

**CITY OF OSWEGO, KANSAS**

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

For the Year Ended December 31, 2011

**CITY OF OSWEGO, KANSAS**

For the Year Ended December 31, 2011

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**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
Oswego, Kansas

We have audited the summary statement of cash receipts, expenditures, and unencumbered cash balances of the City of Oswego, Kansas, as of and for the year ended December 31, 2011. This financial statement is the responsibility of the City of Oswego, Kansas' management. Our responsibility is to express an opinion on the financial statement based on our audit. The prior year summarized comparative information has been derived from the City's 2010 financial statement and, in our report dated April 25, 2011, we expressed an unqualified opinion on the financial statement of the City of Oswego, Kansas, prepared in accordance with the statutory basis of accounting.

We conducted our audit 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 Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the City of Oswego, Kansas has prepared this financial statement using accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these statutory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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

In our opinion, the financial statement referred above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Oswego, Kansas, as of December 31, 2011, and the aggregate cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2012, on our consideration of the City of Oswego, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

April 24, 2012  
Chanute, Kansas

**CITY OF OSWEGO, KANSAS**

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

Funds	Beginning Unencumbered Cash Balances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balances	Add Encumbrances and Accounts Payable	Ending Cash Balance	
						December 31, 2011	2010
<b>Governmental Type Funds:</b>							
General	\$ 83,555.49	\$ 829,113.17	\$ 807,881.40	\$ 104,787.26	\$ 26,899.90	\$ 131,687.16	\$ 113,682.57
<b>Special Revenue Funds:</b>							
Employee Benefits	22,384.00	147,487.51	134,488.50	35,383.01	6,470.39	41,853.40	27,708.56
Sick Leave	38,959.13	397.78	-	39,356.91	-	39,356.91	38,959.13
Health Insurance Premium	26,962.84	6,521.83	1,527.99	31,956.68	-	31,956.68	27,025.35
Municipal Equipment	206,250.15	30,960.72	54,083.71	183,127.16	-	183,127.16	206,250.15
Capital Improvements	1,197.90	541,579.39	266,429.55	276,347.74	-	276,347.74	130,226.12
City Sales Tax - Streets	171,469.50	134,873.27	-	306,342.77	-	306,342.77	171,469.50
City Sales Tax - Parks	11,027.50	44,472.34	35,758.09	19,741.75	-	19,741.75	11,027.50
Industrial	21,254.19	622.51	1,060.95	20,815.75	0.44	20,816.19	21,254.63
Airport	1,805.59	9,919.00	10,582.24	1,142.35	130.99	1,273.34	1,935.05
Special Highway	62,954.77	47,691.95	49,907.31	60,739.41	933.36	61,672.77	62,921.63
Special Parks and Recreation	631.79	1,045.94	-	1,677.73	-	1,677.73	631.79
Oswego Golf Course	6,249.81	86,315.67	92,329.42	236.06	443.01	679.07	7,205.76
Home Grant Revolving Loan	86,539.09	841.76	-	87,380.85	-	87,380.85	86,539.09
Neighborhood Revitalization Grant	59,026.85	24,249.93	18,191.59	65,085.19	-	65,085.19	59,026.85
Downtown Revitalization Grant	1,272.77	3,385.75	3,058.20	1,600.32	-	1,600.32	1,272.77
<b>Capital Project Funds:</b>							
Water Construction Project	-	6,186,289.85	6,182,005.01	4,284.84	-	4,284.84	-
<b>Enterprise Funds:</b>							
Electric Utility	-	43,171.00	-	43,171.00	-	43,171.00	-
Water Utility	177,511.90	796,068.56	599,188.78	374,391.68	19,755.34	394,147.02	189,658.76
Water Utility Bond and Interest	49,657.63	83,598.82	83,292.47	49,963.98	-	49,963.98	49,657.63
Water Utility Bond Reserve	60,420.91	14,944.72	-	75,365.63	-	75,365.63	60,420.91
Sewer Utility	398,319.19	228,563.15	252,225.37	374,656.97	5,368.22	380,025.19	399,325.46
Refuse Utility	173,722.23	199,068.24	181,320.90	191,469.57	6,012.42	197,481.99	180,446.73
Total Primary Government Component Units:	1,661,173.23	9,461,182.86	8,773,331.48	2,349,024.61	66,014.07	2,415,038.68	1,846,645.94
<b>Oswego Public Library</b>	83,481.90	47,931.93	51,072.42	80,341.41	-	80,341.41	83,481.90
<b>Total Component Units</b>	83,481.90	47,931.93	51,072.42	80,341.41	-	80,341.41	83,481.90
<b>Total Reporting Entity</b>	\$ 1,744,655.13	\$ 9,509,114.79	\$ 8,824,403.90	\$ 2,429,366.02	\$ 66,014.07	\$ 2,495,380.09	\$ 1,930,127.84

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

**Statement 1 (Continued)**

**CITY OF OSWEGO, KANSAS**

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

	2011	2010
Total Cash to be accounted for:	\$ 2,495,380.09	\$ 1,930,127.84
Composition of Cash:		
Cash on Hand.....	\$ 300.00	\$ 300.00
Commercial Bank		
Petty Cash.....	2,722.76	3,148.54
Senior Center Checking Account.....	11,821.11	10,251.33
Senior Center Savings Account.....	2,068.54	2,063.70
Fire Department Savings Account.....	3,209.75	1,372.04
Labette Bank		
Operating Checking Account.....	34,593.18	(8,752.20)
Money Market Account.....	194,339.78	191,691.35
CDBG Construction Account.....	4,284.84	-
Certificates of Deposit.....	2,220,000.00	1,700,000.00
Total Primary Government.....	2,473,339.96	1,900,074.76
Total Component Units.....	80,341.41	83,481.90
Total Cash.....	2,553,681.37	1,983,556.66
Less: Agency Funds Per Schedule 3.....	(58,301.28)	(53,428.82)
Total Reporting Entity.....	\$ 2,495,380.09	\$ 1,930,127.84

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

## CITY OF OSWEGO, KANSAS

Notes to the Financial Statement  
For the Year Ended December 31, 2011

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Oswego, Kansas (the City) was incorporated August 10, 1867, and operates as a second class city under the provisions of the Kansas Constitution, Article 12, Section 5 and K.S.A. 15-101 *et seq.* The City operates under a Council-Mayor form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, water, trash and sewer, health and social services, culture-recreation, education, public improvements, planning and zoning, and general administrative services.

