.52	(15,349.11)		
Unencumbered Cash, Beginning	122,076.34	127,185.86		
Unencumbered Cash, Ending	<u>\$ 127,185.86</u>	<u>\$ 111,836.75</u>		

CITY OF OSAWATOMIE, KANSAS
GOLF COURSE FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Golf Course Sheds	\$ 1,746.80	\$ 5,035.33	\$ -	\$ 5,035.33
Membership Fees	33,118.04	46,875.10	48,000.00	(1,124.90)
Green Fees	39,079.75	47,401.34	48,600.00	(1,198.66)
Golf Cart Fees	35,460.78	48,989.72	40,600.00	8,389.72
Sales Tax	6,121.00	9,305.94	-	9,305.94
Driving Range	2,453.43	2,995.46	-	2,995.46
Concessions	41,079.48	41,873.27	30,500.00	11,373.27
Tournaments	819.00	7,712.00	-	7,712.00
Other Fees	2,117.03	12,054.08	-	12,054.08
Other Receipts				
Miscellaneous	-	536.47	9,700.00	(9,163.53)
Operating Transfers from Electric Utility Fund	70,000.00	165,000.00	70,000.00	95,000.00
Total Receipts	231,995.31	387,778.71	\$ 247,400.00	\$ 140,378.71
Expenditures				
Culture and Recreation				
Personal Services	120,837.31	192,959.00	\$ 193,923.00	\$ (964.00)
Contractual Services	36,867.46	80,694.05	47,732.00	32,962.05
Commodities	61,444.49	79,783.06	57,808.00	21,975.06
Capital Outlay	3,289.18	3,531.32	3,531.00	0.32
Other Expenses	6,342.83	8,822.19	64,887.00	(56,064.81)
Debt Service				
Principal	13,340.58	13,712.80	22,750.00	(9,037.20)
Interest	9,549.74	9,037.52	-	9,037.52
Total Expenditures	251,671.59	388,539.94	\$ 390,631.00	\$ (2,091.06)
Receipts Over(Under) Expenditures	(19,676.28)	(761.23)		
Unencumbered Cash, Beginning	26,038.37	6,362.09		
Unencumbered Cash, Ending	<u>\$ 6,362.09</u>	<u>\$ 5,600.86</u>		

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS GENERAL FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Capital Lease Proceeds	\$ -	\$ 76,261.00
Other Receipts		
Donations	40,900.00	7,436.25
Miscellaneous	-	592.00
Operating Transfers from Electric Utility Fund	135,000.00	135,000.00
Total Receipts	175,900.00	219,289.25
Expenditures		
Capital Projects		
Contractual Services	2,765.00	15,082.01
Commodities	-	11,518.04
Capital Outlay	156,195.80	379,104.63
Total Expenditures	158,960.80	405,704.68
Receipts Over(Under) Expenditures	16,939.20	(186,415.43)
Unencumbered Cash, Beginning	210,479.32	227,418.52
Unencumbered Cash, Ending	\$ 227,418.52	\$ 41,003.09

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS SEWER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Revolving Loan Proceeds	\$ 1,030,669.00	\$ 235,587.72
 Total Receipts	1,030,669.00	235,587.72
 Expenditures		
Capital Projects		
Contractual Services	112,889.27	4,085.98
Capital Outlay	748,353.63	91,998.12
Debt Service		
Interest	8,088.41	-
 Total Expenditures	869,331.31	96,084.10
 Receipts Over(Under) Expenditures	161,337.69	139,503.62
 Unencumbered Cash, Beginning	(301,209.31)	(139,871.62)
 Unencumbered Cash, Ending	\$ (139,871.62)	\$ (368.00)

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS WATER FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Temporary Note Proceeds	\$ -	\$ 1,915,581.81
Total Receipts	-	1,915,581.81
Expenditures		
Capital Projects		
Contractual Services	-	122,537.64
Capital Outlay	-	517,885.58
Debt Service		
Principal Payments	-	700,000.00
Interest Payments	-	5,580.56
Debt Service Costs	-	1.25
Total Expenditures	-	1,346,005.03
Receipts Over(Under) Expenditures	-	569,576.78
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 569,576.78

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS STREET FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Temporary Note Proceeds	\$ 99,964.26	\$ 909,123.05
Total Receipts	99,964.26	909,123.05
Expenditures		
Capital Projects		
Contractual Services	33,985.66	62,075.00
Operating Transfers to General Obligations Bond and Interest Fund	19,158.53	-
Total Expenditures	53,144.19	62,075.00
Receipts Over(Under) Expenditures	46,820.07	847,048.05
Unencumbered Cash, Beginning	19,158.54	65,978.61
Unencumbered Cash, Ending	\$ 65,978.61	\$ 913,026.66

