

CITY OF OSAWATOMIE, KANSAS

Independent Auditors' Report and
Financial Statement with
Supplementary Information

For the Year Ended December 31, 2019

CITY OF OSAWATOMIE, KANSAS

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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, 2019 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 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, 2019, 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, 2019, 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of City of Osawatomie, Kansas as of and for the year ended December 31, 2018 (not presented herein), and have issued our report thereon dated July 8, 2019, which contained an unmodified opinion on the basic financial statement. The 2018 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>. The 2018 actual column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended December 31, 2019 (Schedule 2 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2018 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 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 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 2018 basic financial statement or to

the 2018 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 2018 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended December 31, 2018, on the basis of accounting described in Note 1.

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

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

June 8, 2020
Chanute, Kansas

CITY OF OSAWATOMIE, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2019

Funds	Beginning Unencumbered Cash Balances	Receipts	Expenditures	Ending Unencumbered Cash Balances	Add		Cash Balance December 31, 2019
					Encumbrances and Accounts Payable	Cash Balance December 31, 2019	
General Fund	\$ 340,282.22	\$ 2,659,719.91	\$ 2,739,967.60	\$ 260,034.53	\$ 123,845.29	\$ 383,879.82	
Special Purpose Funds:							
Industrial	102,181.83	134,125.68	240,610.08	(4,302.57)	66,550.00	62,247.43	
Library	104,415.98	13,088.62	14,080.05	103,424.55	433.61	103,858.16	
Recreation	-	-	-	-	-	-	
Recreation Employee Benefits	-	-	-	-	-	-	
Employee Benefits	203,007.31	756,224.26	707,660.50	251,571.07	729.00	252,300.07	
Special Parks and Recreation	34,674.20	24,118.31	17,290.32	41,502.19	-	41,502.19	
Tourism	47,083.86	40,723.74	31,283.53	56,524.07	2,471.34	58,995.41	
911	9,897.41	-	-	9,897.41	-	9,897.41	
Street Improvement	243,747.31	122,374.43	164,981.03	201,140.71	3,812.54	204,953.25	
Golf Course	17,093.86	261,244.57	276,509.74	1,828.69	5,349.13	7,177.82	
Capital Improvements General	174,072.57	115,000.00	137,968.18	151,104.39	4,199.08	155,303.47	
Capital Improvements Water	-	75,000.00	-	75,000.00	-	75,000.00	
Capital Improvements Sewer	-	450,000.00	308,705.39	141,294.61	9,097.39	150,392.00	
Capital Improvements Street	771,652.38	95,000.00	784,251.88	82,400.50	-	82,400.50	
Capital Improvements Grant	24,431.42	-	20,874.63	3,556.79	-	3,556.79	
Capital Improvements Special Projects	-	191,666.00	177,232.73	14,433.27	16,663.05	31,096.32	
Capital Improvements Technology	125,623.50	36,145.06	126,144.46	35,624.10	-	35,624.10	
Public Safety Equipment	88,409.54	124,088.14	156,016.20	56,481.48	770.48	57,251.96	
Capital Project Funds:							
Electric Generation Bond Account	192,785.39	101,943.74	270,265.57	24,463.56	77,759.12	102,222.68	
Bond and Interest Fund:							
General Obligation Bond and Interest	201,266.98	860,905.84	881,767.50	180,405.32	-	180,405.32	
Business Funds:							
Electric Utility	290,049.14	3,748,845.78	3,750,589.68	288,305.24	256,979.51	545,284.75	
Electric Utility Debt Service	149,988.39	432,501.33	432,501.25	149,988.47	-	149,988.47	
Water Utility	275,150.85	1,002,787.77	1,046,476.91	231,461.71	34,050.06	265,511.77	
Refuse Utility	5,102.67	949.40	5,051.77	1,000.30	-	1,000.30	
Sewer Utility	211,172.55	873,417.90	953,991.14	130,599.31	10,999.87	141,599.18	
Total Reporting Entity (Excluding Agency Funds)	\$ 3,612,089.36	\$ 12,119,870.48	\$ 13,244,220.14	\$ 2,487,739.70	\$ 613,709.47	\$ 3,101,449.17	

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, 2019

Total Cash to be accounted for:	<u><u>\$ 3,101,449.17</u></u>
Composition of Cash:	
Cash on Hand	\$ 800.00
Checking Accounts:	
Operating Account	237,537.32
Cash Flow Account	1,111,700.12
ADSAP	7,401.00
Municipal Court	18,877.04
Police Forfeitures.....	13,596.85
Cafeteria 125 Checking.....	89,113.40
Street & Sewer Project.....	232,792.50
Grant Account.....	3,556.79
PayPal Donations Account.....	0.01
USDA Loan Checking.....	35,624.10
Petty Cash	2,000.00
Investments:	
Kansas Municipal Investment Pool.....	1,037,700.17
Certificates of Deposit	<u>447,339.07</u>
Total Reporting Entity	3,238,038.37
Agency Funds Per Schedule 3	<u>(136,589.20)</u>
Total Reporting Entity (Excluding Agency Funds)	<u><u>\$ 3,101,449.17</u></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, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

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

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 Osawatomie, Kansas, for the year of 2019:

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, 2019 the City amended the Public Safety Equipment Fund and the Industrial 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, and trust funds. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

2. 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. 10-1113, as the City has obligated expenditures in excess of available monies in the Industrial Fund. As shown in Schedule 1, the City was in apparent violation of K.S.A. 79-2935 as the City has obligated expenditures in excess of budgetary limits in the Industrial Fund.

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.	\$ 114,016.67	\$ 149,988.47

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, 2019, the City had net revenues available for debt service of \$1,308,981.10, which is 302.65%. 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, 2019, 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	\$ 1,037,700.17	\$ 1,037,700.17	\$ - -	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, 2019, 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, 2019.

3. DEPOSITS AND INVESTMENTS (Continued)

Deposits: At year-end, the City's carrying amount of deposits was \$2,199,538.20 and the bank balance was \$2,373,865.78. 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 \$1,873,865.78 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, 2019, the City has invested \$1,037,700.17 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, 2019, 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 2017-1 Temporary	2.25%	12/12/2017	\$ 1,650,000.00	6/15/2019	\$ 1,650,000.00	\$ -	\$ (1,650,000.00)	\$ -	\$ 55,687.50
Series 2019 A Street Bonds	3.60%	5/23/2019	1,135,000.00	9/1/2038	-	1,135,000.00	-	1,135,000.00	-
Series 2019 Temporary	2.65%	12/31/2019	400,000.00	1/1/2021	-	400,000.00	-	400,000.00	-
Paid by Tax Levies and Utility Receipts:									
Series 2016A - Refunding	2.00-4.00%	5/19/2016	8,145,000.00	9/1/2045	7,655,000.00	-	(350,000.00)	7,305,000.00	232,280.00
Paid by Utility Receipts:									
Series 2012A - Refunding	2.00-4.70%	5/1/2012	2,810,000.00	9/1/2027	740,000.00	-	(230,000.00)	510,000.00	17,800.00
Revenue Bonds									
Paid by Utility Receipts:									
Series 2015 - Electric	3.50%	12/14/2015	6,095,000.00	9/1/2035	5,500,000.00	-	(240,000.00)	5,260,000.00	192,500.00
State Revolving Loans									
KDHE No. 1961-01	2.83%	11/20/2013	1,266,256.72	3/1/2030	1,200,305.96	-	(56,427.77)	1,143,878.19	33,572.23
Capital Leases									
Golf Course Irrigation	3.25%	11/26/2006	195,525.75	10/1/2021	48,711.09	-	(15,687.94)	33,023.15	1,602.38
Case Tractor & Bush Hog	2.50%	7/6/2015	76,261.00	7/6/2023	49,414.69	-	(9,401.59)	40,013.10	1,235.37
Grocery Store Equipment	2.95%	9/26/2017	150,000.00	10/1/2019	150,000.00	-	(150,000.00)	-	4,750.63
Fire truck	3.10%	4/5/2018	277,107.76	10/1/2026	277,107.76	-	(27,353.06)	249,754.70	12,612.19
Software	3.10%	4/5/2018	239,334.88	10/1/2022	239,334.88	-	(54,382.06)	184,952.82	10,656.31
Slayman Property	0.00%	1/24/2017	130,000.00	1/24/2018	40,000.00	-	(40,000.00)	-	-
Golf Course Equipment	5.00%	4/25/2019	108,650.00	5/1/2026	-	108,650.00	(6,570.37)	102,079.63	2,675.45
John Deere Excavator	9.12%	8/9/2019	26,723.74	8/9/2023	-	26,723.74	(6,295.36)	20,428.38	26.71
Total Contractual Indebtedness					\$ 15,899,874.38	\$ 1,670,373.74	\$ (1,186,118.15)	\$ 16,384,129.97	\$ 509,711.27