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

#### Reporting Entity

The City of Oswego, Kansas is a municipal corporation governed by an elected seven-member council. This financial statement presents the City of Oswego (primary government) and its component units. The component units are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

#### Discretely Presented Component Units

The component units section of this financial statement includes the financial data of the discretely presented component units. These component units are reported separately to emphasize that they are legally separate from the City. The governing bodies of these component units are appointed by the City.

1. Oswego Public Library – The City of Oswego Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separately internal financial statements are available at the Oswego Public Library.

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

#### Fund Accounting

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation - Fund Accounting (Continued)

**GOVERNMENTAL FUNDS**

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

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

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

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

**PROPRIETARY FUNDS**

Enterprise Funds – Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), federal grants and other City funds.

**FIDUCIARY FUNDS**

Expendable Trust Funds – These funds account for funds held in trust for others. The funds are accounted for in essentially the same manner as governmental funds.

Basis of Presentation – Statutory Basis of Accounting

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Basis of Presentation – Statutory Basis of Accounting (Continued)

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

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

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

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

Cash and Investments

The City pools idle cash from all funds for the purpose of increasing income through investment activities. Investments are stated at cost.

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System or the State of Kansas Police and Fire Retirement System, both of which are multi-employer, state-wide pension plans. The City's policy is to fund all pension costs accrued; such costs to be funded are actuarially determined annually by the State of Kansas.

Reimbursed Expenses

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

## **2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specifically exempted by statute), Debt Service Funds, and Enterprise Funds. Although directory rather than mandatory, the statutes provide for the following timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1.
2. Publication in local newspaper on or before August 5 of the proposed budget and notice of public hearing on the budget.
3. Public Hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. During the year ended December 31, 2011, the City had no such amendments.

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

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds.

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

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

### Compliance with Kansas Statutes

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

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

Revenue Bond Requirements

The City is required, under ordinances of the Water Utility System Revenue Bonds, to maintain in its Enterprise Fund certain restricted accounts. The ordinances provide that the following reserve accounts be set up in amounts as described below:

<u>RESERVE ACCOUNT</u>	<u>REQUIRED AMOUNT</u>	<u>ACTUAL AMOUNT</u>
2005 Water Utility Bond and Interest – requires transfers monthly of 1/12 of next maturing interest, beginning July 23, 2005, and 1/12 of next maturing principal, beginning July 23, 2005.	\$ 41,646.36	\$ 49,963.98
2005 Water Utility Bond Reserve Account – requires monthly transfers of \$695.00 per month beginning July 23, 2005, until a maximum of \$83,296.00 is reached.	<u>54,210.00</u>	<u>75,365.63</u>
Total Reserves at December 31, 2011	<u>\$ 95,856.36</u>	<u>\$ 125,329.61</u>

The City agrees to fix, establish, maintain and collect such rates, fees or charges for water service furnished by or through the waterworks system which will be sufficient to enable the City to have, in each fiscal year, a net income in an amount that will be not less than 110% of the amount required to be paid by the City in the next succeeding fiscal year on account of both principal and interest of all waterworks system bonds of the City at the time outstanding. Net income is defined as gross income less operating expenses but before any transfers, depreciation and capital expense.

For the year ended December 31, 2011, the Water Utility Fund had a net income of \$438,925.58 which is 526.97% of the principal and interest requirements for 2012 of \$83,292.71.

The City served 833 water customers in 2011.

**3. DEPOSITS AND INVESTMENTS**

K.S.A 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main branch or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the bank provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

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

*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.

### 3. **DEPOSITS AND INVESTMENTS** Continued)

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

*Deposits* - At December 31, 2011, the City's carrying amount of deposits was \$2,473,039.96 and the bank balance was \$2,501,920.23. The bank balance was held at two banks resulting in a concentration of credit risk. Of the bank balance, \$520,275.27 was covered by federal depository insurance (FDIC) and \$1,981,644.96 was collateralized by pledged securities held by the pledging financial institutions' agent in the City's name.

### 4. **CAPITAL LEASE OBLIGATIONS**

The City entered into a capital lease agreement dated April 1, 2001, with City of Oswego, Kansas, Public Building Commission for the purchase of golf course improvements. The total cost was \$180,000.00. The lease calls for semi-annual payments between \$20,260.00 and \$25,850.00, including interest at 3.25% per annum, maturing October 1, 2013. Debt requirements are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2012	\$ 21,145.00
2013	21,100.00
Total Net Minimum Lease Payments	42,245.00
Less: Imputed Interest	(3,245.00)
Net Present Value of Minimum Lease Payments	39,000.00
Less: Current Maturities	(19,000.00)
Long-Term Capital Lease Obligations	<u>\$ 20,000.00</u>

