

CITY OF OTTAWA, KANSAS

Financial Statements

For the Year Ended December 31, 2022

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CITY OF OTTAWA, KANSAS
 Financial Statements
 For the Year Ended December 31, 2022
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INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners
City of Ottawa, Kansas

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Ottawa, Kansas, (the City), as of and for the year ended December 31, 2022 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis of Adverse and Unmodified Opinions" section of our report, the accompanying 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 as of December 31, 2022, or the changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2022, 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.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statement" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the financial statement is prepared by the City 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.

Responsibilities of Management 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. We did not audit the financial statements of the Ottawa Library, which is a related municipal entity and 3.61% and 2.20%, respectively, of the assets and regulatory basis receipts of the reporting entity. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Ottawa Library, is based solely on the report of the other auditors. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, summary of receipts and disbursements-agency funds and the schedule of regulatory basis receipts and expenditures-related municipal entity (Schedules 1, 2, 3 and 4) 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*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) *Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Emphasis of Matter

Prior Period Adjustment

As discussed in Note 11 of the financial statements, certain errors in amounts previously recorded as of December 31, 2021, were discovered by management of the City during the current year. Accordingly, these amounts have been restated in the December 31, 2022, financial statements now presented, and adjustments have been made to beginning unencumbered cash to correct the errors. Our opinion is not modified with respect to these errors.

Other Matters

The 2021 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2021 (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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of the City of Ottawa, Kansas as of and for the year ended December 31, 2021 (not presented herein), and have issued our report thereon dated June 6, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 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 <https://admin.ks.gov/offices/oar/municipalservices>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended December 31, 2022 (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 2021 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 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 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 2021 basic financial statement or to the 2021 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 2021 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, 2021, on the basis of accounting described in Note 1.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

May 4, 2023

CITY OF OTTAWA, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2022

<u>Funds</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Period Adjustment</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add: Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
General Funds:							
General	\$ 2,207,623	\$ -	\$ 12,083,727	\$ 11,812,506	\$ 2,478,844	\$ 241,932	\$ 2,720,776
Special Purpose Funds:							
Community Services Support	33,010	-	169,000	140,242	61,768	-	61,768
Municipal Auditorium	102,619	-	329,627	336,817	95,429	9,439	104,868
Airport	209,309	-	103,129	131,658	180,780	4,131	184,911
Special Park and Recreation	308,536	-	128,680	57,051	380,165	-	380,165
Special Alcohol Program	6,489	-	36,008	35,000	7,497	-	7,497
Library	5,946	-	1,089,113	1,095,059	-	-	-
Economic Development	626,274	-	94,882	146,366	574,790	1,868	576,658
Special Streets	838,941	-	499,856	521,707	817,090	1,345	818,435
Equipment Reserve	365,502	-	471,892	230,124	607,270	-	607,270
Revolving Loan	-	-	-	-	-	-	-
Risk Management	465,757	-	1,161,774	913,919	713,612	4,449	718,061
Land Bank	132,974	-	308,000	430,671	10,303	-	10,303
Proximity Park Sales Tax	2,957,704	-	1,805,683	1,956,670	2,806,717	-	2,806,717
Golf Course	-	-	126,000	122,547	3,453	3,700	7,153
Non-Budgeted							
Special Purpose Funds	1,905,853	-	1,181,453	745,691	2,341,615	56,310	2,397,925
Governmental Grants Funds	946,577	-	5,401,869	1,849,786	4,498,660	70,995	4,569,655
Bond and Interest Funds:							
Bond and Interest	501,920	-	3,756,596	3,849,947	408,569	-	408,569
WWTP ing	322,995	-	933,592	815,261	441,326	-	441,326
Redemption	5,015	-	-	5,015	-	-	-
Capital Project Funds	1,327,986	-	4,763,933	1,979,250	4,112,669	216,577	4,329,246
Business Funds:							
Storm Water Utility	1,345,858	-	482,921	320,263	1,508,516	8,170	1,516,686
Water Utility	1,546,093	10,719	2,797,856	3,305,624	1,049,044	148,003	1,197,047
Wastewater Utility	2,370,560	-	3,194,837	3,013,110	2,552,287	20,993	2,573,280
Electric Utility	4,189,629	16,250	18,572,564	17,543,392	5,235,051	734,053	5,969,104
Utility Credit	130,561	-	1,649	-	132,210	21,273	153,483
Health Insurance	1,800,161	-	1,814,576	1,991,237	1,623,500	1,491	1,624,991
Total primary government	24,653,892	26,969	61,309,217	53,348,913	32,641,165	1,544,729	34,185,894
Related municipal entities:							
Ottawa Library	1,189,663	-	1,379,892	1,325,037	1,244,518	36,276	1,280,794
Total reporting entity [excluding agency funds]	\$ 25,843,555	\$ 26,969	\$ 62,689,109	\$ 54,673,950	\$ 33,885,683	\$ 1,581,005	\$ 35,466,688

Composition of Cash:

Kansas State Bank	
Checking	\$ 23,284,086
Kansas Municipal Investment Pool	
OMIP Overnight Pool	11,002,769
Bank Midwest	
Checking	44,092
Petty Cash	3,690
Ottawa Library - Checking	142,393
Ottawa Library - Money Market	451,978
Ottawa Library - Equity Investments	686,283
Ottawa Library - Petty Cash	140
Total Cash	35,615,431
Less: Agency Funds per Schedule 3	[148,743]
Total Reporting Entity [Excluding Agency Funds]	\$ 35,466,688

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Ottawa, founded in 1864 and incorporated in 1866, is governed by a city manager form of government with an elected five-member commission. The commission annually selects a Mayor from its ranks to serve a one-year term.

These financial statements present the City (the municipality) and its related municipal entity, the Ottawa Library. The related municipal entity is included in the City's reporting entity because it was established to benefit the City and its constituents.

The Ottawa Library provides library services to the area. The seven-member Library board is appointed by the City. The City appropriates and tax monies to the Library. The Library's 2022 financial statements have been included as Schedule 4 of the City's financial statements.

Complete financial statements for the individual related municipal entity may be obtained at the Library's administrative offices located at 101 South Hickory, Ottawa, Kansas.

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide* (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 receipts 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 City has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 2022:

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 regulatory basis receipt sources (other than Capital Project and tax levies for long-term debt) that are intended for specified purposes.

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 Projects 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.

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.).

Agency Funds - to account for assets held by the City in a purely custodial capacity (payroll clearing fund, county treasurer tax collection accounts, etc.).

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 1 - Summary of Significant Accounting Policies (Continued)

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 of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City did hold a revenue neutral rate hearing during the current year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts 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. The original budget was amended for the Municipal Auditorium, Library, Equipment Reserve, Land Bank, WWTP Project Funding, Proximity Park Sales Tax, Water Utility, Electric Utility and Golf Course funds during the year ended December 31, 2022.

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.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the City 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 Capita Project funds, Agency Funds, and the following special purpose and business funds:

- Southerlands CID Fund
- Law Enforcement Trust Fund
- Holiday Inn TIF/CID Fund
- South Highway 59 TIF Fund
- South Highway 59 TDD Fund
- K-68 TIF Fund
- Princeton CID Fund
- Fire Donations Fund
- AEO Foundation Grant Fund
- ARPA Grant Fund
- Police Department Grants Fund
- BASE Grant Fund
- ARPA Housing Grant Fund
- Opioid Settlement Fund
- Utility Credit Fund
- Health Insurance Fund
- Redemption 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 city commission.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 2 - Deposits and Investments

As of December 31, 2022, the City had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		Rating U.S.
		Less than 1	1 - 2	
Kansas Municipal Investment Pool	\$ 11,002,769	\$ 11,002,769	-	N/A

Deposits. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, 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.

Investments. 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, 2022, is as follows:

	<u>Investments</u>	<u>Percentage of Investments</u>
Kansas Municipal 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, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods." The City's deposits were fully secured at December 31, 2022.