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		2020	2021	2022	2023	2024	2025-2029	2030-2034	2035-2039	2040-2044	2045	Total
Issue												
General Obligation Bonds												
Paid by Tax Levies:												
Series 2019 A Street Bonds \$	30,000.00	\$	45,000.00	\$	45,000.00	\$	50,000.00	\$	330,000.00	\$	-	\$ 1,135,000.00
Series 2019 Temporary	-		400,000.00		-		-		-		-	400,000.00
Paid by Tax Levies and Utility Receipts:												
Series 2016A	360,000.00		370,000.00		380,000.00		385,000.00		1,455,000.00		750,000.00	7,305,000.00
Series 2012A	90,000.00		95,000.00		95,000.00		65,000.00		125,000.00		-	510,000.00
Revenue Bonds												
Series 2015	250,000.00		260,000.00		270,000.00		280,000.00		1,600,000.00		420,000.00	5,260,000.00
State Revolving Loans												
KDHE No. 1961-01	58,035.96		101,134.63		104,016.99		106,981.49		599,016.96		-	1,143,878.19
Capital Leases												
Golf Course Irrigation	16,201.91		16,821.24		-		-		-		-	33,023.15
Case Tractor &	9,633.89		9,877.47		10,124.41		10,377.33		-		-	40,013.10
Bush Hog	32,472.40		33,486.85		34,532.99		35,611.81		76,926.33		-	249,754.70
Fire Truck	59,764.45		61,631.49		63,556.88		-		-		-	184,952.82
Software	13,640.77		14,335.70		15,066.04		16,640.23		26,563.29		-	102,079.63
Golf Course Equipment	4,459.22		4,865.85		5,309.57		5,793.74		-		-	20,428.38
John Deere Excavator												
Total Principal Payments	924,208.60		1,412,153.23		1,022,606.88		954,597.97		4,697,506.58		3,744,661.68	17,765,000.00
												170,000.00
												16,384,129.97
Interest												
General Obligation Bonds												
Paid by Tax Levies:												
Series 2019 A Street Bonds	51,983.00		39,780.00		38,160.00		36,540.00		145,620.00		92,340.00	28,260.00
Series 2019 A Temporary	-		10,629.44		-		-		-		-	467,423.00
Paid by Tax Levies and Utility Receipts:												
Series 2016A	225,280.00		218,080.00		210,690.00		199,280.00		750,850.00		126,000.00	10,629.44
Series 2012A	13,200.00		11,175.00		9,037.50		6,900.00		7,650.00		-	2,695,470.00
Revenue Bonds												
Series 2015	184,100.00		175,350.00		166,250.00		156,800.00		576,625.00		14,700.00	52,912.50
State Revolving Loans												
KDHE No. 1961-01	31,964.04		30,018.83		27,136.47		24,171.97		56,750.43		915.05	1,697,675.00
Capital Leases												
Golf Course Irrigation	1,088.41		469.08		-		-		-		-	192,079.77
Case Tractor &	1,003.07		759.49		512.55		259.44		-		-	1,557.49
Bush Hog	7,492.67		5,432.09		4,353.27		4,353.27		3,003.82		-	2,534.55
Fire Truck	5,273.93		3,406.87		1,481.48		-		-		-	27,875.87
Software	4,850.87		4,155.94		3,425.60		2,658.04		1,174.17		-	10,162.28
Golf Course Equipment	1,862.85		1,456.22		1,012.50		528.33		-		-	18,116.01
John Deere Excavator									-		-	4,859.90
Total Interest Payments	528,098.84		500,712.96		462,059.37		431,491.05		1,541,673.42		864,155.05	319,670.00
												6,800.00
												5,181,295.81
Total Principal and Interest												
\$ 1,452,307.44	\$ 1,912,866.19		\$ 1,484,666.25		\$ 1,386,089.02		\$ 1,344,030.15		\$ 6,239,180.00		\$ 4,608,816.73	\$ 2,084,670.00
												\$ 876,000.00
												\$ 21,565,425.78

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>
2020	\$ 17,290.32
2021	<u>17,290.32</u>
	34,580.64
Less imputed interest	<u>(1,557.49)</u>
Net Present Value of Minimum	
Lease Payments	33,023.15
Less: Current Maturities	<u>(16,201.91)</u>
Long-Term Capital Lease Obligations	<u>\$ 16,821.24</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>
2020	\$ 10,636.96
2021	10,636.96
2022	10,636.96
2023	<u>10,636.77</u>
	42,547.65
Less imputed interest	<u>(2,534.55)</u>
Net Present Value of Minimum	
Lease Payments	40,013.10
Less: Current Maturities	<u>(9,633.89)</u>
Long-Term Capital Lease Obligations	<u>\$ 30,379.21</u>

The City has entered into a capital lease agreement in order to finance the acquisition of a Fire Truck. Payments are made twice a year, including interest at approximately 3.10%. Final maturity of the lease is October 1, 2026. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2020	\$ 39,965.07
2021	38,918.94
2022	38,886.26
2023	39,965.08
2024	39,965.07
2025-2026	<u>79,930.15</u>
	277,630.57
Less imputed interest	<u>(27,875.87)</u>
Net Present Value of Minimum	
Lease Payments	249,754.70
Less: Current Maturities	<u>(32,472.40)</u>
Long-Term Capital Lease Obligations	<u>\$ 217,282.30</u>

5. **CAPITAL LEASE OBLIGATIONS** (Continued)

The City has entered into a capital lease agreement in order to finance the acquisition of Software. Payments are made twice a year, including interest at approximately 3.10%. Final maturity of the lease is October 1, 2022. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2020	\$ 65,038.38
2021	65,038.36
2022	<u>65,038.36</u>
	195,115.10
Less imputed interest	<u>(10,162.28)</u>
Net Present Value of Minimum	
Lease Payments	184,952.82
Less: Current Maturities	<u>(59,764.45)</u>
Long-Term Capital Lease Obligations	<u>\$ 125,188.37</u>