The City entered into a capital lease agreement dated January 9, 2006, with Labette Bank, Altamont, Kansas for the purchase of a fire truck. The total cost was \$88,165.00. The lease calls for annual payments of \$11,313.12, including interest at 4.75% per annum, maturing February 2, 2016. Debt requirements are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2012	\$ 11,313.12
2013	11,313.12
2014	11,313.12
2015	11,313.12
2016	11,313.12
Total Net Minimum Lease Payments	56,565.60
Less: Imputed Interest	(7,244.61)
Net Present Value of Minimum Lease Payments	49,320.99
Less: Current Maturities	(8,970.37)
Long-Term Capital Lease Obligations	<u>\$ 40,350.62</u>

**5. OPERATING LEASES**

The City has entered into an operating lease for a postage machine. Rent expense for the year ended December 31, 2011, was \$1,368.00. Under the current lease agreement, the future minimum rental payments are as follows:

2012	\$ 1,584.00
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The City has entered into an operating lease for a copier. Rent expense for the year ended December 31, 2011, was \$3,289.00. Under the current lease agreement, the future minimum rental payments are as follows:

2012	\$ 4,200.00
2013	4,200.00
2014	4,200.00
2015	4,200.00
2016	3,850.00

**6. CAPITAL PROJECTS**

At year end, capital projects authorizations, with approved change orders, compared with expenditures from inception are as follows:

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<u>PROJECT NAME</u>	<u>EXPENDITURES TO DATE</u>	<u>PROJECT AUTHORIZATION</u>	<u>EXPECTED COMPLETION DATE</u>
Water Construction Project	\$ 3,676,112.67	\$ 4,039,191.00	2012

**7. LONG-TERM LIABILITIES**

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

Issue	Interest Issue	Date of Issue	Amount Maturity	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Paid with Utility Revenues										
Series 1999 - Sewer	4.375%	November 18, 1999	\$ 822,000.00	December 1, 2039	\$ 713,220.00	-	\$ 12,675.00	\$ 700,545.00	\$ 31,203.38	
Series 2003 - Sewer	4.50%	April 1, 2003	1,100,000.00	April 23, 2043	1,030,000.00	-	15,000.00	1,015,000.00	46,350.00	
Series 2010 - Parks	3.75%	May 11, 2010	338,000.00	November 1, 2027	338,000.00	-	13,000.00	325,000.00	14,717.09	
Series 2011 - Water	2.25%	October 20, 2011	2,487,000.00	October 20, 2051	-	2,487,000.00	-	2,487,000.00	-	
Temporary Notes										
Series 2011 - Water	1.19%	March 1, 2011	2,487,000.00	September 1, 2012	-	2,487,000.00	2,487,000.00	-	-	18,892.34
Revenue Bonds										
Paid with Utility Revenues										
Series 2005 - Water	4.25%	June 23, 2005	1,589,000.00	June 23, 2045	1,503,211.00	-	19,406.00	1,483,805.00	63,886.47	
Revolving Loan										
Series 1994 - Sewer	3.95%	March 1, 1994	273,392.32	September 1, 2013	55,272.73	-	17,708.45	37,564.28	2,010.12	
Fire Department										
Fireman's Relief Loan	6.00%	April 24, 2007	6,919.00	February 15, 2014	4,294.76	-	873.76	3,421.00	365.68	
Capital Leases										
Golf Course	3.25%	April 1, 2001	180,000.00	October 1, 2013	57,000.00	-	18,000.00	39,000.00	1,710.00	
Fire Truck	4.75%	January 9, 2006	88,165.00	February 2, 2016	57,884.59	-	8,563.60	49,320.99	2,749.52	
Total Contractual Indebtedness					3,758,883.08	4,974,000.00	2,592,226.81	6,140,656.27	181,884.60	
Compensated Absences	N/A	N/A	N/A	N/A	27,023.51	-	-	(2,477.08)	24,546.43	N/A
Total Long-Term Liabilities					\$ 3,785,906.59	\$ 4,974,000.00	\$ 2,592,226.81	\$ (2,477.08)	\$ 6,165,202.70	\$ 181,884.60