At December 31, 2022, the City's carrying amount of deposits was \$23,331,868 and the bank balance was \$23,343,080. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$500,000 was covered by federal depository insurance and \$22,843,080 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

At December 31, 2022, the carrying amount of the Ottawa Library's deposits was \$594,511 (which includes \$140 in cash on hand), and the bank balance was \$635,016. The bank balance was held by four banks, resulting in a concentration of credit risk. Of the bank balance, \$634,929 was covered by federal depository insurance and \$87 was unsecured, which is a violation of K.S.A. 9-1402. The Library also has investments in mutual funds under a 501(c)3 not for profit organization with a carrying value of \$686,283 and a market value of \$739,799.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

As of December 31, 2022, the City had invested \$11,002,769 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is 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 obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities 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.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 3 - Compensated Absences

The City's policies regarding vacation and sick pay permit employees to accumulate a maximum of 30 days of vacation pay and 120 days of sick pay. Policies prohibit payment of vacation time in lieu of time-off and restricts sick pay compensation to a maximum of 60 days on date of employment termination. Unpaid vacation pay and unpaid sick pay amounts are not accrued in these financial statements. At December 31, 2022, the City estimates the total accumulated vacation and unpaid sick pay amounted to \$754,256 and \$782,015 respectively.

NOTE 4 - Flexible Benefit Plan (I.R.C. Section 125)

The City Commission has adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All full time City employees are eligible to participate in the Plan. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Currently, all benefits offered through the Plan involve insurance coverage, unreimbursed medical care and dependent care assistance.

NOTE 5 - Deferred Compensation Plan

The City offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan are transferred to a third-party custodial trust.

NOTE 6 - Defined Benefit 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 publicly 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 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. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. 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, KPERS 2, KPERS 3 and KP&F 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 8.90% for KPERS and 22.99% for KP&F for the fiscal year ended December 31, 2022. Contributions to the pension plan from the City were \$591,034 for KPERS and \$784,612 for KP&F for the year ended December 31, 2022. Contributions to the pension plan from the Library were \$50,399.

Net Pension Liability. As of December 31, 2022, the City's proportionate share of the collective net pension liability reported by KPERS was \$6,115,304 and \$8,196,463 for KP&F. The Library's proportionate share of the collective net pension liability was \$509,794. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. 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.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 6 - 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 KPERS website at www.kpers.org or can be obtained as described above.

NOTE 7 - Other Long-Term Obligations from Operations

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

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.

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, 2022.

NOTE 8 - Long-Term Debt

The following table summarizes changes in the City's long-term debt for the year ended December 31, 2022:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>	<u>Interest Paid</u>
General Obligation Bonds	\$ 24,192,900	\$ 3,280,000	\$ 3,229,930	\$ 24,242,970	\$ 620,016
State Revolving Loans	665,305	-	665,305	-	832
Finance Leases	1,259,483	273,813	366,294	1,167,002	33,361
Total	<u>\$ 26,117,688</u>	<u>\$ 3,553,813</u>	<u>\$ 4,261,529</u>	<u>\$ 25,409,972</u>	<u>\$ 654,209</u>

General Obligation Bonds. The following table details the City's outstanding general obligation debt at December 31, 2022:

<u>General Obligation Bonds</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Series 2009	3.50 - 4.10%	\$ 190,000	\$ 1,065,000	08/01/09	10/01/24
Series 2009A	3.00 - 4.20%	1,080,000	2,345,000	11/20/09	10/01/29
Series 2012B	0.75 - 2.65%	80,000	825,000	03/15/12	10/01/23
Series 2014A	2.00 - 3.50%	2,355,000	7,855,000	06/19/14	10/01/30
Series 2017A	2.00 - 2.50%	2,370,000	5,000,000	04/19/17	10/01/26
Series 2017B	1.75 - 3.15%	300,000	555,000	04/19/17	10/01/27
Series 2018A	2.375 - 4.00%	1,395,000	1,650,000	10/10/18	10/01/38
Series 2018B	2.75 - 3.375%	560,000	1,050,000	10/10/18	10/01/26
Series 2019A	3.00%	1,105,000	1,105,000	08/07/19	10/01/27
Series 2020A	2.125%	1,537,970	1,617,000	10/05/20	10/05/50
Series 2021A	1.10 - 3.00%	5,085,000	5,540,000	04/08/21	10/01/39
Series 2021B	2.00%	4,905,000	5,925,000	09/30/21	10/01/28
Series 2022	4.00%	3,280,000	3,280,000	11/16/22	10/01/32
Total		<u>\$ 24,242,970</u>			

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 8 - Long-Term Debt (Continued)

Annual debt service requirements to maturity for the general obligation bonds are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 3,610,779	\$ 651,354	\$ 4,262,133
2024	3,601,559	570,500	4,172,059
2025	2,912,529	467,987	3,380,516
2026	2,988,433	386,937	3,375,370
2027	2,079,356	303,160	2,382,516
2028 - 2032	5,881,173	794,181	6,675,354
2033 - 2037	2,077,450	255,770	2,333,220
2038 - 2042	556,558	84,847	641,405
2043 - 2047	323,895	43,410	367,305
2048 - 2050	211,238	9,051	220,289
Total	<u>\$ 24,242,970</u>	<u>\$ 3,567,197</u>	<u>\$ 27,810,167</u>

On November 16, 2022, the City issued Series 2022-A General Obligation Bonds in the amount of \$3,280,000. Proceeds from the sale of the bonds will provide funds for certain storm water drainage and municipal building improvements in the City. The bonds carry an interest rate of 4.00% with final maturity scheduled for October 1, 2032.

Finance Leases. The following table details the City's outstanding finance lease obligations at December 31, 2022:

<u>Finance Leases</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
2014 Platform Fire Truck Refinance	3.23%	\$ 62,074	\$ 539,165	01/05/09	01/10/24
2017 911 System Radio Equipment	2.30%	123,393	408,406	10/13/17	10/13/24
2017 Pierce Firetruck	3.46%	405,422	633,650	08/23/18	08/15/28
2018 Sewer Van	3.83%	131,529	201,559	10/15/18	10/15/28
2019 Vacuum Truck	1.20%	139,681	414,000	11/24/20	12/01/23
2021 Backhoe	1.20%	31,090	92,425	02/24/21	12/01/23
2021 Ford SUV	4.38%	54,373	54,373	04/01/22	03/31/27
2021 Ford SUV	4.38%	52,543	52,543	04/01/22	03/31/27
2021 Bucket Truck	4.62%	166,897	166,897	04/01/22	03/29/32
Total		<u>\$ 1,167,002</u>			

Annual debt service requirements to maturity for the finance lease obligations are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 416,276	\$ 28,711	\$ 444,987
2024	180,327	28,676	209,003
2025	122,546	22,624	145,170
2026	127,312	17,857	145,169
2027	132,267	12,902	145,169
2028 - 2032	188,274	16,564	204,838
Total	<u>\$ 1,167,002</u>	<u>\$ 127,334</u>	<u>\$ 1,294,336</u>

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 8 - Long-Term Debt (Continued)

Legal Debt Margin. The City is subject to the municipal finance law of the State of Kansas which limits the net bonded debt the City may have outstanding up to 30 percent of the assessed value of all tangible personal property within the City, as certified to the County Clerk on the proceeding August 25. As of December 31, 2022, the statutory limit for the City was \$31,442,945, providing a debt margin of \$7,199,976.

NOTE 9 - Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City as of December 31, 2022.

The City is a party to various claims, none of which is expected to have material financial impact on the City.

NOTE 10 - Risk Management

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

Employee Health Care. The City has established a program to pay medical claims of covered current and former City employees and additional health insurance premiums. Liabilities are reported when it is probable that claims have been incurred and the amount of the liability can be reasonably estimated. An excess coverage insurance policy covers individual claims over a certain amount. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources.