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS GRANT FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Temporary Note Proceeds	\$ 600,035.74	\$ 5,295.14
Sale of Assets	40,000.00	-
Other Receipts		
Donations	500.00	-
Reimbursed Expense	3,318.35	738.14
Total Receipts	643,854.09	6,033.28
Expenditures		
General Government		
Capital Outlay	51,773.27	136,737.07
Debt Service		
Principal	590,000.00	-
Interest	10,035.74	-
Total Expenditures	651,809.01	136,737.07
Receipts Over(Under) Expenditures	(7,954.92)	(130,703.79)
Unencumbered Cash, Beginning	260,004.80	252,049.88
Unencumbered Cash, Ending	\$ 252,049.88	\$ 121,346.09

CITY OF OSAWATOMIE, KANSAS
PUBLIC SAFETY EQUIPMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
	Actual	Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Delinquent Tax	\$ 9.16	\$ 0.85	\$ -	\$ 0.85
Other Receipts				
Donations	2,194.71	13,500.00	13,500.00	-
Total Receipts	<u>2,203.87</u>	<u>13,500.85</u>	<u>\$ 13,500.00</u>	<u>\$ 0.85</u>
Expenditures				
General Government				
Capital Outlay	7,568.10	13,532.00	\$ 17,204.00	\$ (3,672.00)
Total Expenditures	<u>7,568.10</u>	<u>13,532.00</u>	<u>\$ 17,204.00</u>	<u>\$ (3,672.00)</u>
Receipts Over(Under) Expenditures	(5,364.23)	(31.15)		
Unencumbered Cash, Beginning	<u>9,068.46</u>	<u>3,704.23</u>		
Unencumbered Cash, Ending	<u>\$ 3,704.23</u>	<u>\$ 3,673.08</u>		

CITY OF OSAWATOMIE, KANSAS
ELECTRIC GENERATION BOND ACCOUNT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest	\$ -	\$ 78.00
Bond Proceeds	-	5,999,236.55
Total Receipts	-	5,999,314.55
Expenditures		
Capital Projects		
Contractual Services	-	74,115.71
Capital Outlay	-	1,876,600.00
Debt Service		
Bond Issuance Costs	-	190,308.49
Total Expenditures	-	2,141,024.20
Receipts Over(Under) Expenditures	-	3,858,290.35
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 3,858,290.35

CITY OF OSAWATOMIE, KANSAS
GENERAL OBLIGATION BOND AND INTEREST FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 231,834.30	\$ 260,456.41	\$ 281,704.00	\$ (21,247.59)
Delinquent Tax	13,236.50	7,871.56	8,645.00	(773.44)
Motor Vehicle Tax	24,226.20	25,268.51	23,016.00	2,252.51
Recreational Vehicle Tax	341.03	365.87	341.00	24.87
16/20M Vehicle Tax	232.89	192.79	231.00	(38.21)
Commercial Vehicle	619.95	301.76	-	301.76
Other Receipts				
Reimbursed Expense	33.77	-	-	-
Operating Transfers from:				
Capital Improvements				
Street Fund	19,158.53	-	-	-
Sewer Utility Fund	435,000.00	434,200.00	434,200.00	-
Water Utility Fund	59,827.00	59,827.00	59,827.00	-
Total Receipts	784,510.17	788,483.90	\$ 807,964.00	\$ (19,480.10)
Expenditures				
Debt Service				
Bond Principal	457,000.00	468,000.00	\$ 468,000.00	\$ -
Bond Interest	296,495.00	283,705.00	294,705.00	(11,000.00)
Other	-	170.00	69,000.00	(68,830.00)
Total Expenditures	753,495.00	751,875.00	\$ 831,705.00	\$ (79,830.00)
Receipts Over(Under) Expenditures	31,015.17	36,608.90		
Unencumbered Cash, Beginning	88,616.74	119,631.91		
Unencumbered Cash, Ending	<u>\$ 119,631.91</u>	<u>\$ 156,240.81</u>		

**CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Electric Charges	\$ 3,687,767.95	\$ 3,441,687.14	\$ 3,709,115.00	\$ (267,427.86)
Sales Tax	122,672.79	112,004.91	118,658.00	(6,653.09)
Utility Deposits	49,950.00	54,550.00	50,000.00	4,550.00
Late Fees	97,363.98	97,894.41	91,914.00	5,980.41
Other Charges	5,410.00	6,442.01	12,000.00	(5,557.99)
Use of Money and Property				
Interest Income	818.77	830.56	-	830.56
Other Receipts				
Miscellaneous	8,281.00	4,876.87	-	4,876.87
Reimbursed Expense	4,511.78	5,374.86	-	5,374.86
Total Receipts	3,976,776.27	3,723,660.76	\$ 3,981,687.00	\$ (258,026.24)
Expenditures				
Administration				
Personal Services	1,152.06	25,514.87	\$ 25,265.00	\$ 249.87
Contractual Services	47,700.73	65,115.01	108,930.00	(43,814.99)
Commodities	694.92	523.00	5,450.00	(4,927.00)
Capital Outlay	2,032.88	-	-	-
Other Expenses	227,681.04	214,253.15	441,850.00	(227,596.85)
Electric Production				
Personal Services	134,003.01	127,744.48	131,963.00	(4,218.52)
Contractual Services	2,184,861.59	1,973,554.02	2,315,271.00	(341,716.98)
Commodities	8,507.04	22,414.76	39,500.00	(17,085.24)
Capital Outlay	652.32	24,566.97	120,000.00	(95,433.03)
Electric Distribution				
Personal Services	294,006.32	266,420.42	312,554.00	(46,133.58)
Contractual Services	33,617.52	37,266.38	48,804.00	(11,537.62)
Commodities	99,533.23	87,680.02	86,625.00	1,055.02
Capital Outlay	65,765.05	73,432.55	95,000.00	(21,567.45)

CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to:				
General Fund	\$ 323,806.00	\$ 418,342.00	\$ 86,000.00	\$ 332,342.00
Golf Course Fund	70,000.00	165,000.00	70,000.00	95,000.00
Special Parks and Recreation Fund	175,000.00	52,550.00	180,000.00	(127,450.00)
Employee Benefits Fund	49,254.00	61,166.00	57,757.00	3,409.00
Tourism Fund	12,000.00	12,000.00	12,000.00	-
Capital Improvements General Fund	135,000.00	135,000.00	120,000.00	15,000.00
Total Certified Budget			4,256,969.00	(494,425.37)
Adjustments for Qualifying Budget Credits			5,374.86	(5,374.86)
Total Expenditures	3,865,267.71	3,762,543.63	\$ 4,262,343.86	\$ (499,800.23)
Receipts Over(Under) Expenditures	111,508.56	(38,882.87)		
Unencumbered Cash, Beginning	420,356.80	531,865.36		
Unencumbered Cash, Ending	\$ 531,865.36	\$ 492,982.49		

CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY DEBT SERVICE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Bond Proceeds	\$ -	\$ 95,763.45
Total Receipts	-	95,763.45
Expenditures		
Debt Service		
Bond Principal	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	95,763.45
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 95,763.45

**CITY OF OSAWATOMIE, KANSAS
WATER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Water Sales	\$ 802,513.10	\$ 819,867.03	\$ 900,000.00	\$ (80,132.97)
Other Charges	4,219.42	2,250.00	3,500.00	(1,250.00)
Use of Money and Property				
Rental Income	11,592.00	14,504.71	11,592.00	2,912.71
Other Receipts				
Miscellaneous	-	3,008.14	-	3,008.14
Reimbursed Expense	-	104,774.79	-	104,774.79
Total Receipts	818,324.52	944,404.67	\$ 915,092.00	\$ 29,312.67
Expenditures				
Administration				
Personal Services	1,577.86	17,184.39	\$ 16,842.00	\$ 342.39
Contractual Services	31,518.63	19,306.13	13,245.00	6,061.13
Commodities	-	-	1,300.00	(1,300.00)
Capital Outlay	1,978.88	-	25,000.00	(25,000.00)
Other Expenses	-	-	130,919.00	(130,919.00)
Water Treatment				
Personal Services	105,732.82	108,058.21	106,310.00	1,748.21
Contractual Services	71,343.45	92,905.85	82,125.00	10,780.85
Commodities	141,010.47	138,965.65	169,150.00	(30,184.35)
Capital Outlay	211.32	5,278.00	21,500.00	(16,222.00)
Water Distribution				
Personal Services	95,069.77	130,542.79	97,146.00	33,396.79
Contractual Services	141,752.71	39,242.60	70,500.00	(31,257.40)
Commodities	65,334.69	70,449.09	40,950.00	29,499.09
Capital Outlay	45,220.73	25,981.36	60,000.00	(34,018.64)
Operating Transfers to:				
General Fund	112,412.00	145,813.00	41,000.00	104,813.00
General Obligation Bond and Interest Fund	59,827.00	59,827.00	59,827.00	-
Employee Benefits Fund	29,232.00	33,330.00	33,330.00	-
Total Expenditures	902,222.33	886,884.07	\$ 969,144.00	\$ (82,259.93)
Receipts Over(Under) Expenditures	(83,897.81)	57,520.60		
Unencumbered Cash, Beginning	206,189.85	122,292.04		
Unencumbered Cash, Ending	<u>\$ 122,292.04</u>	<u>\$ 179,812.64</u>		