**7. LONG-TERM LIABILITIES (Continued)**

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

Issue	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027-2031	2032-2036	2037-2041	2042-2046	2047-2051	Total
<b>Principal</b>													
General Obligation Bonds													
Paid with Utility Revenues:													
Series 1999 - Sewer	\$ 13,230.00	\$ 13,808.00	\$ 14,413.00	\$ 15,043.00	\$ 15,701.00	\$ 89,432.00	\$ 110,784.00	\$ 137,233.00	\$ 169,996.00	\$ 120,905.00	\$ -	\$ -	\$ 700,545.00
Series 2003 - Sewer	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	100,000.00	125,000.00	160,000.00	195,000.00	245,000.00	115,000.00	-	1,015,000.00
Series 2010 - Parks	15,000.00	16,000.00	16,000.00	17,000.00	18,000.00	98,000.00	119,000.00	26,000.00	-	-	-	-	325,000.00
Series 2011 - Water	38,990.00	39,867.00	40,764.00	41,681.00	42,619.00	227,917.00	254,738.00	284,715.00	318,220.00	355,668.00	397,521.00	444,300.00	2,487,000.00
Revenue Bonds													
Paid with Utility Revenues:													
Series 2005 - Water	20,231.00	21,091.00	21,987.00	22,922.00	23,896.00	135,605.00	166,978.00	205,607.00	253,173.00	311,743.00	300,572.00	-	1,483,805.00
Revolving Loan													
Paid with Utility Revenues:													
Series 1994 - Sewer	18,595.76	18,968.52	-	-	-	-	-	-	-	-	-	-	37,564.28
Fire Department													
Fireman's Relief Loan	1,040.66	1,103.10	1,277.24	-	-	-	-	-	-	-	-	-	3,421.00
Capital Leases													
Golf Course	19,000.00	20,000.00	-	-	-	-	-	-	-	-	-	-	39,000.00
Fire Truck	8,970.37	9,396.47	9,842.80	10,310.33	10,801.02	-	-	-	-	-	-	-	49,320.99
<b>Total Principal Payments</b>	<b>150,057.79</b>	<b>155,234.09</b>	<b>119,284.04</b>	<b>121,956.33</b>	<b>126,017.02</b>	<b>650,954.00</b>	<b>776,500.00</b>	<b>813,555.00</b>	<b>936,389.00</b>	<b>1,033,316.00</b>	<b>813,093.00</b>	<b>444,300.00</b>	<b>6,140,656.27</b>
<b>Interest</b>													
General Obligation Bonds													
Paid with Utility Revenues:													
Series 1999 - Sewer	30,468.86	30,070.06	29,465.96	28,835.38	28,177.26	129,961.24	108,609.60	75,160.22	49,396.36	10,730.16	-	-	520,875.10
Series 2003 - Sewer	45,675.00	45,000.00	44,325.00	43,650.00	42,975.00	202,500.00	177,750.00	147,150.00	108,450.00	60,075.00	15,525.00	-	933,075.00
Series 2010 - Parks	12,187.50	11,625.00	11,025.00	10,425.00	9,787.50	38,475.00	18,562.50	975.00	-	-	-	-	113,062.50
Series 2011 - Water	55,957.50	55,080.23	54,183.22	53,266.03	52,328.21	246,818.28	219,997.54	190,020.54	156,515.89	119,068.49	77,214.38	30,435.04	1,310,885.35
Revenue Bonds													
Series 2005 - Water	63,061.71	62,201.90	61,305.53	60,371.08	59,396.90	280,859.52	249,487.67	210,858.02	163,291.51	104,720.95	48,249.18	-	1,363,803.97
Revolving Loan													
Series 1994 - Sewer	1,233.21	370.97	-	-	-	-	-	-	-	-	-	-	1,604.18
Fire Department													
Fireman's Relief Loan	198.78	136.34	70.15	-	-	-	-	-	-	-	-	-	405.27
Capital Leases													
Golf Course	2,145.00	1,100.00	-	-	-	-	-	-	-	-	-	-	3,245.00
Fire Truck	2,342.75	1,916.65	1,470.32	1,002.79	512.10	-	-	-	-	-	-	-	7,244.61
<b>Total Interest Payments</b>	<b>213,270.31</b>	<b>207,501.15</b>	<b>201,845.18</b>	<b>197,550.28</b>	<b>193,176.97</b>	<b>898,614.04</b>	<b>774,407.31</b>	<b>624,163.78</b>	<b>477,653.76</b>	<b>294,594.60</b>	<b>140,988.56</b>	<b>30,435.04</b>	<b>4,254,200.98</b>
<b>Total Principal and Interest</b>	<b>\$ 363,328.10</b>	<b>\$ 362,735.24</b>	<b>\$ 321,129.22</b>	<b>\$ 319,506.61</b>	<b>\$ 319,193.99</b>	<b>\$ 1,549,568.04</b>	<b>\$ 1,550,907.31</b>	<b>\$ 1,437,718.78</b>	<b>\$ 1,414,042.76</b>	<b>\$ 1,327,910.60</b>	<b>\$ 954,081.56</b>	<b>\$ 474,735.04</b>	<b>\$ 10,394,857.25</b>

## **8. DEFINED BENEFIT PENSION PLAN**

Plan Description - The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas Ave., Suite 100, Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy - K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% or 6% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established by statute for January 1, 2011 to December 31, 2011 was 7.74%. The City's contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$38,394.90, \$36,491.80, and \$35,339.10, respectively, equal to the statutory required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2011 is 14.57%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City's contributions to KP&F for years ending December 31, 2011, 2010, and 2009, were \$23,639.38, \$22,191.69, and \$24,485.84, respectively, equal to the statutory required contributions for each year.

## **9. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through the purchase of various insurance policies.

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

**9. RISK MANAGEMENT** (Continued)

The City of Oswego procures insurance coverage on the water utility facilities as follows:

<u>Type</u>	<u>Coverage Limit</u>	<u>Premium Amount</u>	<u>Policy Period</u>	<u>Insurance Carrier</u>
Property - Water Plant (Buildings and Contents)	\$ 5,693,597	\$ 9,925	4/1/11 – 4/1/12	EMC Insurance
- Deductible Each Claim	1,000			
Personal Property	36,050			
- Deductible Each Claim	1,000			
Liability - Each Occurrence	1,000,000	4,353	4/1/11 – 4/1/12	EMC Insurance
- Personal/Advertising Injury	1,000,000			
- General Aggregate	2,000,000			
- Products & Completed Operations Aggregate	2,000,000			
Employee Benefits Liability		125	4/1/11 – 4/1/12	EMC Insurance
- Each Claim	1,000,000			
- Aggregate	2,000,000			
- Deductible Each Claim	1,000			

The City has established a Sick Leave Fund. The purpose of this fund is to provide for the cost for an extended leave of absence for its employees. The City is funding this as a self funded disability plan. The Sick Leave Fund is funded by charges to other funds.

**10. COMPENSATED ABSENCES**

All full-time employees of the City with six months of employment are eligible for vacation benefits in varying annual amounts. Vacation may be carried over at a maximum of 96 hours at each anniversary date. In the event of termination, unused accrued vacation time is paid.

Sick leave accrues to all full-time employees at the rate of four hours of sick leave for each month of service for the first year and eight hours for each month of service thereafter. Sick leave amounts accrue to an unlimited amount. Unused leave at termination shall not be paid.