	<u>2022</u>	<u>2021</u>
Unpaid claims, January 1	\$ 174,736	\$ 109,376
Incurred claims (including IBNRs)	1,601,284	1,219,238
Claim payments	<u>[1,688,649]</u>	<u>[1,153,878]</u>
Unpaid claims, December 31	<u>\$ 87,371</u>	<u>\$ 174,736</u>

NOTE 11 - Prior Period Restatement

During the year ended December 31, 2022, management of the City discovered certain errors in the prior year. The effects of these items caused a restatement to beginning unencumbered cash as follows:

	Water <u>Utility Fund</u>	Electric <u>Utility Fund</u>
Unencumbered cash, beginning	\$ 1,546,093	\$ 4,189,629
Prior period adjustment	<u>10,719</u>	<u>16,250</u>
Unencumbered cash, beginning, restated	<u>\$ 1,556,812</u>	<u>\$ 4,205,879</u>

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2022

NOTE 12 - Interfund Transfers

Operating transfers were as follows during the year ended December 31, 2022:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
General Fund	Community Services Support Fund	\$ 41,750	K.S.A. 12-197
General Fund	Airport Fund	57,685	K.S.A. 12-197
General Fund	Equipment Reserve Fund	311,000	K.S.A. 12-1,117
General Fund	Risk Management Fund	123,600	K.S.A. 12-2615
General Fund	Capital Improvement Plan Fund	114,000	K.S.A. 12-1,118
General Fund	Sidewalk Capital Project Fund	100,000	K.S.A. 12-1,118
Special Alcohol Program Fund	General Fund	35,000	K.S.A. 79-41a04
Special Streets Fund	Bond and Interest Fund	86,500	K.S.A. 12-1,119
Special Streets Fund	Sidewalk Capital Project Fund	70,000	K.S.A. 12-1,118
Special Park & Recreation Fund	Trail Grant Fund	40,000	K.S.A. 12-1,118
Land Bank Fund	Bond and Interest Fund	246,560	K.S.A. 12-5910
Land Bank Fund	Economic Development Fund	10,000	K.S.A. 12-5910
Land Bank Fund	Golf Course Fund	118,800	K.S.A. 12-5910
ARPA Fund	General Fund	74,920	Grant Agreement
Proximity Park Sales Tax Fund	Bond and Interest Fund	856,669	K.S.A. 12-6a16
Proximity Park Sales Tax Fund	BASE Grant	1,100,000	Grant Agreement
WWTP Funding Fund	Bond and Interest Fund	815,261	K.S.A. 12-1,118
Redemption Fund	Bond and Interest Fund	5,015	Bond indenture
Cooling Tower Fund	Bond and Interest Fund	40,476	Bond indenture
Storm Water Utility Fund	Equipment Reserve Fund	25,000	K.S.A. 12-825d
Storm Water Utility Fund	Bond and Interest Fund	116,912	K.S.A. 12-825d
Water Utility Fund	General Fund	400,000	K.S.A. 12-825d
Water Utility Fund	Community Services Support Fund	41,750	K.S.A. 12-825d
Water Utility Fund	Risk Management Fund	337,025	K.S.A. 12-825d
Water Utility Fund	Bond and Interest Fund	321,107	K.S.A. 12-825d
Wastewater Utility Fund	General Fund	382,500	K.S.A. 12-825d
Wastewater Utility Fund	Community Services Support Fund	41,750	K.S.A. 12-825d
Wastewater Utility Fund	Risk Management Fund	280,850	K.S.A. 12-825d
Wastewater Utility Fund	Bond and Interest Fund	121,311	K.S.A. 12-825d
Wastewater Utility Fund	WWTP Funding Fund	574,597	K.S.A. 12-825d
Wastewater Utility Fund	BASE Grant	150,000	K.S.A. 12-825d
Electric Utility Fund	General Fund	900,000	K.S.A. 12-825d
Electric Utility Fund	Community Services Support Fund	41,750	K.S.A. 12-825d
Electric Utility Fund	Risk Management Fund	381,950	K.S.A. 12-825d
Electric Utility Fund	Bond and Interest Fund	662,510	K.S.A. 12-825d
Electric Utility Fund	Electric Construction In Process Fund	340,500	K.S.A. 12-825d
		<u>\$ 9,366,748</u>	

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SCHEDULE 1

CITY OF OTTAWA, KANSAS
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance- Over [Under]</u>
General Funds:					
General	\$ 13,420,645	\$ -	\$ 13,420,645	\$ 11,812,506	\$ [1,608,139]
Special Purpose Funds:					
Community Services Support	178,595	-	178,595	140,242	[38,353]
Municipal Auditorium	360,315	-	360,315	336,817	[23,498]
Airport	242,850	-	242,850	131,658	[111,192]
Special Park and Recreation	169,000	-	169,000	57,051	[111,949]
Special Alcohol Program	35,000	-	35,000	35,000	-
Library	1,109,210	-	1,109,210	1,095,059	[14,151]
Economic Development	242,050	-	242,050	146,366	[95,684]
Special Streets	598,500	-	598,500	521,707	[76,793]
Equipment Reserve	265,250	-	265,250	230,124	[35,126]
Revolving Loan	-	-	-	-	-
Risk Management	1,183,395	-	1,183,395	913,919	[269,476]
Land Bank	440,975	-	440,975	430,671	[10,304]
Proximity Park Sales Tax	2,956,670	-	2,956,670	1,956,670	[1,000,000]
Golf Course	303,800	-	303,800	122,547	[181,253]
Bond and Interest Funds:					
Bond and Interest	4,000,930	-	4,000,930	3,849,947	[150,983]
WWTP ing	915,261	-	915,261	815,261	[100,000]
Business Funds:					
Storm Water Utility	999,565	-	999,565	320,263	[679,302]
Water Utility	3,612,440	-	3,612,440	3,305,624	[306,816]
Wastewater Utility	3,829,573	-	3,829,573	3,013,110	[816,463]
Electric Utility	18,342,400	240,510	18,582,910	17,543,392	[1,039,518]

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 General Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue:				
Ad valorem property tax	\$ 3,078,570	\$ 3,340,180	\$ 3,525,638	\$ [185,458]
Delinquent tax	118,900	121,064	70,000	51,064
Vehicle taxes	350,076	329,813	315,305	14,508
Sales and compensating use tax	4,996,090	5,393,206	5,165,470	227,736
Franchise tax	295,334	356,248	296,000	60,248
Liquor tax	32,607	36,006	33,000	3,006
Intergovernmental	54,243	54,278	54,500	[222]
Licenses, permits and fees	432,654	509,706	506,500	3,206
Charges and services	60,050	44,264	18,000	26,264
Interest	10,842	12,778	20,000	[7,222]
Miscellaneous	64,059	8,613	45,475	[36,862]
Refunds and reimbursements	167,800	85,151	30,200	54,951
Operating transfers	1,717,783	1,792,420	1,717,500	74,920
Total Receipts	<u>11,379,008</u>	<u>12,083,727</u>	<u>\$ 11,797,588</u>	<u>\$ 286,139</u>
Expenditures				
City commission and manager	257,154	204,169	\$ 326,050	\$ [121,881]
City administration	232,362	258,883	329,940	[71,057]
Nonoperating	540,079	408,245	573,600	[165,355]
Planning	550,869	527,743	592,900	[65,157]
Fleet management	161,934	232,866	238,365	[5,499]
Building maintenance	162,774	189,564	254,325	[64,761]
Parks	635,219	490,366	483,475	6,891
Police department	2,955,496	2,811,388	3,064,895	[253,507]
Fire department	1,593,918	1,677,701	1,871,125	[193,424]
Public works	910,563	962,975	1,122,975	[160,000]
Highland cemetery	145,094	208,601	293,315	[84,714]
Human resources	94,292	114,219	129,625	[15,406]
Municipal court	162,438	155,319	187,550	[32,231]
Employee benefits	2,459,646	2,491,094	3,054,070	[562,976]
IT department	315,273	331,338	348,400	[17,062]
Operating transfers	563,615	748,035	408,035	340,000
Cash basis reserve	-	-	142,000	[142,000]
Total Expenditures	<u>11,740,726</u>	<u>11,812,506</u>	<u>\$ 13,420,645</u>	<u>\$ [1,608,139]</u>
Receipts Over [Under] Expenditures	[361,718]	271,221		
Unencumbered Cash, Beginning	<u>2,569,341</u>	<u>2,207,623</u>		
Unencumbered Cash, Ending	<u>\$ 2,207,623</u>	<u>\$ 2,478,844</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2 - 2