The City has entered into a capital lease agreement in order to finance the acquisition of the golf course equipment. Payments are made quarterly, including interest at 5.00%. Final maturity of the lease is May 1, 2026. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2020	\$ 18,491.64
2021	18,491.64
2022	18,491.64
2023	18,491.64
2024	18,491.64
2025-2026	<u>27,737.46</u>
	120,195.64
Less imputed interest	<u>(18,116.01)</u>
Net Present Value of Minimum	
Lease Payments	102,079.63
Less: Current Maturities	<u>(13,640.77)</u>
Long-Term Capital Lease Obligations	<u>\$ 88,438.86</u>

The City has entered into a capital lease agreement in order to finance the acquisition of a John Deere excavator. Payments are made annually, including interest at 9.12%. Final maturity of the lease is August 9, 2023. Future minimum lease payments are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2020	\$ 6,322.07
2021	6,322.07
2022	6,322.07
2023	<u>6,322.07</u>
	25,288.28
Less imputed interest	<u>(4,859.90)</u>
Net Present Value of Minimum	
Lease Payments	20,428.38
Less: Current Maturities	<u>(4,459.22)</u>
Long-Term Capital Lease Obligations	<u>\$ 15,969.16</u>

6. OPERATING LEASES

As of December 31, 2019 the City has entered into a number of operating leases for equipment. Rent expense for the year ended December 31, 2019, was \$28,187.96. Under the current lease agreements, the future minimum rental payments are as follows:

2020	\$ 8,400.96
2021	6,380.80
2022	4,665.36
2023	3,767.19
2024	1,562.82

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, 2017. Effective January 1, 2017, 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 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for the fiscal year ended December 31, 2019. Contributions to the pension plan from the City were \$242,270.75 for the year ended December 31, 2019.

Net Pension Liability

At December 31, 2019, The City's proportionate share of the collective net pension liability reported by KPERS was \$1,979,308.00. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2019. 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.

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 12/31/19</u>	<u>ESTIMATED COMPLETION</u>
Electric Generation Project	\$ 6,239,987.93	\$ 6,239,987.93	Complete

9. **OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS**

Death and Disability Other Post-Employment Benefits

As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2019.

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.

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 \$150,370.63 and compensatory time was \$20,663.29. In accordance with the above criteria, the City has not recorded a liability for sick pay, inasmuch as the amount cannot be reasonably estimated.

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

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.

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 2019, sales to Miami County Rural Water District No. 1 accounted for 5.12% of the water sold and sales to Miami County Rural Water District No. 3 accounted for 27.66% 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	\$ 424,359.00
Water Utility	General	K.S.A. 12-825d	173,721.00
Sewer Utility	General	K.S.A. 12-825d	164,596.00
Electric Utility	Employee Benefits	K.S.A. 12-16,102	87,636.00
Sewer Utility	Employee Benefits	K.S.A. 12-16,102	48,445.00
Water Utility	Employee Benefits	K.S.A. 12-16,102	63,368.00
Electric Utility	Special Parks and Recreation	K.S.A. 12-825d	20,000.00
Electric Utility	Tourism	K.S.A. 12-825d	10,000.00
Electric Utility	Golf Course	K.S.A. 12-825d	75,000.00
Electric Utility	Capital Improvements General	K.S.A. 12-1,118	115,000.00
Water Utility	Capital Improvements Water	K.S.A. 12-1,118	75,000.00
Sewer Utility	Capital Improvements Sewer	K.S.A. 12-1,118	50,000.00
Street Improvements	Capital Improvements Street	K.S.A. 12-1,118	95,000.00
Electric Utility	Capital Improvements Special Projects	K.S.A. 12-1,118	25,000.00
Electric Utility	Public Safety Equipment	K.S.A. 12-1,117	10,000.00
Electric Utility	Electric Generation Bond Account	K.S.A. 12-1,118	100,000.00
Electric Utility	Electric Utility Debt Service	K.S.A. 13-1270	432,501.33
Sewer Utility	General Obligation Bond and Interest	K.S.A. 13-1270	320,800.00
Water Utility	General Obligation Bond and Interest	K.S.A. 13-1270	126,500.00

13. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statement. However, in December 2019, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." The U.S. government has implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The extent of the impact of the COVID-19 on the City's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of the COVID-19. Currently the City is experiencing significant declines in sale tax collections, tourism tax collections, utility collections, and overall receipts. Our results of operations for full year 2020 may be materially adversely affected.

SUPPLEMENTARY INFORMATION

CITY OF OSAWATOMIE, KANSAS
Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)
Regulatory Basis
For the Year Ended December 31, 2019

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures	
				Charged to Current Year Budget	Variance - Over (Under)
General Fund	\$ 2,794,958.00	\$ 16,273.71	\$ 2,811,231.71	\$ 2,739,967.60	\$ (71,264.11)
Special Purpose Funds:					
Industrial	150,900.00	-	150,900.00	240,610.08	89,710.08
Library	122,500.00	-	122,500.00	14,080.05	(108,419.95)
Recreation	500.00	-	500.00	-	(500.00)
Recreation Employee Benefits	200.00	-	200.00	-	(200.00)
Employee Benefits	885,041.00	-	885,041.00	707,660.50	(177,380.50)
Special Parks and Recreation	47,290.00	-	47,290.00	17,290.32	(29,999.68)
Tourism	77,775.00	-	77,775.00	31,283.53	(46,491.47)
911	9,897.00	-	9,897.00	-	(9,897.00)
Street Improvement	180,000.00	-	180,000.00	164,981.03	(15,018.97)
Golf Course	305,079.00	-	305,079.00	276,509.74	(28,569.26)
Public Safety Equipment	171,084.00	-	171,084.00	156,016.20	(15,067.80)
Bond and Interest Fund:					
General Obligation Bond and Interest	1,007,780.00	-	1,007,780.00	881,767.50	(126,012.50)
Business Funds:					
Electric Utility	4,233,605.00	4,455.18	4,238,060.18	3,750,589.68	(487,470.50)
Electric Utility Debt Service	442,500.00	-	442,500.00	432,501.25	(9,998.75)
Water Utility	1,059,585.00	-	1,059,585.00	1,046,476.91	(13,108.09)
Refuse Utility	430,000.00	-	430,000.00	5,051.77	(424,948.23)
Sewer Utility	1,013,313.00	-	1,013,313.00	953,991.14	(59,321.86)

CITY OF OSAWATOMIE, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 616,815.34	\$ 636,229.92	\$ 683,020.00	\$ (46,790.08)
Delinquent Tax	28,352.43	26,900.30	17,000.00	9,900.30
Motor Vehicle Tax	65,362.53	71,266.87	69,640.00	1,626.87
Recreational Vehicle Tax	898.05	1,172.33	1,035.00	137.33
16/20M Vehicle Tax	52.52	454.96	270.00	184.96
Commercial Vehicle Tax	818.84	633.99	780.00	(146.01)
Watercraft Tax	-	-	190.00	(190.00)
Special Assessments	200.00	3,252.27	-	3,252.27
Sales Tax	739,380.82	751,910.08	727,000.00	24,910.08
Franchise Taxes	116,263.65	109,902.35	104,200.00	5,702.35
Intergovernmental				
Local Alcoholic Liquor Tax	7,592.04	3,868.32	5,016.00	(1,147.68)
Grant Proceeds	50,578.88	23,157.04	21,000.00	2,157.04
Licenses and Permits	21,516.52	26,059.00	21,340.00	4,719.00
Charges for Services				
Sale of Cemetery Lots	3,645.00	2,230.00	7,000.00	(4,770.00)
Cemetery Charges	12,772.50	38,895.00	30,000.00	8,895.00
Auditorium Rent	2,820.00	4,345.00	3,000.00	1,345.00
Memorial Hall Rent	3,845.00	4,315.00	4,000.00	315.00
Technology Fees	-	-	1,200.00	(1,200.00)
Animal Control	9,679.00	7,676.90	7,000.00	676.90
Drug Screening	320.00	-	1,000.00	(1,000.00)
Probation	922.50	-	1,500.00	(1,500.00)
Assigned Counsel	5,548.50	6,566.60	5,000.00	1,566.60
Fines, Forfeitures and Penalties				
Fines	160,352.06	128,724.03	160,000.00	(31,275.97)
Use of Money and Property				
Interest Income	16,866.66	28,969.36	12,000.00	16,969.36
Sales of Equipment and Property	-	5.00	-	5.00
Other Receipts				
Miscellaneous	12,013.42	4,235.88	2,400.00	1,835.88
Reimbursed Expense	104,064.23	16,273.71	38,000.00	(21,726.29)
Operating Transfers from:				
Electric Utility Fund	338,340.00	424,359.00	641,238.00	(216,879.00)
Water Utility Fund	155,297.00	173,721.00	49,000.00	124,721.00
Sewer Utility Fund	144,879.00	164,596.00	43,000.00	121,596.00
Total Receipts	2,619,196.49	2,659,719.91	\$ 2,655,829.00	\$ 3,890.91