The City accrues a liability for compensated absences which meet the following criteria:

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

In accordance with the above criteria, the City has estimated a liability for vacation pay, which has been earned, but not taken by City employees. The liability for compensated absences is reflected in the long-term liabilities footnote 7 since it is anticipated that none of the liability will be liquidated with available financial resources. The City has not accrued a liability for sick leave earned, but not taken, by City employees, inasmuch as the amount cannot be reasonably estimated because the obligations to these rights do not vest.

**11. OTHER POST EMPLOYMENT BENEFITS**

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

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

**12. INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority</u>	<u>Amount</u>
General	Capital Improvements	K.S.A. 12-1,118	\$ 6,200.00
General	Municipal Equipment	K.S.A. 12-1,117	11,590.00
Airport	Capital Improvements	K.S.A. 12-1,118	4,000.00
Water Utility	General	K.S.A. 12-825d	100,000.00
Water Utility	Municipal Equipment	K.S.A. 12-1,117	1,500.00
Water Utility	Water Utility Bond and Interest	K.S.A. 12-825d	83,598.82
Water Utility	Water Utility Bond Reserve	K.S.A. 12-825d	14,944.72
Water Utility	Capital Improvements	K.S.A. 12-1,118	1,790.00
Sewer Utility	General	K.S.A. 12-825d	29,000.00
Sewer Utility	Municipal Equipment	K.S.A. 12-1,117	1,483.00
Sewer Utility	Capital Improvements	K.S.A. 12-1,118	1,790.00
Refuse Utility	General	K.S.A. 12-825d	29,000.00
Refuse Utility	Municipal Equipment	K.S.A. 12-1,117	1,485.00
Refuse Utility	Capital Improvements	K.S.A. 12-1,118	1,790.00
Special Highway	Municipal Equipment	K.S.A. 12-1,117	10,000.00
City Sales Tax – Parks	Capital Improvements	K.S.A. 12-1,118	8,039.75
Employee Benefits	Health Insurance Premium	K.S.A. 79-2934	3,742.20
Water Utility	Health Insurance Premium	K.S.A. 79-2934	1,372.14
Sewer Utility	Health Insurance Premium	K.S.A. 79-2934	436.59
Refuse Utility	Health Insurance Premium	K.S.A. 79-2934	686.07

**13. SUBSEQUENT EVENTS**

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

## **SUPPLEMENTAL INFORMATION**

CITY OF OSWEGO, KANSAS

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

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Charged to Current Year Budget	Variance - Over (Under)
Governmental Type Funds:					
General Fund	\$ 842,799.00	\$ 7,471.10	\$ 850,270.10	\$ 807,881.40	\$ (42,388.70)
Special Revenue Funds:					
Employee Benefits	162,511.00	-	162,511.00	134,488.50	(28,022.50)
City Sales Tax - Streets	301,734.00	-	301,734.00	-	(301,734.00)
City Sales Tax - Parks	42,375.00	-	42,375.00	35,758.09	(6,616.91)
Industrial	3,230.00	-	3,230.00	1,060.95	(2,169.05)
Airport	11,315.00	-	11,315.00	10,582.24	(732.76)
Special Highway	88,107.00	-	88,107.00	49,907.31	(38,199.69)
Special Parks	-	-	-	-	-
Oswego Golf Course	92,330.00	-	92,330.00	92,329.42	(0.58)
Enterprise Funds:					
Electric Utility	-	-	-	-	-
Water Utility	712,276.00	-	712,276.00	599,188.78	(113,087.22)
Sewer Utility	266,102.00	-	266,102.00	252,225.37	(13,876.63)
Refuse Utility	190,663.00	-	190,663.00	181,320.90	(9,342.10)

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**GENERAL FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
<b>Taxes and Shared Revenue</b>				
Ad Valorem Property Tax	\$ 230,846.68	\$ 226,087.78	\$ 245,359.00	\$ (19,271.22)
Delinquent Tax	10,705.87	10,574.95	3,000.00	7,574.95
Motor Vehicle Tax	44,841.89	46,639.61	49,594.00	(2,954.39)
Recreational Vehicle Tax	346.10	404.04	365.00	39.04
16 & 20M Truck Tax	647.75	813.07	712.00	101.07
Sales Tax	146,121.98	150,264.57	151,508.00	(1,243.43)
Franchise Tax	117,825.61	119,819.95	116,000.00	3,819.95
Fuel Tax Credit	1,851.62	1,782.54	-	1,782.54
Special Assessments	5,507.28	4,791.25	-	4,791.25
Local Alcohol Liquor Tax	631.80	1,040.97	-	1,040.97
<b>Charges for Services</b>				
Licenses and Fees	1,737.00	1,771.50	-	1,771.50
Building Permits	-	165.00	-	165.00
Rural Fire Contracts	16,939.00	19,983.00	-	19,983.00
Camping Fees	7,115.00	4,920.00	-	4,920.00
Swimming Pool	11,643.36	15,166.86	-	15,166.86
Motor Vehicle Inspections	819.00	1,260.00	-	1,260.00
<b>Fines, Forfeitures and Penalties</b>				
Fines	23,802.05	35,643.54	-	35,643.54
<b>Use of Money and Property</b>				
Interest Income	924.72	1,349.88	750.00	599.88
Rental Income	15,280.00	14,385.00	-	14,385.00
Sale of Property	-	3,710.00	-	3,710.00
<b>Other Revenues</b>				
Donations	2,701.02	1,795.48	83,617.00	(81,821.52)
Reimbursed Expense	6,676.78	7,471.10	5,991.00	1,480.10
Miscellaneous	6,417.19	1,273.08	2,000.00	(726.92)
<b>Operating Transfers from:</b>				
Water Utility Fund	100,000.00	100,000.00	100,000.00	-
Sewer Utility Fund	29,000.00	29,000.00	29,000.00	-
Refuse Utility Fund	29,000.00	29,000.00	29,000.00	-
<b>Total Cash Receipts</b>	<b>811,381.70</b>	<b>829,113.17</b>	<b>\$ 816,896.00</b>	<b>\$ 12,217.17</b>