CITY OF OTTAWA, KANSAS
 Community Services Support Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year Actual	Current Year		Variance- Over [Under]
		Actual	Budget	
Receipts				
Donations	\$ 2,000	\$ 2,000	\$ 3,000	\$ [1,000]
Operating transfers	165,378	167,000	167,000	-
Total Receipts	<u>167,378</u>	<u>169,000</u>	<u>\$ 170,000</u>	<u>\$ [1,000]</u>
Expenditures				
Contractual services	<u>161,656</u>	<u>140,242</u>	<u>\$ 178,595</u>	<u>\$ [38,353]</u>
Total Expenditures	<u>161,656</u>	<u>140,242</u>	<u>\$ 178,595</u>	<u>\$ [38,353]</u>
Receipts Over [Under] Expenditures	5,722	28,758		
Unencumbered Cash, Beginning	<u>27,288</u>	<u>33,010</u>		
Unencumbered Cash, Ending	<u>\$ 33,010</u>	<u>\$ 61,768</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Municipal Auditorium Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes				
Ad valorem property tax	\$ 156,589	\$ 159,016	\$ 164,095	\$ [5,079]
Delinquent tax	5,704	6,032	4,000	2,032
Vehicle taxes	15,778	16,702	16,035	667
Charges for services	50,186	126,144	86,400	39,744
Interest	391	383	500	[117]
Donations	28,923	3,666	15,000	[11,334]
Miscellaneous	4,733	17,684	9,500	8,184
Total Receipts	<u>262,304</u>	<u>329,627</u>	<u>\$ 295,530</u>	<u>\$ 34,097</u>
Expenditures				
Personnel services	108,463	145,195	\$ 146,315	\$ [1,120]
Contractual services	109,065	145,691	140,000	5,691
Commodities	5,925	12,597	12,000	597
Capital outlay	26,177	33,334	32,000	1,334
Cash basis reserve	-	-	30,000	[30,000]
Total Expenditures	<u>249,630</u>	<u>336,817</u>	<u>\$ 360,315</u>	<u>\$ [23,498]</u>
Receipts Over [Under] Expenditures	12,674	[7,190]		
Unencumbered Cash, Beginning	<u>89,945</u>	<u>102,619</u>		
Unencumbered Cash, Ending	<u>\$ 102,619</u>	<u>\$ 95,429</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Airport Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Fuel sales	\$ 128,551	\$ 3,359	\$ 90,000	\$ [86,641]
Rental income	64,881	33,428	52,645	[19,217]
Donations	75,000	-	30,000	[30,000]
Miscellaneous	1,452	8,171	-	8,171
Interest	145	486	250	236
Operating transfers	<u>55,525</u>	<u>57,685</u>	<u>57,685</u>	<u>-</u>
Total Receipts	<u>325,554</u>	<u>103,129</u>	<u>\$ 230,580</u>	<u>\$ [127,451]</u>
Expenditures				
Personnel services	48,068	-	\$ 86,450	\$ [86,450]
Contractual services	29,098	80,489	50,000	30,489
Commodities	118,671	14,309	90,400	[76,091]
Capital outlay	<u>1,908</u>	<u>36,860</u>	<u>16,000</u>	<u>20,860</u>
Total Expenditures	<u>197,745</u>	<u>131,658</u>	<u>\$ 242,850</u>	<u>\$ [111,192]</u>
Receipts Over [Under] Expenditures	127,809	[28,529]		
Unencumbered Cash, Beginning	<u>81,500</u>	<u>209,309</u>		
Unencumbered Cash, Ending	<u>\$ 209,309</u>	<u>\$ 180,780</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Special Park and Recreation Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue:				
Liquor tax	\$ 32,607	\$ 36,006	\$ 35,000	\$ 1,006
Donations	36,059	91,733	29,100	62,633
Licenses and permits	-	10	20,000	[19,990]
Interest	860	931	1,000	[69]
Total Receipts	<u>69,526</u>	<u>128,680</u>	<u>\$ 85,100</u>	<u>\$ 43,580</u>
Expenditures				
Contractual services	14,792	6,589	\$ 28,000	\$ [21,411]
Commodities	5,214	2,207	5,000	[2,793]
Capital improvement	67,042	8,255	136,000	[127,745]
Operating transfers	-	40,000	-	40,000
Total Expenditures	<u>87,048</u>	<u>57,051</u>	<u>\$ 169,000</u>	<u>\$ [111,949]</u>
Receipts Over [Under] Expenditures	[17,522]	71,629		
Unencumbered Cash, Beginning	<u>326,058</u>	<u>308,536</u>		
Unencumbered Cash, Ending	<u>\$ 308,536</u>	<u>\$ 380,165</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Special Alcohol Program Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue:				
Liquor tax	\$ 32,606	\$ 36,008	\$ 35,000	\$ 1,008
Total Receipts	<u>32,606</u>	<u>36,008</u>	<u>35,000</u>	<u>1,008</u>
Expenditures				
Operating transfers	<u>35,000</u>	<u>35,000</u>	\$ 35,000	\$ -
Total Expenditures	<u>35,000</u>	<u>35,000</u>	<u>\$ 35,000</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[2,394]	1,008		
Unencumbered Cash, Beginning	<u>8,883</u>	<u>6,489</u>		
Unencumbered Cash, Ending	<u>\$ 6,489</u>	<u>\$ 7,497</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Library Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue:				
Ad valorem property tax	\$ 941,330	\$ 951,278	\$ 975,000	\$ [23,722]
Delinquent tax	36,193	36,949	25,000	11,949
Vehicle taxes	<u>107,900</u>	<u>100,886</u>	<u>103,260</u>	<u>[2,374]</u>
Total Receipts	<u>1,085,423</u>	<u>1,089,113</u>	<u>\$ 1,103,260</u>	<u>\$ [14,147]</u>
Expenditures				
Appropriations to Library Board	<u>1,079,477</u>	<u>1,095,059</u>	<u>\$ 1,109,210</u>	<u>\$ [14,151]</u>
Total Expenditures	<u>1,079,477</u>	<u>1,095,059</u>	<u>\$ 1,109,210</u>	<u>\$ [14,151]</u>
Receipts Over [Under] Expenditures	5,946	[5,946]		
Unencumbered Cash, Beginning	<u>-</u>	<u>5,946</u>		
Unencumbered Cash, Ending	<u>\$ 5,946</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Economic Development Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Licenses, permits and fees	\$ 18,234	\$ 24,759	\$ 35,000	\$ [10,241]
Rental income	17,716	17,569	15,975	1,594
Grants	10,000	-	55,000	[55,000]
Reimbursements	17,746	41,077	-	41,077
Interest	2,183	1,477	3,200	[1,723]
Operating transfers	531	10,000	10,000	-
Total Receipts	<u>66,410</u>	<u>94,882</u>	<u>\$ 119,175</u>	<u>\$ [24,293]</u>
Expenditures				
Contractual services	62,140	145,229	\$ 212,050	\$ [66,821]
Capital improvement	7,974	1,137	30,000	[28,863]
Operating transfers	10,000	-	-	-
Total Expenditures	<u>80,114</u>	<u>146,366</u>	<u>\$ 242,050</u>	<u>\$ [95,684]</u>
Receipts Over [Under] Expenditures	[13,704]	[51,484]		
Unencumbered Cash, Beginning	<u>639,978</u>	<u>626,274</u>		
Unencumbered Cash, Ending	<u>\$ 626,274</u>	<u>\$ 574,790</u>		