CITY OF OSAWATOMIE, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures				
General Administration				
Personal Services	\$ 373,819.02	\$ 431,330.48	\$ 388,311.00	\$ 43,019.48
Contractual Services	142,062.22	162,672.50	165,117.00	(2,444.50)
Commodities	25,864.91	19,249.66	18,250.00	999.66
Capital Outlay	10,065.79	10,754.45	12,000.00	(1,245.55)
Other Expenses	6,612.64	6,465.40	6,400.00	65.40
Code Enforcement				
Personal Services	78,583.57	98,184.52	98,649.00	(464.48)
Contractual Services	17,157.14	61,897.61	77,247.00	(15,349.39)
Commodities	8,603.85	14,937.84	7,950.00	6,987.84
Capital Outlay	816.78	918.73	1,100.00	(181.27)
Police and Fire				
Personal Services	897,332.33	901,447.04	884,388.00	17,059.04
Contractual Services	100,612.61	103,597.65	103,885.00	(287.35)
Commodities	74,934.48	59,831.79	66,316.00	(6,484.21)
Capital Outlay	8,254.57	6,235.77	3,000.00	3,235.77
John Brown Cabin				
Personal Services	27,769.44	29,317.20	28,793.00	524.20
Contractual Services	7,691.63	7,294.27	8,411.00	(1,116.73)
Commodities	90.04	101.66	200.00	(98.34)
Capital Outlay	-	35.00	1,000.00	(965.00)
Streets and Alleys				
Personal Services	126,098.18	110,873.38	131,654.00	(20,780.62)
Contractual Services	33,782.11	28,636.19	25,316.00	3,320.19
Commodities	35,255.53	33,929.41	45,200.00	(11,270.59)
Capital Outlay	9,473.55	25,180.67	6,333.00	18,847.67
Property & Maintenance				
Personal Services	204,363.52	200,784.25	210,353.00	(9,568.75)
Contractual Services	39,231.49	37,719.73	45,409.00	(7,689.27)
Commodities	37,030.79	32,060.36	42,400.00	(10,339.64)
Capital Outlay	19,497.95	17,224.94	17,000.00	224.94

CITY OF OSAWATOMIE, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Municipal Court Services				
Personal Services	\$ 46,903.24	\$ 41,630.19	\$ 37,567.00	\$ 4,063.19
Contractual Services	120,882.94	101,872.81	129,487.00	(27,614.19)
Commodities	349.47	1,017.12	1,650.00	(632.88)
Capital Outlay	20.98	388.98	1,500.00	(1,111.02)
Other Expenses	13,163.50	14,833.25	18,000.00	(3,166.75)
Levees and Stormwater				
Contractual Services	6,160.00	13,068.38	2,823.00	10,245.38
Commodities	6,287.96	8,237.97	4,000.00	4,237.97
Lease Purchase - Tractor and Bush Hog	10,636.96	10,636.96	10,637.00	(0.04)
Library				
Personal Services	98,117.44	99,935.15	96,508.00	3,427.15
Contractual Services	24,418.14	23,773.75	23,106.00	667.75
Commodities	25,636.54	23,236.10	22,498.00	738.10
Capital Outlay	747.47	656.44	2,500.00	(1,843.56)
Other				
Cash Basis Reserve	-	-	50,000.00	(50,000.00)
Total Certified Budget			2,794,958.00	(54,990.40)
Adjustments for Qualifying Budget Credits			16,273.71	(16,273.71)
Total Expenditures	2,638,328.78	2,739,967.60	\$ 2,811,231.71	\$ (71,264.11)
Receipts Over(Under) Expenditures	(19,132.29)	(80,247.69)		
Unencumbered Cash, Beginning	359,414.51	340,282.22		
Unencumbered Cash, Ending	\$ 340,282.22	\$ 260,034.53		

CITY OF OSAWATOMIE, KANSAS
INDUSTRIAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Tax	\$ 2,096.33	\$ 4,330.16	\$ 4,330.00	\$ 0.16
Delinquent Tax	54.48	75.12	59.00	16.12
Motor Vehicle Tax	180.85	242.13	237.00	5.13
Recreational Vehicle Tax	2.56	4.01	4.00	0.01
16/20M Vehicle Tax	-	0.67	1.00	(0.33)
Commercial Vehicle Tax	2.59	2.16	3.00	(0.84)
Watercraft Tax	-	-	1.00	(1.00)
Use of Money and Property				
Rental Income	12,000.00	52,668.71	93,400.00	(40,731.29)
Sale of Assets	-	56,449.12	56,449.00	0.12
Other Receipts				
Reimbursed Expense	5,460.00	5,460.00	5,460.00	-
Insurance Claim	-	-	45,000.00	(45,000.00)
Miscellaneous	16,510.00	14,893.60	-	14,893.60
Total Receipts	36,306.81	134,125.68	\$ 204,944.00	\$ (70,818.32)
Expenditures				
General Government				
Contractual Services	20,878.05	85,334.45	\$ 57,000.00	\$ 28,334.45
Commodities	-	525.00	10,000.00	(9,475.00)
Lease Purchase - Grocery				
Store Equipment	4,916.66	154,750.63	83,900.00	70,850.63
Total Expenditures	25,794.71	240,610.08	\$ 150,900.00	\$ 89,710.08
Receipts Over(Under) Expenditures	10,512.10	(106,484.40)		
Unencumbered Cash, Beginning	91,669.73	102,181.83		
Unencumbered Cash, Ending	\$ 102,181.83	\$ (4,302.57)		

CITY OF OSAWATOMIE, KANSAS
LIBRARY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental				
Grant Proceeds	\$ 11,288.70	\$ 10,040.00	\$ 10,000.00	\$ 40.00
Use of Money and Property				
Interest Income	490.87	743.27	600.00	143.27
Other Receipts				
Donations	5,674.64	2,305.35	2,000.00	305.35
Total Receipts	17,454.21	13,088.62	\$ 12,600.00	\$ 488.62
Expenditures				
Culture and Recreation				
Contractual Services	2,028.64	1,432.22	\$ 2,500.00	\$ (1,067.78)
Commodities	14,445.79	9,397.83	10,000.00	(602.17)
Capital Outlay	39,483.50	3,250.00	110,000.00	(106,750.00)
Total Expenditures	55,957.93	14,080.05	\$ 122,500.00	\$ (108,419.95)
Receipts Over(Under) Expenditures	(38,503.72)	(991.43)		
Unencumbered Cash, Beginning	142,919.70	104,415.98		
Unencumbered Cash, Ending	\$ 104,415.98	\$ 103,424.55		