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**GENERAL FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures and Transfers				
Subject to Budget				
General Government				
Personal Services	\$ 149,762.42	\$ 145,449.74	\$ 153,641.00	\$ (8,191.26)
Contractual Services	63,780.30	72,618.08	69,147.00	3,471.08
Commodities	13,449.30	13,962.98	18,950.00	(4,987.02)
Capital Outlay	-	419.99	-	419.99
Police				
Personal Services	189,540.79	181,436.58	181,222.00	214.58
Contractual Services	23,762.19	24,241.53	25,250.00	(1,008.47)
Commodities	16,855.69	24,210.85	21,150.00	3,060.85
Fire				
Personal Services	14,670.84	16,219.60	20,000.00	(3,780.40)
Contractual Services	29,291.39	29,607.02	31,032.00	(1,424.98)
Commodities	2,701.89	3,181.03	5,050.00	(1,868.97)
Streets				
Personal Services	42,720.37	39,271.44	46,896.00	(7,624.56)
Contractual Services	45,326.38	48,587.15	56,330.00	(7,742.85)
Commodities	6,584.15	8,962.63	10,075.00	(1,112.37)
Parks				
Personal Services	11,532.17	9,695.49	38,975.00	(29,279.51)
Contractual Services	30,919.18	24,150.15	24,260.00	(109.85)
Commodities	6,169.44	5,461.36	13,075.00	(7,613.64)
Community Center				
Personal Services	5,157.50	4,536.67	3,685.00	851.67
Contractual Services	25,706.50	27,068.65	23,665.00	3,403.65
Commodities	2,542.64	1,448.88	2,600.00	(1,151.12)
Swimming Pool				
Personal Services	17,016.42	33,217.55	15,993.00	17,224.55
Contractual Services	11,486.04	13,665.26	11,646.00	2,019.26
Commodities	5,742.16	6,591.15	8,075.00	(1,483.85)
Senior Citizens				
Contractual Services	5,812.17	5,614.71	6,584.00	(969.29)

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**GENERAL FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures and Transfers				
Subject to Budget				
Municipal Court				
Personal Services	\$ 18,440.53	\$ 19,072.54	\$ 20,148.00	\$ (1,075.46)
Contractual Services	11,518.26	14,121.44	10,750.00	3,371.44
Commodities	790.22	374.04	700.00	(325.96)
Library				
Contractual Services	16,500.00	16,500.00	16,500.00	-
Noxious Weed				
Commodities	456.33	404.89	1,200.00	(795.11)
Operating Transfers to:				
Municipal Equipment Fund	-	11,590.00	-	11,590.00
Capital Improvements Fund	13,180.00	6,200.00	6,200.00	-
Total Certified Budget			842,799.00	(34,917.60)
Adjustments for Qualifying				
Budget Credits			7,471.10	(7,471.10)
Total Expenditures and Transfers				
Subject to Budget	781,415.27	807,881.40	\$ 850,270.10	\$ (42,388.70)
Receipts Over(Under) Expenditures	29,966.43	21,231.77		
Unencumbered Cash, Beginning	53,589.06	83,555.49		
Unencumbered Cash, Ending	\$ 83,555.49	\$ 104,787.26		

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**EMPLOYEE BENEFITS FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 111,023.12	\$ 118,830.37	\$ 128,958.00	\$ (10,127.63)
Delinquent Tax	5,250.99	5,182.20	1,000.00	4,182.20
Motor Vehicle Tax	20,348.02	22,392.53	23,851.00	(1,458.47)
Recreational Vehicle Tax	156.38	193.23	175.00	18.23
16 & 20M Truck Tax	359.47	367.15	343.00	24.15
Use of Money and Property				
Interest Income	475.12	522.03	400.00	122.03
<b>Total Cash Receipts</b>	<b>137,613.10</b>	<b>147,487.51</b>	<b>\$ 154,727.00</b>	<b>\$ (7,239.49)</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
Employee Benefits				
Personal Services	120,659.27	118,439.39	\$ 138,471.00	\$ (20,031.61)
Contractual Services	15,145.26	12,271.68	22,040.00	(9,768.32)
Commodities	58.39	35.23	2,000.00	(1,964.77)
Operating Transfers to				
Health Insurance Premium Fund	1,043.06	3,742.20	-	3,742.20
<b>Total Expenditures and Transfers</b> Subject to Budget	<b>136,905.98</b>	<b>134,488.50</b>	<b>\$ 162,511.00</b>	<b>\$ (28,022.50)</b>
Receipts Over(Under) Expenditures	707.12	12,999.01		
Unencumbered Cash, Beginning	21,676.88	22,384.00		
Unencumbered Cash, Ending	<b>\$ 22,384.00</b>	<b>\$ 35,383.01</b>		

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**SICK LEAVE FUND**

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

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Use of Money and Property		
Interest Income	\$ 498.63	\$ 397.78
 Total Cash Receipts	498.63	397.78
 Expenditures and Transfers		
Employee Benefits		
Personal Services	-	-
 Total Expenditures and Transfers	-	-
 Receipts Over(Under) Expenditures	498.63	397.78
 Unencumbered Cash, Beginning	38,460.50	38,959.13
 Unencumbered Cash, Ending	\$ 38,959.13	\$ 39,356.91

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**HEALTH INSURANCE PREMIUM FUND**