CITY OF OSAWATOMIE, KANSAS
REFUSE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Refuse Fees	\$ 392,938.47	\$ 393,944.01	\$ 395,000.00	\$ (1,055.99)
Other Receipts				
Miscellaneous	345.00	420.00	500.00	(80.00)
Total Receipts	393,283.47	394,364.01	\$ 395,500.00	\$ (1,135.99)
Expenditures				
Collections				
Contractual Services	378,807.86	409,408.37	\$ 421,000.00	\$ (11,591.63)
Total Expenditures	378,807.86	409,408.37	\$ 421,000.00	\$ (11,591.63)
Receipts Over(Under) Expenditures	14,475.61	(15,044.36)		
Unencumbered Cash, Beginning	5,510.67	19,986.28		
Unencumbered Cash, Ending	<u>\$ 19,986.28</u>	<u>\$ 4,941.92</u>		

**CITY OF OSAWATOMIE, KANSAS
SEWER UTILITY FUND**

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

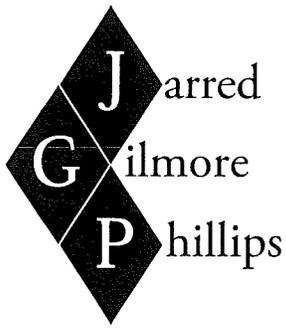
For the Year Ended December 31, 2015

(With Comparative Actual Totals for the Prior Year Ended December 31, 2014)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Sewer Charges	\$ 819,143.75	\$ 848,358.30	\$ 814,405.00	\$ 33,953.30
Use of Money and Property				
Sale of Assets	1,500.00	-	-	-
Other Receipts				
Reimbursed Expense	739.20	-	-	-
Total Receipts	821,382.95	848,358.30	\$ 814,405.00	\$ 33,953.30
Expenditures				
Collections				
Personal Services	127,481.23	150,335.32	\$ 146,551.00	\$ 3,784.32
Contractual Services	119,719.01	167,356.68	178,330.00	(10,973.32)
Commodities	25,992.50	17,086.88	31,650.00	(14,563.12)
Capital Outlay	4,463.45	6,046.04	42,997.00	(36,950.96)
Other Expenses	-	-	99,021.00	(99,021.00)
Debt Service				
Principal Payments	-	2,437.37	32,848.00	(30,410.63)
Interest Payments	-	30,411.01	-	30,411.01
Operating Transfers to:				
General Fund	116,204.00	140,021.00	41,000.00	99,021.00
Employee Benefits Fund	19,061.00	12,547.00	12,547.00	-
General Obligation Bond and Interest Fund	435,000.00	434,200.00	434,200.00	-
Total Expenditures	847,921.19	960,441.30	\$ 1,019,144.00	\$ (58,702.70)
Receipts Over(Under) Expenditures	(26,538.24)	(112,083.00)		
Unencumbered Cash, Beginning	383,947.55	357,409.31		
Unencumbered Cash, Ending	\$ 357,409.31	\$ 245,326.31		

CITY OF OSAWATOMIE, KANSAS
AGENCY FUNDS
 Schedule of Receipts and Disbursements
 Regulatory Basis
 For the Year Ended December 31, 2015

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Cafeteria 125	\$ 26,578.57	\$ 46,956.90	\$ 41,361.40	\$ 32,174.07
Court ADSAP	7,401.00	-	-	7,401.00
Court Bonds	7,249.54	12,378.75	5,961.75	13,666.54
Evidence Liability	12,899.79	-	-	12,899.79
Fire Insurance Proceeds	0.84	-	-	0.84
Forfeiture	1,153.42	2,675.00	900.00	2,928.42
PayPal Donations	95.65	-	95.64	0.01
Revolving Loan	72,758.43	473.25	73,231.68	-
Rural Fire	3,391.81	61,030.18	57,022.81	7,399.18
	<u>\$ 131,529.05</u>	<u>\$ 123,514.08</u>	<u>\$ 178,573.28</u>	<u>\$ 76,469.85</u>



July 22, 2016

Honorable Mayor and City Council
City of Osawatomie
P.O. Box 37
Osawatomie, Kansas 66064

We are pleased to confirm our understanding of the services we are to provide City of Osawatomie, Kansas for the year ended December 31, 2016. We will audit the financial statement of the City of Osawatomie, Kansas as of and for the year ended December 31, 2016. It is agreed that the basis of presentation of the financial statement will demonstrate compliance with the regulatory basis of accounting. It is further agreed that the municipality shall pass, by resolution, a waiver of the requirements of the law relating to the preparation of financial statements and financial reports that conform to generally accepted accounting principles as provided by K.S.A. 75-1120a (c).