CITY OF OSAWATOMIE, KANSAS
RECREATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Delinquent Tax	\$ 18.27	\$ -	\$ 500.00	\$ (500.00)
Total Receipts	18.27	-	\$ 500.00	\$ (500.00)
Expenditures				
Culture and Recreation				
Operating Transfers to				
Special Parks and				
Recreation Fund	18.27	-	\$ 500.00	\$ (500.00)
Total Expenditures	18.27	-	\$ 500.00	\$ (500.00)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

CITY OF OSAWATOMIE, KANSAS
RECREATION EMPLOYEE BENEFITS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Delinquent Tax	\$ 2.28	\$ -	\$ 200.00	\$ (200.00)
Total Receipts	2.28	-	\$ 200.00	\$ (200.00)
Expenditures				
Culture and Recreation				
Operating Transfer to				
Employee Benefits Fund	2.28	-	\$ 200.00	\$ (200.00)
Total Expenditures	2.28	-	\$ 200.00	\$ (200.00)
Receipts Over(Under) Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ -		

CITY OF OSAWATOMIE, KANSAS
EMPLOYEE BENEFITS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 474,329.36	\$ 467,053.93	\$ 501,413.00	\$ (34,359.07)
Delinquent Tax	25,658.23	22,973.39	17,000.00	5,973.39
Motor Vehicle Tax	58,848.63	54,800.64	53,549.00	1,251.64
Recreational Vehicle Tax	805.85	901.48	797.00	104.48
16/20M Vehicle Tax	52.82	418.82	208.00	210.82
Commercial Vehicle Tax	724.31	487.52	600.00	(112.48)
Watercraft Tax	-	-	147.00	(147.00)
Other Receipts				
Reimbursed Expense	-	10,139.48	215,334.00	(205,194.52)
Operating Transfers from:				
Electric Utility Fund	93,593.00	87,636.00	-	87,636.00
Sewer Utility Fund	36,197.00	48,445.00	-	48,445.00
Water Utility Fund	56,563.00	63,368.00	-	63,368.00
Recreation Employee Benefits Fund	2.28	-	200.00	(200.00)
Total Receipts	746,774.48	756,224.26	\$ 789,248.00	\$ (33,023.74)
Expenditures				
General Government				
Personal Services	684,923.26	700,348.28	\$ 780,041.00	\$ (79,692.72)
Contractual Services	26,137.34	7,312.22	25,000.00	(17,687.78)
Other				
Cash Basis Reserve	-	-	80,000.00	(80,000.00)
Total Expenditures	711,060.60	707,660.50	\$ 885,041.00	\$ (177,380.50)
Receipts Over(Under) Expenditures	35,713.88	48,563.76		
Unencumbered Cash, Beginning	167,293.43	203,007.31		
Unencumbered Cash, Ending	\$ 203,007.31	\$ 251,571.07		

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, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Local Alcoholic Liquor Tax	\$ 7,592.04	\$ 3,868.31	\$ 5,016.00	\$ (1,147.69)
Other Receipts				
Miscellaneous	250.00	-	-	-
Donations	500.00	250.00	-	250.00
Operating Transfers from:				
Recreation Fund	18.27	-	500.00	(500.00)
Electric Utility Fund	20,000.00	20,000.00	20,000.00	-
Total Receipts	28,360.31	24,118.31	\$ 25,516.00	\$ (1,397.69)
Expenditures				
Culture and Recreation				
Facilities				
Capital Outlay	58,734.02	-	\$ 20,000.00	\$ (20,000.00)
Debt Retirement				
Principal	15,266.74	15,640.84	15,714.00	(73.16)
Interest	2,023.38	1,649.48	1,576.00	73.48
Other				
Cash basis Reserve	-	-	10,000.00	(10,000.00)
Total Expenditures	76,024.14	17,290.32	\$ 47,290.00	\$ (20,000.00)
Receipts Over(Under) Expenditures	(47,663.83)	6,827.99		
Unencumbered Cash, Beginning	82,338.03	34,674.20		
Unencumbered Cash, Ending	\$ 34,674.20	\$ 41,502.19		

CITY OF OSAWATOMIE, KANSAS
TOURISM FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Transient Guest Tax	\$ 16,880.04	\$ 11,182.44	\$ 18,000.00	\$ (6,817.56)
Charges for Services				
Rental Income	250.00	50.00	-	50.00
Sponsorship Income	11,825.00	16,920.00	16,000.00	920.00
Entry Fees	-	450.00	-	450.00
Other Receipts				
Donations	1,709.00	1,909.30	2,750.00	(840.70)
Miscellaneous	210.12	212.00	250.00	(38.00)
Operating Transfers from				
Electric Utility Fund	10,000.00	10,000.00	10,000.00	-
Total Receipts	40,874.16	40,723.74	\$ 47,000.00	\$ (6,276.26)
Expenditures				
General Government				
Contractual Services	11,853.52	25,414.95	\$ 37,475.00	\$ (12,060.05)
Commodities	13,802.99	5,868.58	14,300.00	(8,431.42)
Capital Outlay	3,906.03	-	-	-
Other				
Cash Basis Reserve	-	-	26,000.00	(26,000.00)
Total Expenditures	29,562.54	31,283.53	\$ 77,775.00	\$ (46,491.47)
Receipts Over(Under) Expenditures	11,311.62	9,440.21		
Unencumbered Cash, Beginning	35,772.24	47,083.86		
Unencumbered Cash, Ending	\$ 47,083.86	\$ 56,524.07		

CITY OF OSAWATOMIE, KANSAS
911 FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	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, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Motor Fuel Tax	\$ 117,076.69	\$ 117,274.43	\$ 116,800.00	\$ 474.43
Intergovernmental				
County Connecting Links	5,100.00	5,100.00	5,100.00	-
Total Receipts	122,176.69	122,374.43	\$ 121,900.00	\$ 474.43
Expenditures				
Street Improvements				
Capital Outlay	63,372.62	69,981.03	\$ 115,000.00	\$ (45,018.97)
Debt Service				
Capital Lease	-	-	15,000.00	(15,000.00)
Operating Transfer to				
Capital Improvements				
Street Fund	-	95,000.00	-	95,000.00
Other				
Cash Basis Reserve	-	-	50,000.00	(50,000.00)
Total Expenditures	63,372.62	164,981.03	\$ 180,000.00	\$ (15,018.97)
Receipts Over(Under) Expenditures	58,804.07	(42,606.60)		
Unencumbered Cash, Beginning	184,943.24	243,747.31		
Unencumbered Cash, Ending	\$ 243,747.31	\$ 201,140.71		