CITY OF OTTAWA, KANSAS
Special Streets Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Intergovernmental	\$ 511,806	\$ 497,704	\$ 440,000	\$ 57,704
Fees	13,500	-	-	-
Interest	2,655	2,152	3,500	[1,348]
Operating transfers	<u>112,613</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>640,574</u>	<u>499,856</u>	<u>\$ 443,500</u>	<u>\$ 56,356</u>
Expenditures				
Contractual services	16,040	31,812	\$ 105,000	\$ [73,188]
Commodities	21,636	23,955	27,000	[3,045]
Capital outlay	484,688	309,440	380,000	[70,560]
Operating transfers	<u>88,450</u>	<u>156,500</u>	<u>86,500</u>	<u>70,000</u>
Total Expenditures	<u>610,814</u>	<u>521,707</u>	<u>\$ 598,500</u>	<u>\$ [76,793]</u>
Receipts Over [Under] Expenditures	29,760	[21,851]		
Unencumbered Cash, Beginning	<u>809,181</u>	<u>838,941</u>		
Unencumbered Cash, Ending	<u>\$ 838,941</u>	<u>\$ 817,090</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Equipment Reserve Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Interest	\$ 206	\$ -	\$ -	\$ -
Miscellaneous	52,923	28,976	28,975	1
Loan proceeds	-	106,916	-	106,916
Operating transfers	<u>295,000</u>	<u>336,000</u>	<u>112,000</u>	<u>224,000</u>
Total Receipts	<u>348,129</u>	<u>471,892</u>	<u>\$ 140,975</u>	<u>\$ 330,917</u>
Expenditures				
Capital outlay	74,147	230,124	\$ 165,250	\$ 64,874
Debt service	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>[100,000]</u>
Total Expenditures	<u>74,147</u>	<u>230,124</u>	<u>\$ 265,250</u>	<u>\$ [35,126]</u>
Receipts Over [Under] Expenditures	273,982	241,768		
Unencumbered Cash, Beginning	<u>91,520</u>	<u>365,502</u>		
Unencumbered Cash, Ending	<u>\$ 365,502</u>	<u>\$ 607,270</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Revolving Loan Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Positive [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Interest	\$ 117	\$ -	\$ -	\$ -
Total Receipts	<u>117</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Contractual services	2,335	-	\$ -	\$ -
Operating transfers	<u>531</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,866</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Receipts Over [Under] Expenditures	[2,749]	-		
Unencumbered Cash, Beginning	<u>2,749</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Risk Management Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Interest	\$ 902	\$ -	\$ 1,700	\$ [1,700]
Reimbursements	88,662	38,349	25,000	13,349
Operating transfers	<u>1,063,426</u>	<u>1,123,425</u>	<u>1,123,425</u>	<u>-</u>
Total Receipts	<u>1,152,990</u>	<u>1,161,774</u>	<u>\$ 1,150,125</u>	<u>\$ 11,649</u>
Expenditures				
Personnel services	88,595	105,216	\$ 137,565	\$ [32,349]
Contractual services	866,397	785,117	916,330	[131,213]
Commodities	3,647	3,188	8,000	[4,812]
Capital outlay	<u>16,229</u>	<u>20,398</u>	<u>121,500</u>	<u>[101,102]</u>
Total Expenditures	<u>974,868</u>	<u>913,919</u>	<u>\$ 1,183,395</u>	<u>\$ [269,476]</u>
Receipts Over [Under] Expenditures	178,122	247,855		
Unencumbered Cash, Beginning	<u>287,635</u>	<u>465,757</u>		
Unencumbered Cash, Ending	<u>\$ 465,757</u>	<u>\$ 713,612</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Land Bank Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Sale of property	\$ 146,500	\$ 308,000	\$ 308,000	\$ -
Operating transfers	10,000	-	-	-
Total Receipts	<u>156,500</u>	<u>308,000</u>	<u>\$ 308,000</u>	<u>\$ -</u>
Expenditures				
Contractual services	22,233	55,311	\$ 55,311	\$ -
Capital outlay	1,293	-	-	-
Operating transfers	-	375,360	256,560	118,800
Cash basis reserve	-	-	129,104	[129,104]
Total Expenditures	<u>23,526</u>	<u>430,671</u>	<u>\$ 440,975</u>	<u>\$ [10,304]</u>
Receipts Over [Under] Expenditures	132,974	[122,671]		
Unencumbered Cash, Beginning	-	132,974		
Unencumbered Cash, Ending	<u>\$ 132,974</u>	<u>\$ 10,303</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Proximity Park Sales Tax Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue:				
Sales and compensating use tax	\$ 1,649,110	\$ 1,794,977	\$ 1,690,375	\$ 104,602
Reimbursements	4,000	4,000	4,000	-
Interest	7,117	6,706	7,500	[794]
Total Receipts	<u>1,660,227</u>	<u>1,805,683</u>	<u>\$ 1,701,875</u>	<u>\$ 103,808</u>
Expenditures				
Contractual services	20,000	-	\$ 20,000	\$ [20,000]
Operating transfers	857,920	1,956,670	1,956,670	-
Cash basis reserve	-	-	980,000	[980,000]
Total Expenditures	<u>877,920</u>	<u>1,956,670</u>	<u>\$ 2,956,670</u>	<u>\$ [1,000,000]</u>
Receipts Over [Under] Expenditures	782,307	[150,987]		
Unencumbered Cash, Beginning	<u>2,175,397</u>	<u>2,957,704</u>		
Unencumbered Cash, Ending	<u>\$ 2,957,704</u>	<u>\$ 2,806,717</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Golf Course Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Donations	\$ -	\$ 7,200	\$ -	\$ 7,200
Operating transfers	-	118,800	303,800	[185,000]
Total Receipts	-	126,000	\$ 303,800	\$ [177,800]
Expenditures				
Contractual services	-	122,547	\$ 15,000	\$ 107,547
Capital outlay	-	-	288,800	[288,800]
Total Expenditures	-	122,547	\$ 303,800	\$ [181,253]
Receipts Over [Under] Expenditures	-	3,453		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	\$ -	\$ 3,453		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Non-Budgeted Special Purpose Funds
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Southerlands CID	Law Enforcement Trust	Holiday Inn TIF/CID	South Highway 59 TIF	South Highway 59 TDD	K-68 TIF	Princeton CID	For the Year Ended December 31,	
								2022	2021
Receipts									
Taxes	\$ 88,893	\$ -	\$ 248,756	\$ 252,551	\$ 85,429	\$ 201,401	\$ 303,675	\$ 1,180,705	\$ 1,065,764
Intergovernmental	-	748	-	-	-	-	-	748	9,029
Interest	-	-	-	-	-	-	-	-	10
Operating transfers	-	-	-	-	-	-	-	-	240,404
Total Receipts	<u>88,893</u>	<u>748</u>	<u>248,756</u>	<u>252,551</u>	<u>85,429</u>	<u>201,401</u>	<u>303,675</u>	<u>1,181,453</u>	<u>1,315,207</u>
Expenditures									
Contractual services	-	-	3,173	9,546	1,146	2,344	657	16,866	6,592
Commodities	-	-	-	1,752	1,087	-	-	2,839	-
Distribution	88,893	-	342,357	36,365	-	-	258,371	725,986	633,986
Operating transfers	-	-	-	-	-	-	-	-	242,526
Total Expenditures	<u>88,893</u>	<u>-</u>	<u>345,530</u>	<u>47,663</u>	<u>2,233</u>	<u>2,344</u>	<u>259,028</u>	<u>745,691</u>	<u>883,104</u>
Receipts Over [Under] Expenditures	-	748	[96,774]	204,888	83,196	199,057	44,647	435,762	432,103
Unencumbered Cash, Beginning	-	11,129	103,948	1,067,414	197,250	325,552	200,560	1,905,853	1,473,750
Unencumbered Cash, Ending	\$ -	\$ 11,877	\$ 7,174	\$ 1,272,302	\$ 280,446	\$ 524,609	\$ 245,207	\$ 2,341,615	\$ 1,905,853

* - These fund are not required to be budgeted.