We have also been engaged to report on supplementary information that accompanies City of Osawatomie's financial statement. We will subject the following supplementary information to the auditing procedures applied in our 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, and we will provide an opinion on it in relation to the financial statement as a whole, in a report combined with our auditors' report on the financial statement:

- 1) Summary of Expenditures – Actual and Budget – Regulatory Basis (Budgeted Funds Only)
- 2) Schedule of Receipts and Expenditures – Actual and Budget – Regulatory Basis
- 3) Schedule of Receipts and Disbursements – Agency Funds – Regulatory Basis

Audit Objective

The objective of our audit is the expression of an opinion as to whether your financial statement is fairly presented, in all material respects, in conformity with the regulatory basis of accounting and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statement as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and will include tests of the accounting records and other procedures we consider necessary to enable us to express such an opinion. We will issue a written report upon completion of our audit of City of Osawatomie's financial statement. Our report will be addressed to the Mayor and City Council of City of Osawatomie. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion or add emphasis-of-matter or other-matter paragraphs. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or may withdraw from this engagement.

Jarred, Gilmore & Phillips, PA
CERTIFIED PUBLIC ACCOUNTANTS

412 W. MAIN, P.O. BOX 97
NEODESHA, KANSAS 66757
(620) 325-3430

1815 S. SANTA FE, P.O. BOX 779
CHANUTE, KANSAS 66720
(620) 431-6342

16 W. JACKSON
IOLA, KANSAS 66749
(620) 365-3125

www.jgppa.com

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We will plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statement. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statement and related matters.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statement and to design the nature, timing, and extent of further audit procedures. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statement is free of material misstatement, we will perform tests of City of Osawatomic's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion.

Other Services

We will also assist in preparing the financial statement of City of Osawatomic in conformity with the regulatory basis of accounting based on information provided by you. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve

the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statement in conformity with the regulatory basis of accounting.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statement, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statement to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statement taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statement. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws and regulations.

You are responsible for the preparation of the supplementary information in conformity with the regulatory basis of accounting. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statement with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that (1) you are responsible for presentation of the supplementary information in accordance with the regulatory basis of accounting; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with the regulatory basis of accounting; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

You agree to assume all management responsibilities for financial statement preparation services and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

The audit documentation for this engagement is the property of Jarred, Gilmore & Phillips, PA and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely

manner to the State of Kansas or its designee. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Jarred, Gilmore & Phillips, PA personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the State of Kansas or its designee. The State of Kansas or its designee may intend or decide to distribute the copies or information contained therein to others, including other governmental agencies.

Neil L. Phillips, CPA, is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

It is our understanding that your intent in engaging us is that the financial statement we render to you under this agreement will be made available to the State of Kansas Division of Accounts and Reports. Moreover, as of the time of this engagement, we have not been notified, in writing or otherwise, that the professional accounting services rendered under this agreement will be made available to any other person, firm, or corporation for any purpose not specified hereinabove. Consequently, no other person, firm, or corporation is entitled to rely upon these professional services for any purpose without our express, written agreement. This engagement letter embodies the entire agreement and understanding between the parties hereto and there are no promises, warranties, covenants or conditions made by any of the parties except as herein expressly contained. The terms and conditions of this engagement shall be governed and construed in writing signed by all the parties. It is agreed that venue and jurisdiction involving any matters arising out of this engagement letter is in the State of Kansas.

Disputes arising under this agreement (including the scope, nature, and quality of services to be performed by us, our fees, and other terms of the engagement) shall be submitted to mediation. A competent and impartial third party, acceptable to both parties, shall be appointed to mediate, and each disputing party shall pay an equal percentage of the mediator's fees and expenses. No suit or arbitration proceeding shall be commenced under this agreement until at least 60 days after the mediator's first meeting with the involved parties. If the dispute requires litigation, the court shall be authorized to impose all defense costs against any non-prevailing party found not to have participated in the mediation process in good faith.

Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.). Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. We will perform the audit services for an amount not to exceed \$8,650.00, which includes travel and out-of-pocket costs. The City may be subject to a Single Audit in 2016 if Federal expenditures exceed \$750,000.00. If so, additional audit procedures will be required by the Single Audit Act. Our estimated fee for these additional services will be \$1,900.00, and a new engagement letter must be obtained.

These fees are based upon anticipated cooperation from your personnel, and the assumption that unexpected circumstances will not be encountered during the audit. The following are examples of circumstances which could result in an increase in fees:

- a significant change in the amount or type of accounting records maintained,
- change in personnel with a corresponding change in level and quality of work performed,
- additional significant state and/or federal grants not identified previously,
- issuance of long-term debt not identified previously for the purposes of new financing or refunding of previously issued long-term debt, or
- new GASB pronouncements that require additional compliance work.
- a greater than expected risk of material misstatement due to fraud.