CITY OF OSAWATOMIE, KANSAS
GOLF COURSE FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Golf Course Sheds	\$ 3,106.67	\$ 1,820.00	\$ -	\$ 1,820.00
Membership Fees	54,708.08	12,439.00	36,000.00	(23,561.00)
Green Fees	62,454.40	53,088.75	81,300.00	(28,211.25)
Golf Cart Fees	49,846.36	33,393.88	45,300.00	(11,906.12)
Sales Tax	9,358.78	8,856.03	8,100.00	756.03
Driving Range	4,180.28	4,463.12	-	4,463.12
Concessions	39,221.24	39,072.96	44,200.00	(5,127.04)
Tournaments	27,633.94	21,847.88	-	21,847.88
Pro Shop	7,315.22	7,766.46	5,000.00	2,766.46
Other Fees	3,486.09	3,131.35	-	3,131.35
Other Receipts				
Miscellaneous	304.06	365.14	1,500.00	(1,134.86)
Operating Transfers from Electric Utility Fund	70,000.00	75,000.00	70,000.00	5,000.00
Total Receipts	331,615.12	261,244.57	\$ 291,400.00	\$ (30,155.43)
Expenditures				
Culture and Recreation				
Personal Services	145,046.96	126,918.81	\$ 130,736.00	\$ (3,817.19)
Contractual Services	98,639.26	59,351.09	105,088.00	(45,736.91)
Commodities	81,141.12	75,534.02	48,795.00	26,739.02
Capital Outlay	729.40	-	-	-
Debt Service				
Principal	-	12,030.37	5,460.00	6,570.37
Interest	-	2,675.45	-	2,675.45
Other				
Cash Basis Reserve	-	-	15,000.00	(15,000.00)
Total Expenditures	325,556.74	276,509.74	\$ 305,079.00	\$ (28,569.26)
Receipts Over(Under) Expenditures	6,058.38	(15,265.17)		
Unencumbered Cash, Beginning	11,035.48	17,093.86		
Unencumbered Cash, Ending	\$ 17,093.86	\$ 1,828.69		

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

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Operating Transfers from Electric Utility Fund	\$ 140,000.00	\$ 115,000.00
Total Receipts	<u>140,000.00</u>	<u>115,000.00</u>
Expenditures		
Capital Projects		
Capital Outlay	58,573.40	97,968.18
Lease Purchase - Land	<u>40,000.00</u>	<u>40,000.00</u>
Total Expenditures	<u>98,573.40</u>	<u>137,968.18</u>
Receipts Over(Under) Expenditures	41,426.60	(22,968.18)
Unencumbered Cash, Beginning	<u>132,645.97</u>	<u>174,072.57</u>
Unencumbered Cash, Ending	<u>\$ 174,072.57</u>	<u>\$ 151,104.39</u>

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS WATER FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year Actual
Receipts		
Operating Transfers From Water Utility Fund	\$ -	\$ 75,000.00
Total Receipts	-	75,000.00
Expenditures		
Capital Projects Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	-	75,000.00
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 75,000.00

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS SEWER FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Use of Money and Property		
Temporary Notes Proceeds	\$ -	\$ 400,000.00
Operating Transfers From		
Sewer Utility Fund	<u>20,022.00</u>	<u>50,000.00</u>
Total Receipts	<u>20,022.00</u>	<u>450,000.00</u>
Expenditures		
Capital Projects		
Capital Outlay	<u>24,022.00</u>	<u>308,705.39</u>
Total Expenditures	<u>24,022.00</u>	<u>308,705.39</u>
Receipts Over(Under) Expenditures	(4,000.00)	141,294.61
Unencumbered Cash, Beginning	<u>4,000.00</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 141,294.61</u>

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

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Taxes and Shared Receipt		
Sales Tax	\$ 500,000.00	\$ -
Intergovernmental		
Federal Grants - CDBG	400,000.00	-
Operating Transfer from		
Street Improvement Fund	-	95,000.00
Total Receipts	<u>900,000.00</u>	<u>95,000.00</u>
Expenditures		
Capital Projects		
Capital Outlay	1,823,970.94	264,251.88
Debt Services		
Bond Principal	-	520,000.00
Operating Transfers to		
Capital Improvement		
Grants Fund	35,000.00	-
Total Expenditures	<u>1,858,970.94</u>	<u>784,251.88</u>
Receipts Over(Under) Expenditures	(958,970.94)	(689,251.88)
Unencumbered Cash, Beginning	<u>1,730,623.32</u>	<u>771,652.38</u>
Unencumbered Cash, Ending	<u>\$ 771,652.38</u>	<u>\$ 82,400.50</u>

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS GRANT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Operating Transfers From:		
Capital Improvements		
Street Fund	\$ 35,000.00	\$ -
Total Receipts	<u>35,000.00</u>	<u>-</u>
Expenditures		
Capital Projects		
Capital Outlay	<u>279,591.71</u>	<u>20,874.63</u>
Total Expenditures	<u>279,591.71</u>	<u>20,874.63</u>
Receipts Over(Under) Expenditures	(244,591.71)	(20,874.63)
Unencumbered Cash, Beginning	<u>269,023.13</u>	<u>24,431.42</u>
Unencumbered Cash, Ending	<u>\$ 24,431.42</u>	<u>\$ 3,556.79</u>

CITY OF OSAWATOMIE, KANSAS
CAPITAL IMPROVEMENTS SPECIAL PROJECTS FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Intergovernmental		
Grant Proceeds	\$ -	\$ 166,666.00
Operating Transfers From:		
Electric Utility Fund	-	25,000.00
	<u>-</u>	<u>25,000.00</u>
Total Receipts	<u>-</u>	<u>191,666.00</u>
Expenditures		
Capital Projects		
Capital Outlay	-	177,232.73
	<u>-</u>	<u>177,232.73</u>
Total Expenditures	<u>-</u>	<u>177,232.73</u>
Receipts Over(Under) Expenditures	-	14,433.27
Unencumbered Cash, Beginning	-	-
	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 14,433.27</u>

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

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Charges for Services		
Technology Fees	\$ 28,784.76	\$ 36,145.06
Use of Money and Property		
Loan Proceeds	239,334.88	-
Total Receipts	<u>268,119.64</u>	<u>36,145.06</u>
Expenditures		
Capital Projects		
Capital Outlay	142,496.14	126,144.46
Total Expenditures	<u>142,496.14</u>	<u>126,144.46</u>
Receipts Over(Under) Expenditures	125,623.50	(89,999.40)
Unencumbered Cash, Beginning	<u>-</u>	<u>125,623.50</u>
Unencumbered Cash, Ending	<u>\$ 125,623.50</u>	<u>\$ 35,624.10</u>

CITY OF OSAWATOMIE, KANSAS
PUBLIC SAFETY EQUIPMENT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Receipt				
Ad Valorem Tax	\$ 18,615.27	\$ 21,628.39	\$ 21,699.00	\$ (70.61)
Delinquent Tax	535.98	617.55	519.00	98.55
Motor Vehicle Tax	1,807.00	2,151.23	1,964.00	187.23
Recreational Vehicle Tax	25.52	35.41	31.00	4.41
16/20M Vehicle Tax	-	7.55	8.00	(0.45)
Commercial Vehicle Tax	25.90	18.71	24.00	(5.29)
Watercraft Tax	-	-	6.00	(6.00)
Sales Tax	-	66,619.33	62,500.00	4,119.33
Intergovernmental				
Grant Receipts	1,447.53	19,049.97	19,050.00	(0.03)
Use of Money and Property				
Loan Proceeds	277,107.76	-	-	-
Other Receipts				
Miscellaneous	3,960.00	3,960.00	-	3,960.00
Reimbursed Expense	-	-	3,960.00	(3,960.00)
Operating Transfers From:				
Electric Utility Fund	40,000.00	10,000.00	20,000.00	(10,000.00)
Total Receipts	343,524.96	124,088.14	\$ 129,761.00	\$ (5,672.86)
Expenditures				
General Government				
Contractual	6,673.92	7,041.72	\$ -	\$ 7,041.72
Commodities	10,313.47	2,619.99	12,800.00	(10,180.01)
Capital Outlay	260,570.54	106,389.24	89,319.00	17,070.24
Debt Services				
Principal	-	31,470.36	27,353.00	4,117.36
Interest	-	8,494.89	12,612.00	(4,117.11)
Operating Transfer to				
Capital Improvements Technology	-	-	29,000.00	(29,000.00)
Total Expenditures	277,557.93	156,016.20	\$ 171,084.00	\$ (15,067.80)
Receipts Over(Under) Expenditures	65,967.03	(31,928.06)		
Unencumbered Cash, Beginning	22,442.51	88,409.54		
Unencumbered Cash, Ending	\$ 88,409.54	\$ 56,481.48		