CITY OF OTTAWA, KANSAS
 Governmental Grant Funds
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Fire <u>Donations</u>	AEO Foundation <u>Grant</u>	ARPA <u>Grant</u>	Police Department <u>Grants</u>	BASE <u>Grant</u>	ARPA Housing <u>Grant</u>	Opioid <u>Settlement</u>	For the Year Ended December 31, <u>2022</u> <u>2021</u>	
Receipts									
Grants	\$ -	\$ -	\$ 935,036	\$ 81,130	\$ -	\$ 3,100,000	\$ 3,031	\$ 4,119,197	\$ 1,164,092
Miscellaneous	-	5,672	27,000	-	-	-	-	32,672	2,820
Operating transfers	-	-	-	-	1,250,000	-	-	1,250,000	-
Total Receipts	<u>-</u>	<u>5,672</u>	<u>962,036</u>	<u>81,130</u>	<u>1,250,000</u>	<u>3,100,000</u>	<u>3,031</u>	<u>5,401,869</u>	<u>1,166,912</u>
Expenditures									
Personnel services	-	-	-	57,691	-	-	-	57,691	-
Contractual services	1,025	-	-	60,834	64,546	1,590,770	-	1,717,175	228,128
Operating transfers	-	-	74,920	-	-	-	-	74,920	-
Total Expenditures	<u>1,025</u>	<u>-</u>	<u>74,920</u>	<u>118,525</u>	<u>64,546</u>	<u>1,590,770</u>	<u>-</u>	<u>1,849,786</u>	<u>228,128</u>
Receipts Over [Under] Expenditures	[1,025]	5,672	887,116	[37,395]	1,185,454	1,509,230	3,031	3,552,083	938,784
Unencumbered Cash, Beginning	<u>1,025</u>	<u>10,516</u>	<u>935,036</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>946,577</u>	<u>7,793</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 16,188</u>	<u>\$ 1,822,152</u>	<u>\$ [37,395]</u>	<u>\$ 1,185,454</u>	<u>\$ 1,509,230</u>	<u>\$ 3,031</u>	<u>\$ 4,498,660</u>	<u>\$ 946,577</u>

* - These fund are not required to be budgeted.

CITY OF OTTAWA, KANSAS
 Bond and Interest Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue:				
Ad valorem property tax	\$ 493,463	\$ 352,199	\$ 371,783	\$ [19,584]
Delinquent tax	24,024	21,034	10,000	11,034
Vehicle taxes	68,586	53,301	50,535	2,766
Special assessments	2,926	56,564	3,100	53,464
Interest	783	1,178	1,000	178
Operating transfers	<u>3,812,220</u>	<u>3,272,320</u>	<u>3,490,724</u>	<u>[218,404]</u>
Total Receipts	<u>4,402,002</u>	<u>3,756,596</u>	<u>\$ 3,927,142</u>	<u>\$ [170,546]</u>
Expenditures				
Debt service				
Principal	3,209,100	3,229,931	\$ 3,124,935	\$ 104,996
Interest	770,038	620,016	725,995	[105,979]
Reserve for future dept payments	-	-	150,000	[150,000]
Total Expenditures	<u>\$ 3,979,138</u>	<u>\$ 3,849,947</u>	<u>\$ 4,000,930</u>	<u>\$ [150,983]</u>
Receipts Over [Under] Expenditures	422,864	[93,351]		
Unencumbered Cash, Beginning	<u>79,056</u>	<u>501,920</u>		
Unencumbered Cash, Ending	<u>\$ 501,920</u>	<u>\$ 408,569</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 WWTP Funding Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance- Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Taxes and Shared Revenue:				
Sales and compensating use tax	\$ 329,822	\$ 358,995	\$ 375,500	\$ [16,505]
Interest	1,097	-	-	-
Operating transfers	<u>562,000</u>	<u>574,597</u>	<u>560,000</u>	<u>14,597</u>
Total Receipts	<u>892,919</u>	<u>933,592</u>	<u>\$ 935,500</u>	<u>\$ [1,908]</u>
Expenditures				
Debt service				
Principal	46,294	-	\$ 100,000	\$ [100,000]
Interest	17,191	-	-	-
Operating transfers	<u>684,538</u>	<u>815,261</u>	<u>815,261</u>	<u>-</u>
Total Expenditures	<u>748,023</u>	<u>815,261</u>	<u>\$ 915,261</u>	<u>\$ [100,000]</u>
Receipts Over [Under] Expenditures	144,896	118,331		
Unencumbered Cash, Beginning	<u>178,099</u>	<u>322,995</u>		
Unencumbered Cash, Ending	<u>\$ 322,995</u>	<u>\$ 441,326</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Redemption Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>2021</u>	<u>2022</u>
Receipts		
Bond proceeds	\$ 11,000,000	\$ -
Bond premium	657,238	-
Interest	<u>6</u>	<u>-</u>
Total Receipts	<u>11,657,244</u>	<u>-</u>
Expenditures		
Debt service		
Principal	11,402,322	-
Interest	22,015	-
Cost of issuance	224,306	-
Operating transfers	<u>3,586</u>	<u>5,015</u>
Total Expenditures	<u>11,652,229</u>	<u>5,015</u>
Receipts Over [Under] Expenditures	5,015	[5,015]
Unencumbered Cash, Beginning	<u>-</u>	<u>5,015</u>
Unencumbered Cash, Ending	<u>\$ 5,015</u>	<u>\$ -</u>

* - This fund is not required to be budgeted.

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SCHEDULE 2 - 21

CITY OF OTTAWA, KANSAS
 Capital Project Funds
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	<u>Airport Improvement</u>	<u>Electric Construction In Progress</u>	<u>Proximity Park Infrastructure</u>	<u>Fire Department Grants</u>
Receipts				
Interest	\$ -	\$ -	\$ 219	\$ -
Grants	-	-	-	12,770
Bond proceeds	-	-	-	-
Reimbursements & miscellaneous	699,690	-	-	25
Operating transfers	<u>-</u>	<u>340,500</u>	<u>-</u>	<u>-</u>
Total Receipts	<u>699,690</u>	<u>340,500</u>	<u>219</u>	<u>12,795</u>
Expenditures				
Contractual services	737,140	-	-	-
Commodities	-	-	-	22,042
Capital outlay	-	-	-	-
Operating transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>737,140</u>	<u>-</u>	<u>-</u>	<u>22,042</u>
Receipts Over [Under] Expenditures	[37,450]	340,500	219	[9,247]
Unencumbered Cash, Beginning	<u>34,790</u>	<u>659,677</u>	<u>129,043</u>	<u>9,349</u>
Unencumbered Cash, Ending	<u>\$ [2,660]</u>	<u>\$ 1,000,177</u>	<u>\$ 129,262</u>	<u>\$ 102</u>

* - These funds are not required to be budgeted.

Parks Grants	Cooling Tower	GO Bond 2022-A	Sidewalk Capital Project	Capital Improvement Plan	For the Year Ended December 31,	
					2022	2021
\$ -	\$ 24	\$ 172	\$ -	\$ -	\$ 415	\$ 4,340
-	-	-	-	-	12,770	171,715
-	-	3,386,533	-	-	3,386,533	465,000
-	-	-	-	-	699,715	84,928
<u>40,000</u>	<u>-</u>	<u>-</u>	<u>170,000</u>	<u>114,000</u>	<u>664,500</u>	<u>410,000</u>
<u>40,000</u>	<u>24</u>	<u>3,386,705</u>	<u>170,000</u>	<u>114,000</u>	<u>4,763,933</u>	<u>1,135,983</u>
17,861	11,047	674,961	-	-	1,441,009	116,865
-	-	-	-	-	22,042	170,968
41,928	373,795	-	-	60,000	475,723	69,780
-	40,476	-	-	-	40,476	1,025,376
<u>59,789</u>	<u>425,318</u>	<u>674,961</u>	<u>-</u>	<u>60,000</u>	<u>1,979,250</u>	<u>1,382,989</u>
[19,789]	[425,294]	2,711,744	170,000	54,000	2,784,683	[247,006]
<u>9,833</u>	<u>425,294</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>1,327,986</u>	<u>1,574,992</u>
<u>\$ [9,956]</u>	<u>\$ -</u>	<u>\$ 2,711,744</u>	<u>\$ 170,000</u>	<u>\$ 114,000</u>	<u>\$ 4,112,669</u>	<u>\$ 1,327,986</u>

See independent auditor's report on the financial statements.