We would like to point out that we expect the proposal fee to be a maximum charge. As can be seen above, the additional charges would only be necessary due to unusual circumstances not foreseen when the audit proposal was prepared. If significant additional time is necessary, we would discuss it with you and arrive at a new fee estimate.

Our audit engagement ends on delivery of our audit report. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

We appreciate the opportunity to be of service to City of Osawatomie, Kansas and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

RESPONSE:

This letter correctly sets forth the understanding of the **City of Osawatomie, Kansas.**

Signature _____

Title _____

RESOLUTION NO. 728

**A RESOLUTION WAIVING THE GAAP REQUIREMENTS
OF K.S.A. 75-1120A(a) FOR THE YEAR ENDED 2016.**

WHEREAS, the City of Osawatomie, Kansas, has determined that the financial statements and financial reports for the year ended 2016 to be prepared in conformity with the requirements of K.S.A. 75-1120a(a) are not relevant to the requirements of the cash basis and budget laws of this state and are of no significant value to the Governing Body or the members of the general public of the City of Osawatomie; and

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the City of Osawatomie, Kansas, in regular meeting duly assembled this 28th day of July, 2016 that the Governing Body waives the requirements of K.S.A. 75-1120a(a) as they apply to the City of Osawatomie for the year ended 2016.

BE IT FURTHER RESOLVED that the Governing Body shall cause the financial statements and financial reports of the City of Osawatomie to be prepared on the basis of cash receipts and disbursements as adjusted to show compliance with the cash basis and budget laws of this State.

PASSED AND ADOPTED by the Governing Body of the City of Osawatomie, Kansas this 28th day of July, 2016, a majority being in favor thereof.

APPROVED AND SIGNED by the Mayor.

L. Mark Govea, Mayor

(SEAL)

ATTEST:

Tammy Seamands, City Clerk



Osawatomi Chamber of Commerce Annual Report July 2016

Current Board of Directors:

**Donna Darner (Osawatomi State Hospital Retired) - President
Lori Needham (Hanes Florist) - Vice President
Casey Jones (First Option Bank) - Treasurer**

**Angie Allen (Sun Kissed Boutique/Adorned on Gold)
Teri Auten (Auten Pharmacy)
Christine Cooley (Chris's Café)
Steve Eichorn (Donna & Viola's)
Nick Hampson (Hall's Bobcat Service/Rock Yard)
Emily McCrea (Eddy-Birchard Funeral Home)
Kim Mills (MCMC)
Johnnie Ova (Sun Kissed Boutique/Adorned on Gold)**

City Council Liaison:

Mayor Mark Govea

Membership:

We currently have 81 members. Of that number, 7 are individuals and 74 are businesses. 48 of the businesses are Osawatomie based and 26 are serving our community from the county and out of town.

We have 10 new members this year. (A complete current membership list is included on last page.)

Eckan
Fresh Start Home Professionals
KansasWorks
Tangles Hair Salon
Let There Be Light Fellowship Church
Sun Kissed Boutique/Adorned On Gold
Osawatomie Golf Course
Hall's Bobcat Service/The Rock Yard
Loft on Sixth
Smail & Associates LLC

The Chamber has collected over \$10,000 in dues so far this year. **See report from our treasurer for further financial details.

Our Events:

- County Job Fair, August 2015
- Trojan Tailgate, September 2015 (we sponsored)
- Chamber Golf Classic, October 2015
- Chamber Annual Dinner, October 2015
- Spook Parade, October 2015
- Small Business Saturday, November 2015
- Downtown Christmas Lighting Ceremony, November 2015
- Christmas Festival, November 2015
- 12 Days of Christmas Shopping Promotion, December 2015
- KDOC BAM Award – Pat's Signs, January 2016
- Legislative Breakfast, February 2016
- Hosted County Tourism Dinner at La Hacienda, February 2016
- 8th Annual Home & Business Expo/Job Fair/Health Fair, March 2016
- Multi Chamber After Hours, June 2016
- Miss Osawatomie Pageant – John Brown Jamboree, June 2016

Committees:

- Golf Tournament
- John Brown Jamboree
- Miss Osawatomie
- Christmas Festival
- Area Chamber Directors/Tourism
- Moon Over Miami
- Eastern Kansas Economic Initiative Advisory
- Partners
- OSH Citizens Advisory
- Job Fair

- Alumni
- Olathe Health Systems Community Health Improvement
- MCMC Community Advisory Council

Activities:

- Attended city fireworks display
- Attended Small Business Development Center Website Seminar – FSCC Paola
- Attended Community Garden Ice Cream Social
- Attended City Council Meeting for Annual Report
- Organized chamber board meetings each month
- Attend Rotary each Monday
- Organized First Annual Golf Classic – formed committee, met with golf course personnel, created publicity material, secured donations, teams and sponsorships
- Attended and hosted Job Fair
- Attended Project 17 Training Session
- Attended quarterly meetings with area chamber directors & Janet McRae
- Attended KansasWorks ribbon cutting
- Attended Trojan Tailgates via Chamber and Rotary Sponsorships
- Attended MCMC Town Hall Meetings
- Website Training
- Attended Veteran’s Day Celebration at OHS
- Attended Elected Officials Dinner (helped with set up and clean up at Osawatomie location)
- Attended Grow Smart lunch at Paola Fire Dept.
- Attended Tri-Ko Christmas Luncheon
- Attended calendar training with Janet McRae
- Attended constant contact training
- Attended Louisburg Legislative Breakfast
- Met with Janet McRae regarding Tourism Dinner that we hosted at La Hacienda
- Attended food tasting for Moon Over Miami
- Attended County Tourism Dinner
- Attended Paola Chamber Dinner
- Attended MCMC Arts Reception at Town Square
- Attended Vintage Park Thursday morning coffees
- Attended Gayla Shields Farewell Reception
- Attended Partners meeting
- Stopped in at Auten Pharmacy for goodbye to Pharmacist Pat
- Attended Paola Chamber Connections Meeting(s) – Lindsborg Visitor Center Speaker, Customer Service Speaker & Constant Contact
- Attended Alumni Festivities
- Delivered Meals on Wheels for Rotary
- Lunch with Janet at new business – Cookies Bar & Grill
- Attended PCC Lakemary Coffee
- Attended Dining in the County – Louisburg (OHS Team)
- Attended PCC C&J Feed Coffee
- Attended Moon Over Miami
- Attended Adorned On Gold PCC Coffee

Coffees/Ribbon Cuttings:

- New Police Station
- Osawatomie Golf Course
- Vintage Park
- Dollar Tree
- Pat's Signs
- Moon Over Miami
- Edward Jones/Emily Starr
- Eyecare Associates
- MCMC Rehabilitation Services

Economic Development:

- Personally welcomed new businesses David Neil Dentistry, Josh Barnett/Farm Bureau, MCMC Rehab Services, Cookies Long Shots Bar & Grill, Deanna Barden Dentistry, Loft on Sixth and shared membership info
- Assisted entrepreneurs with questions regarding their ventures and sent them to the appropriate entities
- Shared project 17 Meeting information with the membership
- Made contact with Grand Loft Owner and had numerous visits on phone and in person in helping with getting it reopened. Talked several times with local man who was interested in buying it. When that plan fell through, I put owner in contact with new potential partners and arranged meeting with city and county officials. Those partners backed out but continued with my support of the reopening of now named Loft on Sixth. I visit regularly with the manager and they have joined the chamber.
- Met with owners of Fowler House and discussed future bed & breakfast
- Formed board committee and updated Chamber Mission Statement
- Changed Christmas Lighting Ceremony to Friday night in order to have downtown businesses open
- Met with new businesses as they opened
- Promoted our "chamber bucks"
- Assisted out of town event planners with our available meeting spaces and contact info
- Brought back "Business of the Month" to bring recognition to chamber businesses
- Continue to visit with business owners on what the chamber can do for them
- Worked with county chamber directors on events and ideas
- Work closely with Janet McRae, Miami County Economic Development Director
- Promoted and sought businesses for county mini grant program

Other:

- Welcomed tourists to museum
- Put together packets for membership/Christmas Festival/12 Days of Christmas/Golf Classic
- Learning to manage chamber website, Facebook page and city calendar
- Met with City Manager to go over chamber expectations and also had him as guest speaker at board meeting
- Arranged to combine Business Expo with Easter Egg Hunt at the high school for more visibility and included PEO bake sale, petting zoo and library kid's activities
- Put together packets for Miss Osawatomie and set up informational/sign up meeting, ordered crowns and sashes, secured judges, goody bag sponsors, practice date, corresponded with parents
- Assisted with directing information for the Community Wide Garage Sale