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

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Use of Money and Property		
Interest Income	\$ 406.68	\$ 284.83
Operating Transfers from:		
Water Utility Fund	370.58	1,372.14
Sewer Utility Fund	125.40	436.59
Refuse Utility Fund	180.56	686.07
Employee Benefits Fund	1,043.06	3,742.20
 Total Cash Receipts	 2,126.28	 6,521.83
 Expenditures and Transfers		
Employee Benefits		
Contractual Services	8,074.77	1,527.99
 Total Expenditures and Transfers	 8,074.77	 1,527.99
 Receipts Over(Under) Expenditures	 (5,948.49)	 4,993.84
 Unencumbered Cash, Beginning	 32,911.33	 26,962.84
 Unencumbered Cash, Ending	 \$ 26,962.84	 \$ 31,956.68

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**MUNICIPAL EQUIPMENT FUND**

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

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Use of Money and Property		
Interest Income	\$ 1,959.17	\$ 1,677.32
Other Revenues		
Reimbursed Expense	29,150.00	3,225.40
Operating Transfers from:		
General Fund	-	11,590.00
Special Highway Fund	-	10,000.00
Water Utility Fund	1,500.00	1,500.00
Sewer Utility Fund	1,483.00	1,483.00
Refuse Utility Fund	1,485.00	1,485.00
	35,577.17	30,960.72
Total Cash Receipts		
Expenditures and Transfers		
General Government		
Contractual Services	-	2,550.00
Capital Outlay	5,154.99	51,533.71
	5,154.99	54,083.71
Total Expenditures and Transfers		
Receipts Over(Under) Expenditures	30,422.18	(23,122.99)
Unencumbered Cash, Beginning	175,827.97	206,250.15
Unencumbered Cash, Ending	\$ 206,250.15	\$ 183,127.16

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**CAPITAL IMPROVEMENTS FUND**

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

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
Federal Grants - FAA	\$ 60,981.00	\$ 366,049.00
Use of Money and Property		
Interest Income	3,022.79	2,333.08
Sale of Property	-	1,000.00
Other Revenues		
Reimbursed Expense	14,437.82	148,587.56
Operating Transfers from:		
General Fund	13,180.00	6,200.00
Airport Fund	4,000.00	4,000.00
City Sales Tax Fund - Parks	-	8,039.75
Water Utility Fund	-	1,790.00
Sewer Utility Fund	-	1,790.00
Refuse Utility Fund	-	1,790.00
Total Cash Receipts	<u>95,621.61</u>	<u>541,579.39</u>
Expenditures and Transfers		
General Government		
Contractual Services	63.63	162.50
Capital Outlay	<u>266,915.35</u>	<u>266,267.05</u>
Total Expenditures and Transfers	<u>266,978.98</u>	<u>266,429.55</u>
Receipts Over(Under) Expenditures	(171,357.37)	275,149.84
Unencumbered Cash, Beginning	<u>172,555.27</u>	<u>1,197.90</u>
Unencumbered Cash, Ending	<u>\$ 1,197.90</u>	<u>\$ 276,347.74</u>

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**CITY SALES TAX FUND - STREETS**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Sales Tax	\$ 122,163.30	\$ 132,904.76	\$ 125,250.00	\$ 7,654.76
Use of Money and Property				
Interest Income	1,072.34	1,968.51	1,500.00	468.51
<b>Total Cash Receipts</b>	<b>123,235.64</b>	<b>134,873.27</b>	<b>\$ 126,750.00</b>	<b>\$ 8,123.27</b>
Expenditures and Transfers				
Subject to Budget				
Streets and Highways				
Commodities	-	-	\$ 301,734.00	\$ (301,734.00)
<b>Total Expenditures and Transfers</b>				
Subject to Budget	-	-	\$ 301,734.00	\$ (301,734.00)
Receipts Over(Under) Expenditures	123,235.64	134,873.27		
Unencumbered Cash, Beginning	48,233.86	171,469.50		
Unencumbered Cash, Ending	\$ 171,469.50	\$ 306,342.77		

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**CITY SALES TAX FUND - PARKS**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Sales Tax	\$ 40,721.10	\$ 44,301.59	\$ 41,750.00	\$ 2,551.59
Use of Money and Property				
Bond Proceeds	338,000.00	-	-	-
Interest Income	154.11	170.75	200.00	(29.25)
Other Revenues				
Reimbursed Expense	776.00	-	-	-
<b>Total Cash Receipts</b>	<b>379,651.21</b>	<b>44,472.34</b>	<b>\$ 41,950.00</b>	<b>\$ 2,522.34</b>
Expenditures and Transfers				
Subject to Budget				
General Government				
Capital Outlay	8,727.69	-	\$ 7,000.00	\$ (7,000.00)
Debt Service				
Principal	341,409.00	13,000.00	27,336.00	(14,336.00)
Interest	15,330.20	14,717.09	-	14,717.09
Commission	-	1.25	-	1.25
Issuance Costs	4,438.76	-	-	-
Operating Transfers to				
Capital Improvements Fund	-	8,039.75	8,039.00	0.75
<b>Total Expenditures and Transfers</b>				
Subject to Budget	369,905.65	35,758.09	\$ 42,375.00	\$ (6,616.91)
Receipts Over(Under) Expenditures	9,745.56	8,714.25		
Unencumbered Cash, Beginning	1,281.94	11,027.50		
Unencumbered Cash, Ending	\$ 11,027.50	\$ 19,741.75		