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CITY OF OTTAWA, KANSAS
Storm Water Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance Over Over <u>[Under]</u>
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Stormwater service charges	\$ 477,834	\$ 479,453	\$ 470,000	\$ 9,453
Miscellaneous	13,165	-	4,800	[4,800]
Interest	3,979	3,468	7,500	[4,032]
Operating transfers	63,338	-	-	-
Total Receipts	<u>558,316</u>	<u>482,921</u>	<u>\$ 482,300</u>	<u>\$ 621</u>
Expenditures				
Personnel services	54,995	-	\$ 90,300	\$ [90,300]
Contractual services	56,403	121,181	176,335	[55,154]
Commodities	19,373	18,478	30,200	[11,722]
Capital outlay	141,936	38,692	560,815	[522,123]
Operating transfers	193,863	141,912	141,915	[3]
Total Expenditures	<u>466,570</u>	<u>320,263</u>	<u>\$ 999,565</u>	<u>\$ [679,302]</u>
Receipts Over [Under] Expenditures	91,746	162,658		
Unencumbered Cash, Beginning	<u>1,254,112</u>	<u>1,345,858</u>		
Unencumbered Cash, Ending	<u>\$ 1,345,858</u>	<u>\$ 1,508,516</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Water Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Water sales	\$ 2,799,111	\$ 2,769,645	\$ 2,880,000	\$ [110,355]
Lease and rentals	17,569	19,326	17,500	1,826
Reimbursements	2,178	2,635	-	2,635
Miscellaneous	474	2,228	5,500	[3,272]
Interest	4,387	4,022	7,500	[3,478]
Lease proceeds	36,970	-	-	-
Operating transfers	18,258	-	-	-
Total Receipts	<u>2,878,947</u>	<u>2,797,856</u>	<u>\$ 2,910,500</u>	<u>\$ [112,644]</u>
Expenditures				
Water Production				
Personnel services	609,087	724,530	\$ 1,402,265	\$ [677,735]
Contractual services	127,082	134,174	-	134,174
Commodities	181,516	219,012	-	219,012
Capital outlay	67,833	115,686	-	115,686
Water Distribution				
Personnel services	414,959	416,822	983,790	[566,968]
Contractual services	88,758	75,854	-	75,854
Commodities	48,100	69,558	-	69,558
Capital improvement	181,094	320,108	-	320,108
Non-operating				
Contractual services	553	7,515	26,500	[18,985]
Commodities	103,677	105,264	-	105,264
Debt service	95,998	17,219	-	-
Water project	-	-	100,000	[100,000]
Operating transfers	988,257	1,099,882	1,099,885	[3]
Total Expenditures	<u>2,906,914</u>	<u>3,305,624</u>	<u>\$ 3,612,440</u>	<u>\$ [324,035]</u>
Receipts Over [Under] Expenditures	<u>[27,967]</u>	<u>[507,768]</u>		
Unencumbered Cash, Beginning	1,574,060	1,546,093		
Prior Period Adjustment	-	10,719		
Unencumbered Cash, Beginning, Restated	<u>1,574,060</u>	<u>1,556,812</u>		
Unencumbered Cash, Ending	<u>\$ 1,546,093</u>	<u>\$ 1,049,044</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
Wastewater Utility Fund
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2022
(With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Charges for services	\$ 3,126,094	\$ 3,186,144	\$ 3,266,600	\$ [80,456]
Interest	6,251	7,187	7,000	187
Refunds and reimbursements	1,611	1,134	-	1,134
Miscellaneous	-	372	45,000	[44,628]
Lease proceeds	18,541	-	-	-
Total Receipts	<u>3,152,497</u>	<u>3,194,837</u>	<u>\$ 3,318,600</u>	<u>\$ [123,763]</u>
Expenditures				
Wastewater Treatment				
Personnel services	408,590	441,675	\$ 1,120,650	\$ [678,975]
Contractual services	274,111	237,744	-	237,744
Commodities	72,602	62,869	-	62,869
Capital outlay	282,791	56,541	-	56,541
Sewer Maintenance				
Personnel services	302,072	303,812	1,136,200	[832,388]
Contractual services	11,636	43,100	-	43,100
Commodities	55,463	81,640	-	81,640
Capital outlay	89,746	234,306	-	234,306
Non-operating				
Personnel services	-	-	87,000	[87,000]
Contractual services	403	415	-	415
Debt service	63,485	-	-	-
Operating transfers	<u>1,378,537</u>	<u>1,551,008</u>	<u>1,485,723</u>	<u>65,285</u>
Total Expenditures	<u>2,939,436</u>	<u>3,013,110</u>	<u>\$ 3,829,573</u>	<u>\$ [816,463]</u>
Receipts Over [Under] Expenditures	213,061	181,727		
Unencumbered Cash, Beginning	<u>2,157,499</u>	<u>2,370,560</u>		
Unencumbered Cash, Ending	<u>\$ 2,370,560</u>	<u>\$ 2,552,287</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Electric Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Receipts				
Electric charges	\$ 16,336,548	\$ 17,671,961	\$ 17,416,900	\$ 255,061
Broadband charges	163,340	157,143	-	157,143
Fines and fees	271,670	278,397	-	278,397
Reimbursed expenses	47,695	73,613	-	73,613
Interest	10,469	16,272	20,000	[3,728]
Other	27,018	208,281	463,100	[254,819]
Debt proceeds	1,124,511	166,897	-	166,897
Operating transfers	394,068	-	-	-
Total Receipts	<u>18,375,319</u>	<u>18,572,564</u>	<u>\$ 17,900,000</u>	<u>\$ 672,564</u>
Expenditures				
Electric Production				
Personnel services	856,277	939,133	\$ 12,135,475	\$ [11,196,342]
Contractual services	333,964	292,039	-	292,039
Commodities	10,149,837	9,532,646	-	9,532,646
Capital outlay	68,720	70,521	-	70,521
Electric Distribution				
Personnel services	816,452	881,766	1,858,415	[976,649]
Contractual services	120,829	161,958	-	161,958
Commodities	225,250	484,759	-	484,759
Capital outlay	176,687	468,836	-	468,836
Utility Warehouse				
Personnel services	294,046	317,947	457,150	[139,203]
Contractual services	37,821	57,388	-	57,388
Commodities	7,493	10,308	-	10,308
Capital outlay	4,400	13,372	-	13,372
Utility Administration				
Personnel services	619,481	636,063	1,204,315	[568,252]
Contractual services	383,817	393,548	-	393,548
Commodities	23,885	22,277	-	22,277
Capital outlay	129	1,098	-	1,098
Electric Project				
Personnel services	67,058	58,520	137,460	[78,940]
Contractual services	98,048	79,450	-	79,450
Broadband				
Personnel services	26,811	27,679	219,550	[191,871]
Contractual services	90,435	85,661	-	85,661
Commodities	-	1,156	-	1,156
Capital outlay	23,053	1,198	-	1,198
Non-operating				
Contractual services	1,588	13,222	3,500	9,722
Debt service	423,906	666,137	-	666,137
Operating transfers	2,848,345	2,326,710	2,326,535	175
Adjustment for qualifying budget credit	-	-	240,510	[240,510]
Total Expenditures	<u>17,698,332</u>	<u>17,543,392</u>	<u>\$ 18,582,910</u>	<u>\$ [1,039,518]</u>
Receipts Over [Under] Expenditures	<u>676,987</u>	<u>1,029,172</u>		
Unencumbered Cash, Beginning	3,512,642	4,189,629		
Prior Period Adjustment	-	16,250		
Unencumbered Cash, Beginning, Restated	<u>3,512,642</u>	<u>4,205,879</u>		
Unencumbered Cash, Ending	<u>\$ 4,189,629</u>	<u>\$ 5,235,051</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS
 Utility Credit Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 Year Ended December 31, 2022 and 2021

	<u>2021</u>	<u>2022</u>
Receipts		
Other income	\$ -	\$ 1,649
Total Receipts	-	1,649
Expenditures		
Refunds	6,852	-
Total Expenditures	6,852	-
Receipts Over [Under] Expenditures	[6,852]	1,649
Unencumbered Cash, Beginning	137,413	130,561
Unencumbered Cash, Ending	\$ 130,561	\$ 132,210

* - This fund is not required to be budgeted.