- Met with potential chamber business owners
- Worked with George Pretz on promotion of Cow Olivia Anniversary
- Had contact with tour director from Hill City, KS and helped with visit to Osawatomie by arranging to have them go to John Brown Cabin where Grady gave tour of cabin and gave history and then he toured town historic sites with them. Arranged for lunch through Chris Café at Memorial Hall and I spoke to group about our community
- Helped with bus tour visit from Lincoln, KS. Arranged lunch at Memorial Hall for Chris' Café and spoke to group
- Co-chaired Moon Over Miami Committee with Dorothy Powell
- Jamboree Committee – helped with sponsorships and ran Miss Osawatomie Pageant
- Mailed informational packets to those that requested about our community
- Assisted with phone and email inquiries about business location to Osawatomie
- Shared Chamber events and information with Rotary each week
- Put together weekly update. More information going out each week especially with the Graphic being dissolved
- Consult with Wes Duncan on technology issues
- Ongoing Memorial Hall renovations – liaison with floor cleaner and furniture
- Provided letters of recommendation for students
- Shared our business's events via Facebook and on the website when applicable
- Welcomed new teachers with chamber bucks, candy or flowers
- Worked with city and school to find another location for sleigh
- Advertised in PreGame Magazine with local athlete, Riley England, featured and helped distribute
- Researched chamber information for local historian
- Secured FREE marketing materials and designed a plan to promote American Express's Small Business Saturday on November 28th
- Promoted many events for the community
- Shared Food Pantry and other NFP's requests for help
- Assisted area employers with getting the word out about their available jobs
- Connected historical inquiries with museum staff
- Went into the office after hours, on holidays and days off to take care of requests by our members and visitor
- Updated community calendar
- Kept good financial records and communicated regularly with our Treasurer
- Connected interested volunteers with local opportunities
- Stuffed and delivered welcome bags to the city for new residents turning on utilities
- Worked on input for Miami County Visitor Guide, VisitKC, TravelKS and new promotional flyer for community
- Worked with many local committees in advertising, support and advice
- Worked with local newspaper on advertising city and chamber events
- Worked to maintain the Chamber's visibility and accessibility

Summary:

It has been a very busy year for the Osawatomie Chamber. We have worked hard to support and promote our community. We have sponsored our traditional events, added some new and continue to assess and seek different ideas.

Having served my first year as director, I can say that I have put a great deal of effort into this job and I have learned so much. I have loved this new role in my community. I promote and serve as a liaison for Osawatomie. I truly want the best for my hometown, so much of what I do is easy. My mind never rests, however, as the list of ideas and possibilities go on and on. I look forward to the future of Osawatomie and the chamber's role in the community. I believe we have great leadership in this community and good things are happening.

The Chamber Board is a great group of people who have volunteered for the position to do what is best for our businesses and community. I am pleased to work with this group. The Board and I will continue to build the Chamber through activities, visibility, community involvement and fiscal responsibility, as has been done in the past.

Our appreciation goes out to the City Council, City Manager and Mayor Mark Govea for your continued support and funding of this organization. We appreciate all you do for this community and enjoy working together to make Osawatomie a great place for all.

Signed: _____

Diana Neal
Executive Director

Date: _____

Chamber Membership

Nov 2015-Oct 2016

ACE Pest Control
Adorned on Gold
Associates in Family Care
Auten Pharmacy
Back Home Nursery
Barden Dental
Bradley Air Conditioning and Heating
Bill & Pat Butler
Casey's on Main
Casey's on Sixth
Chris's Cafe
City of Osawatomie
Classic Wood LLC
Coach Light Fashions
Country Vintage Inn
Donna and Viola's Shirts & Etc.
ECKAN
Eddy-Birchard Funeral Home
Edward Jones: Emily Starr
Mr. Electric/Electric Shop, Inc.
Elizabeth Layton Center
Elks Lodge 921
Elliott Insurance
Enviro-Line
Eyecare Associates
First Option Bank
First Presbyterian Church
Fort Scott Community College-Miami County Campus
Fresh Start Home Professionals
Friends of the Mentally Ill Foundation (FMIF)
Grandstand Burgers
Hall's Bobcat Service/The Rock Yard
Hanes Florist
Wayne & Florence Harclerode
Heartland Propane
Ted & Vivian Hunter
John Brown Foundation
KCP&L
Kansas Gas Service
KansasWorks
KWJP Radio
Karen LaDuex
Lakemary Center
Landmark National Bank
Lang Chevrolet
Let There Be Light Fellowship Church
Life Care Center of Osawatomie
Loft on Sixth
Main Street Liquor
MCMC Rehab Services
Meridian Business Services, LLC
Miami County Cancer Foundation
Miami County Economic Development
Miami County Medical Center
Middle Creek Winery

Navrats Office Products
NPG Newspapers
Old Time Pickers, Fiddlers & Singers
Osage Valley Lodge #24
Osawatomie Alumni Association
Osawatomie Golf Course
Osawatomie Public Library
Osawatomie Rotary Club
Pat's Signs
Penwell-Gabel Funeral Home
Pizza Hut
George & Marjorie Pretz
Senior Service Center
Smail & Associates LLC
Sonic of Osawatomie
State Farm Insurance-Marsha Adams
Summit Publications Inc.
Sunflower Substance Abuse Recovery Services
Sunrise Oilfield Supply
Tangles Hair Salon
Tri-Ko
UPS Store
USD#367
Vintage Park
Webster Hawkins
Woodland Hills Estates