CITY OF OSAWATOMIE, KANSAS
ELECTRIC GENERATION BOND ACCOUNT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	<u>Prior Year Actual</u>	<u>Current Year Actual</u>
Receipts		
Use of Money and Property		
Interest	\$ 13,407.20	\$ 1,943.74
Operating Transfer from		
Electric Utility Fund	-	100,000.00
Total Receipts	<u>13,407.20</u>	<u>101,943.74</u>
Expenditures		
Capital Projects		
Capital Outlay	<u>772,256.61</u>	<u>270,265.57</u>
Total Expenditures	<u>772,256.61</u>	<u>270,265.57</u>
Receipts Over(Under) Expenditures	(758,849.41)	(168,321.83)
Unencumbered Cash, Beginning	<u>951,634.80</u>	<u>192,785.39</u>
Unencumbered Cash, Ending	<u>\$ 192,785.39</u>	<u>\$ 24,463.56</u>

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, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

		Current Year		Variance -
	Prior Year Actual	Actual	Budget	Over (Under)
Receipts				
Taxes and Shared Receipt				
Ad Valorem Property Tax	\$ 332,263.46	\$ 360,019.95	\$ 386,505.00	\$ (26,485.05)
Delinquent Tax	13,966.40	13,995.06	11,000.00	2,995.06
Motor Vehicle Tax	32,734.56	38,390.36	37,513.00	877.36
Recreational Vehicle Tax	449.89	631.53	558.00	73.53
16/20M Vehicle Tax	25.74	227.41	145.00	82.41
Commercial Vehicle Tax	410.65	341.53	421.00	(79.47)
Watercraft Tax	-	-	103.00	(103.00)
Operating Transfers from:				
Sewer Utility Fund	322,300.00	320,800.00	320,800.00	-
Water Utility Fund	127,500.00	126,500.00	126,500.00	-
Total Receipts	829,650.70	860,905.84	\$ 883,545.00	\$ (22,639.16)
Expenditures				
Debt Service				
Bond Principal	560,000.00	630,687.50	\$ 580,000.00	\$ 50,687.50
Bond Interest	261,280.00	250,080.00	247,780.00	2,300.00
Commissions and Postage	1,000.00	1,000.00	-	1,000.00
Other				
Cash Basis Reserve	-	-	180,000.00	(180,000.00)
Total Expenditures	822,280.00	881,767.50	\$ 1,007,780.00	\$ (126,012.50)
Receipts Over(Under) Expenditures	7,370.70	(20,861.66)		
Unencumbered Cash, Beginning	193,896.28	201,266.98		
Unencumbered Cash, Ending	\$ 201,266.98	\$ 180,405.32		

CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Electric Charges	\$ 3,634,191.24	\$ 3,508,534.96	\$ 3,511,349.00	\$ (2,814.04)
Sales Tax	124,630.01	123,017.20	115,453.00	7,564.20
Utility Deposits	63,350.00	5,685.75	55,000.00	(49,314.25)
Late Fees	104,875.31	79,839.17	126,045.00	(46,205.83)
Other Charges	15,397.98	22,777.99	158,000.00	(135,222.01)
Use of Money and Property				
Interest Income	1,026.71	2,888.80	-	2,888.80
Other Receipts				
Miscellaneous	3,026.97	1,646.73	52,552.00	(50,905.27)
Reimbursed Expense	3,251.24	4,455.18	-	4,455.18
Total Receipts	3,949,749.46	3,748,845.78	\$ 4,018,399.00	\$ (269,553.22)
Expenditures				
Administration				
Personal Services	26,191.50	10,701.46	\$ 26,605.00	\$ (15,903.54)
Contractual Services	286,013.53	265,304.89	261,675.00	3,629.89
Commodities	-	5,124.18	1,700.00	3,424.18
Capital Outlay	-	861.62	25,000.00	(24,138.38)
Electric Production				
Personal Services	103,443.72	93,618.25	98,264.00	(4,645.75)
Contractual Services	1,884,000.59	1,544,763.83	1,838,763.90	(294,000.07)
Commodities	37,149.94	48,814.52	39,800.00	9,014.52
Electric Distribution				
Personal Services	330,375.63	273,126.47	349,201.00	(76,074.53)
Contractual Services	32,275.58	48,448.86	37,168.00	11,280.86
Commodities	76,159.40	71,660.92	30,300.00	41,360.92
Capital Outlay	58,620.25	88,668.35	183,000.00	(94,331.65)

CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to:				
General Fund	\$ 338,340.00	\$ 424,359.00	\$ 441,895.00	\$ (17,536.00)
Electric Utility Debt				
Service Fund	435,725.04	432,501.33	432,500.00	1.33
Electric Generation				
Bond Account Fund	-	100,000.00	-	100,000.00
Golf Course Fund	70,000.00	75,000.00	70,000.00	5,000.00
Special Parks and				
Recreation Fund	20,000.00	20,000.00	20,000.00	-
Employee Benefits Fund	93,593.00	87,636.00	107,733.00	(20,097.00)
Capital Improvements				
General Fund	140,000.00	115,000.00	140,000.00	(25,000.00)
Capital Improvements				
Special Projects	-	25,000.00	-	25,000.00
Tourism Fund	10,000.00	10,000.00	10,000.00	-
Public Safety Equipment Fund	40,000.00	10,000.00	20,000.00	(10,000.00)
Other				
Cash Basis Reserve	-	-	100,000.00	(100,000.00)
Total Certified Budget			4,233,605.00	(483,015.22)
Adjustments for Qualifying				
Budget Credits			4,455.18	(4,455.18)
Total Expenditures	3,981,888.18	3,750,589.68	\$ 4,238,060.18	\$ (487,470.40)
Receipts Over(Under) Expenditures	(32,138.72)	(1,743.90)		
Unencumbered Cash, Beginning	322,187.86	290,049.14		
Unencumbered Cash, Ending	\$ 290,049.14	\$ 288,305.24		

CITY OF OSAWATOMIE, KANSAS
ELECTRIC UTILITY DEBT SERVICE FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Operating Transfers From Electric Utility Fund	\$ 435,725.04	\$ 432,501.33	\$ 432,500.00	\$ 1.33
Total Receipts	435,725.04	432,501.33	\$ 432,500.00	\$ 1.33
Expenditures				
Debt Service				
Bond Principal	235,000.00	240,000.00	\$ 240,000.00	\$ -
Bond Interest	200,725.00	192,500.00	192,500.00	-
Commissions and Postage	1.25	1.25	-	1.25
Other				
Cash Basis Reserve	-	-	10,000.00	(10,000.00)
Total Expenditures	435,726.25	432,501.25	\$ 442,500.00	\$ (9,998.75)
Receipts Over(Under) Expenditures	(1.21)	0.08		
Unencumbered Cash, Beginning	149,989.60	149,988.39		
Unencumbered Cash, Ending	\$ 149,988.39	\$ 149,988.47		