SCHEDULE 2 - 27

CITY OF OTTAWA, KANSAS
 Health Insurance Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 Year Ended December 31, 2022 and 2021

	<u>2021</u>	<u>2022</u>
Receipts		
Interest	\$ 473	\$ 539
Charges for services	<u>1,810,258</u>	<u>1,814,037</u>
Total Receipts	<u>1,810,731</u>	<u>1,814,576</u>
Expenditures		
Cost of sales and services	<u>1,582,035</u>	<u>1,991,237</u>
Total Expenditures	<u>1,582,035</u>	<u>1,991,237</u>
Receipts Over [Under] Expenditures	228,696	[176,661]
Unencumbered Cash, Beginning	<u>1,571,465</u>	<u>1,800,161</u>
Unencumbered Cash, Ending	<u>\$ 1,800,161</u>	<u>\$ 1,623,500</u>

* - This fund is not required to be budgeted.

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SCHEDULE 3

CITY OF OTTAWA, KANSAS
 Agency Funds
 Summary of Receipts and Disbursements - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2022
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2021)

	Municipal Court Fines and <u>Credit Card</u>	Municipal Court <u>Bonds</u>	Federal Seized <u>Assets</u>	Escrow <u>Accounts</u>
Receipts				
Fines and court fees	\$ 319,497	\$ 55,934	\$ -	\$ -
Miscellaneous	-	-	1	47,353
Interest	8	-	9	22
Total Receipts	<u>319,505</u>	<u>55,934</u>	<u>10</u>	<u>47,375</u>
Expenditures				
Payments to State	23,544	-	-	-
Payments to City	278,867	-	-	-
Bond refunds	-	38,640	-	-
Miscellaneous	34,909	-	8,798	-
Total Expenditures	<u>337,320</u>	<u>38,640</u>	<u>8,798</u>	<u>-</u>
Receipts Over [Under] Expenditures	<u>[17,815]</u>	<u>17,294</u>	<u>[8,788]</u>	<u>47,375</u>
Unencumbered Cash, Beginning	45,745	4,302	21,347	-
Prior Period Adjustment	-	-	-	-
Unencumbered Cash, Beginning, Restated	<u>45,745</u>	<u>4,302</u>	<u>21,347</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 27,930</u>	<u>\$ 21,596</u>	<u>\$ 12,559</u>	<u>\$ 47,375</u>

* - These funds are not required to be budgeted.

SCHEDULE 3

Fire Proceeds	Lincoln Lots	Flex Spending	For the Year Ended December 31,	
			<u>2022</u>	<u>2021</u>
\$ -	\$ -	\$ -	\$ 375,431	\$ 383,189
-	-	71,114	118,468	75,525
30	7	-	76	5,074
<u>30</u>	<u>7</u>	<u>71,114</u>	<u>493,975</u>	<u>463,788</u>
-	-	-	23,544	26,561
-	-	-	278,867	309,328
-	-	-	38,640	38,019
<u>12,295</u>	<u>4,632</u>	<u>56,946</u>	<u>117,580</u>	<u>124,097</u>
<u>12,295</u>	<u>4,632</u>	<u>56,946</u>	<u>458,631</u>	<u>498,005</u>
<u>[12,265]</u>	<u>[4,625]</u>	<u>14,168</u>	<u>35,344</u>	<u>[34,217]</u>
23,171	13,835	4,999	113,399	135,332
-	-	-	-	12,284
<u>23,171</u>	<u>13,835</u>	<u>4,999</u>	<u>113,399</u>	<u>147,616</u>
<u>\$ 10,906</u>	<u>\$ 9,210</u>	<u>\$ 19,167</u>	<u>\$ 148,743</u>	<u>\$ 113,399</u>

See independent auditor's report on the financial statements.

SCHEDULE 4

CITY OF OTTAWA, KANSAS
 Schedule of Receipts and Expenditures - Actual*
 Related Municipal Entity - Ottawa Library
 Regulatory Basis
 Year Ended December 31, 2022 and 2021

	<u>2021</u>	<u>2022</u>
Receipts		
Appropriation from the City	\$ 1,079,477	\$ 1,095,059
Interest	677	1,639
State aid	7,424	3,865
Grants	46,017	50,381
Contribution	47,509	41,809
Miscellaneous	62,422	54,003
Gain on investments	63,572	23,630
Operating transfers	115,711	109,506
Total Receipts	<u>1,422,809</u>	<u>1,379,892</u>
Expenditures		
Salaries and benefits	767,270	819,936
Materials, program, and services	175,912	218,575
Operating	126,823	148,138
Capital improvements	9,664	28,246
Miscellaneous	5,979	636
Operating transfers	115,711	109,506
Total Expenditures	<u>1,201,359</u>	<u>1,325,037</u>
Receipts Over [Under] Expenditures	221,450	54,855
Unencumbered Cash, Beginning	<u>968,213</u>	<u>1,189,663</u>
Unencumbered Cash, Ending	<u>\$ 1,189,663</u>	<u>\$ 1,244,518</u>

* - This fund is not required to be budgeted.

CITY OF OTTAWA, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
<u>U.S. Department of Justice</u>		
Passed Through Crime Victims Compensation Board: Crime Victim Assistance	16.575	\$ <u>200</u>
Passed Through Kansas Governor's Office: Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>81,130</u>
Total U.S. Department of Justice		<u>81,330</u>
<u>U.S. Department of Homeland Security</u>		
Assistance to Firefighters Grant	97.044	<u>11,602</u>
Total U.S. Department of Homeland Security		<u>11,602</u>
<u>U.S. Department of the Treasury</u>		
Passed Through Kansas Governor's Office: Coronavirus State & Local Fiscal Recovery Funds Cluster: Coronavirus State & Local Fiscal Recovery Funds	21.027	<u>1,665,690</u>
Total Coronavirus State & Local Fiscal Recovery Funds Cluster		<u>1,665,690</u>
Total U.S. Department of the Treasury		<u>1,665,690</u>
<u>U.S. Department of Transportation</u>		
Passed Through Kansas Department of Transportation: State and Community Highway Safety Cluster: State and Community Highway Safety	20.600	<u>1,592</u>
Total State and Community Highway Safety Cluster		<u>1,592</u>
Airport Improvement Program	20.106	<u>737,141</u>
Total U.S. Department of Transportation		<u>738,733</u>
Total Expenditures of Federal Awards		<u>\$ 2,497,355</u>

The accompanying notes are an integral part of this schedule.

CITY OF OTTAWA, KANSAS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

1. Organization

The City of Ottawa, Kansas, (the City), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The City elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position as of December 31, 2022.

5. Outstanding Loans

The City did not have any outstanding loans under any federal grants as of December 31, 2022.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the Schedule of Expenditures of Federal Awards.

CITY OF OTTAWA, KANSAS
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

	<u>Unmodified (Regulatory Basis)</u> <u>Adverse (GAAP)</u>
Type of auditor's report issued:	
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes <u> X </u> None reported
Type of auditor's report issued on compliance for major programs:	_____ <u>Unmodified</u> _____
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?	_____ Yes <u> X </u> No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	_____ <u>\$750,000</u> _____
--	------------------------------

Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No
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CITY OF OTTAWA, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

Section II - Financial Statement Findings

Current Year Findings

None Noted.

Prior Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted.

Prior Year Findings

None Noted.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Mayor and City Commission
City of Ottawa, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of the City of Ottawa, Kansas (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 4, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal controls 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

May 4, 2023

AUDITING ACCOUNTING CONSULTING

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Commission
City of Ottawa, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the City of Ottawa, Kansas (the City), with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grants agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion of the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgement and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies, and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control Over Compliance

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

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended December 31, 2022, and have issued our report thereon dated May 4, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

May 4, 2023