CITY OF OSAWATOMIE, KANSAS
WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Water Sales	\$ 1,021,760.33	\$ 967,821.47	\$ 956,500.00	\$ 11,321.47
Sales Tax	-	69.38	-	69.38
Late Fees	-	8,481.33	-	8,481.33
Other Charges	3,116.86	8,667.49	3,500.00	5,167.49
Use of Money and Property				
Rental Income	22,913.50	17,748.10	22,331.00	(4,582.90)
Other Receipts				
Reimbursed Expense	417.20	-	-	-
Total Receipts	1,048,207.89	1,002,787.77	\$ 982,331.00	\$ 20,456.77
Expenditures				
Administration				
Personal Services	17,615.43	7,707.97	\$ 17,736.00	\$ (10,028.03)
Contractual Services	33,646.63	37,876.30	34,812.00	3,064.30
Commodities	-	115.72	1,000.00	(884.28)
Water Treatment				
Personal Services	106,331.66	94,354.07	103,588.00	(9,233.93)
Contractual Services	109,699.36	99,838.72	85,258.00	14,580.72
Commodities	141,646.44	128,280.30	118,050.00	10,230.30
Water Distribution				
Personal Services	142,505.01	144,322.63	140,989.00	3,333.63
Contractual Services	39,173.59	27,806.97	46,643.00	(18,836.03)
Commodities	47,544.96	47,340.37	45,400.00	1,940.37
Capital Outlay	10,000.00	20,244.86	73,333.00	(53,088.14)

CITY OF OSAWATOMIE, KANSAS
WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

	Prior Year Actual	Current Year		Variance - Over (Under)
	Actual	Actual	Budget	
Operating Transfers to:				
General Fund	\$ 155,297.00	\$ 173,721.00	\$ 150,783.00	\$ 22,938.00
General Obligation Bond and Interest Fund	127,500.00	126,500.00	126,500.00	-
Capital Improvements Water Fund	-	75,000.00	-	75,000.00
Employee Benefits Fund	56,563.00	63,368.00	65,493.00	(2,125.00)
Other				
Cash Basis Reserve	-	-	50,000.00	(50,000.00)
Total Expenditures	<u>987,523.08</u>	<u>1,046,476.91</u>	<u>\$ 1,059,585.00</u>	<u>\$ (13,108.09)</u>
Receipts Over(Under) Expenditures	60,684.81	(43,689.14)		
Unencumbered Cash, Beginning	<u>214,466.04</u>	<u>275,150.85</u>		
Unencumbered Cash, Ending	<u>\$ 275,150.85</u>	<u>\$ 231,461.71</u>		

CITY OF OSAWATOMIE, KANSAS
REFUSE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

		Current Year		
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Receipts				
Charges for Services				
Refuse Fees	\$ 40,644.22	\$ 309.40	\$ 430,000.00	\$ (429,690.60)
Other Receipts				
Miscellaneous	270.00	640.00	-	640.00
Total Receipts	40,914.22	949.40	\$ 430,000.00	\$ (429,050.60)
Expenditures				
Collections				
Contractual Services	49,629.14	5,051.77	\$ 430,000.00	\$ (424,948.23)
Total Expenditures	49,629.14	5,051.77	\$ 430,000.00	\$ (424,948.23)
Receipts Over(Under) Expenditures	(8,714.92)	(4,102.37)		
Unencumbered Cash, Beginning	13,817.59	5,102.67		
Unencumbered Cash, Ending	\$ 5,102.67	\$ 1,000.30		

CITY OF OSAWATOMIE, KANSAS
SEWER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2019

(With Comparative Actual Amounts for the Prior Year Ended December 31, 2018)

		Current Year			
	Prior Year Actual	Actual	Budget	Variance - Over (Under)	
Receipts					
Charges for Services					
Sewer Charges	\$ 922,776.10	\$ 863,834.42	\$ 905,000.00	\$ (41,165.58)	
Late Fees	-	9,583.48	-	9,583.48	
Other Receipts					
Reimbursed Expense	4,305.28	-	-	-	
Total Receipts	927,081.38	873,417.90	\$ 905,000.00	\$ (31,582.10)	
Expenditures					
Collections					
Personal Services	148,496.80	137,926.20	\$ 164,463.00	\$ (26,536.80)	
Contractual Services	148,661.44	116,473.38	131,232.00	(14,758.62)	
Commodities	10,888.24	18,905.78	31,150.00	(12,244.22)	
Capital Outlay	17,324.72	6,844.78	63,000.00	(56,155.22)	
Debt Service					
Principal Payments	54,864.13	56,427.77	56,205.00	222.77	
Interest Payments	32,032.00	30,606.49	30,810.00	(203.51)	
Service Fee	3,103.87	2,965.74	2,985.00	(19.26)	
Operating Transfers to:					
General Fund	144,879.00	164,596.00	140,560.00	24,036.00	
Capital Improvements					
Sewer Fund	20,022.00	50,000.00	-	50,000.00	
Employee Benefits Fund	36,197.00	48,445.00	42,108.00	6,337.00	
General Obligation					
Bond and Interest Fund	322,300.00	320,800.00	320,800.00	-	
Other					
Cash Basis Reserve	-	-	30,000.00	(30,000.00)	
Total Expenditures	938,769.20	953,991.14	\$ 1,013,313.00	\$ (59,321.86)	
Receipts Over(Under) Expenditures	(11,687.82)	(80,573.24)			
Unencumbered Cash, Beginning	222,860.37	211,172.55			
Unencumbered Cash, Ending	\$ 211,172.55	\$ 130,599.31			

CITY OF OSAWATOMIE, KANSAS
AGENCY FUNDS
Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2019

Fund	Beginning Cash Balance	Receipts	Disbursements	Ending Cash Balance
Cafeteria 125	\$ 80,319.46	\$ 56,263.45	\$ 47,469.51	\$ 89,113.40
Court ADSAP	7,401.00	-	-	7,401.00
Court Bonds	14,864.54	25,809.50	21,797.00	18,877.04
Evidence Liability	12,899.79	-	-	12,899.79
Fire Insurance Proceeds	0.84	-	-	0.84
Forfeiture	2,562.35	11,034.50	-	13,596.85
PayPal Donations	0.01	7,372.34	7,372.34	0.01
Rural Fire	-	38,538.45	43,838.18	(5,299.73)
	<u>\$ 118,047.99</u>	<u>\$ 139,018.24</u>	<u>\$ 120,477.03</u>	<u>\$ 136,589.20</u>



The Honorable Mayor and City Council
City of Osawatomie, Kansas

In planning and performing our audit of the financial statements of City of Osawatomie, Kansas as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered City of Osawatomie, Kansas' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Osawatomie, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness City of Osawatomie, Kansas' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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

Payroll Taxes and Withholdings

During our testing of accounts payable it was noted the City is behind on making the KPERS payments to the State of Kansas. Kansas statutes require the prompt payment of the withholdings from employees within three (3) days of completing payroll. The City is in current violation of these regulations. We recommend the City review the process and prompt payment be made within the required three (3) days, as a failure to do so could result in large penalties and interest to the City.

During our interview of various staff within the City, it was noted the City currently has an employee in dispute with a medical provider because a change in benefits requested by the staff member did not occur timely. Upon further investigation, we noted the City had an external review of benefits which highlighted the same issues of not reconciling employee benefits. We recommend that benefit changes be implemented timely. Failure to do so could potentially result in a large liability to the City.

Jarred, Gilmore & Phillips, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

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

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
June 8, 2020