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**INDUSTRIAL FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenue				
Delinquent tax	\$ 53.53	\$ 22.61	\$ -	\$ 22.61
Motor Vehicle Tax	10.06	-	-	-
Recreational Vehicle Tax	0.01	-	-	-
16 & 20M Truck Tax	6.95	-	-	-
Use of Money and Property				
Interest Income	227.94	209.90	100.00	109.90
Rental Income	390.00	390.00	450.00	(60.00)
Other Revenues				
Reimbursed Expense	125.00	-	-	-
<b>Total Cash Receipts</b>	<b>813.49</b>	<b>622.51</b>	<b>\$ 550.00</b>	<b>\$ 72.51</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
General Government				
Contractual Services	863.47	934.10	\$ 3,055.00	\$ (2,120.90)
Commodities	9.68	126.85	175.00	(48.15)
<b>Total Expenditures and Transfers</b>				
Subject to Budget	873.15	1,060.95	\$ 3,230.00	\$ (2,169.05)
Receipts Over(Under) Expenditures	(59.66)	(438.44)		
Unencumbered Cash, Beginning	21,313.85	21,254.19		
Unencumbered Cash, Ending	\$ 21,254.19	\$ 20,815.75		

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**AIRPORT FUND**

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

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 6,860.07	\$ 6,048.50	\$ 6,567.00	\$ (518.50)
Delinquent tax	307.95	312.47	-	312.47
Motor Vehicle Tax	1,333.13	1,385.95	1,473.00	(87.05)
Recreational Vehicle Tax	10.27	12.02	11.00	1.02
16 & 20M Truck Tax	19.81	24.14	21.00	3.14
Use of Money and Property				
Interest Income	82.29	49.24	50.00	(0.76)
Rental Income	740.00	1,800.00	1,850.00	(50.00)
Other Revenues				
Reimbursed Expense	35.48	200.98	-	200.98
Miscellaneous	125.16	85.70	-	85.70
<b>Total Cash Receipts</b>	<b>9,514.16</b>	<b>9,919.00</b>	<b>\$ 9,972.00</b>	<b>\$ (53.00)</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
General Government				
Contractual Services	5,106.06	6,278.66	\$ 7,055.00	\$ (776.34)
Commodities	509.35	303.58	260.00	43.58
Operating Transfers to				
Capital Improvements Fund	4,000.00	4,000.00	4,000.00	-
<b>Total Expenditures and Transfers</b>				
Subject to Budget	9,615.41	10,582.24	\$ 11,315.00	\$ (732.76)
Receipts Over(Under) Expenditures	(101.25)	(663.24)		
Unencumbered Cash, Beginning	1,906.84	1,805.59		
Unencumbered Cash, Ending	\$ 1,805.59	\$ 1,142.35		

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**SPECIAL HIGHWAY FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Special Highway Tax	\$ 49,969.62	\$ 46,648.83	\$ 54,410.00	\$ (7,761.17)
Use of Money and Property				
Interest Income	1,054.86	598.06	900.00	(301.94)
Other Revenues				
Miscellaneous	504.76	445.06	-	445.06
<b>Total Cash Receipts</b>	<b>51,529.24</b>	<b>47,691.95</b>	<b>\$ 55,310.00</b>	<b>\$ (7,618.05)</b>
Expenditures and Transfers				
Subject to Budget				
General Government				
Personal Services	29,953.45	27,461.45	\$ 43,292.00	\$ (15,830.55)
Contractual Services	10,482.70	4,095.96	8,515.00	(4,419.04)
Commodities	9,254.21	8,349.90	26,300.00	(17,950.10)
Operating Transfers to				
Municipal Equipment Fund	-	10,000.00	10,000.00	-
<b>Total Expenditures and Transfers Subject to Budget</b>	<b>49,690.36</b>	<b>49,907.31</b>	<b>\$ 88,107.00</b>	<b>\$ (38,199.69)</b>
Receipts Over(Under) Expenditures	1,838.88	(2,215.36)		
Unencumbered Cash, Beginning	61,115.89	62,954.77		
Unencumbered Cash, Ending	<b>\$ 62,954.77</b>	<b>\$ 60,739.41</b>		

See accompanying independent auditors' report

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

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Local Alcohol Liquor Tax	\$ 631.79	\$ 1,040.96	\$ -	\$ 1,040.96
Use of Money and Property				
Interest Income	-	4.98	-	4.98
<b>Total Cash Receipts</b>	<b>631.79</b>	<b>1,045.94</b>	<b>\$ -</b>	<b>\$ 1,045.94</b>
Expenditures and Transfers				
Subject to Budget				
General Government				
Contractual Services	-	-	\$ -	\$ -
<b>Total Expenditures and Transfers</b>				
Subject to Budget	-	-	\$ -	\$ -
Receipts Over(Under) Expenditures	631.79	1,045.94		
Unencumbered Cash, Beginning	-	631.79		
Unencumbered Cash, Ending	<u>\$ 631.79</u>	<u>\$ 1,677.73</u>		

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**OSWEGO GOLF COURSE FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Taxes and Shared Revenue				
Fuel Tax Credit	\$ 255.60	\$ 340.80	\$ -	\$ 340.80
Charges for Services				
Membership Fees	36,294.50	32,373.00	92,290.00	(59,917.00)
Green Fees	17,806.50	18,717.42	-	18,717.42
Golf Cart Fees	15,057.00	18,533.36	-	18,533.36
Tournament Proceeds	5,986.50	5,512.00	-	5,512.00
Concessions	6,078.55	8,200.55	-	8,200.55
Other Fees	775.60	783.06	-	783.06
Use of Money and Property				
Interest Income	117.53	87.16	-	87.16
Sale of Property	-	1,718.32	-	1,718.32
Other Revenues				
Reimbursed Expense	-	50.00	-	50.00
<b>Total Cash Receipts</b>	<b>82,371.78</b>	<b>86,315.67</b>	<b>\$ 92,290.00</b>	<b>\$ (5,974.33)</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
Culture and Recreation				
Contractual Services	52,436.32	64,306.93	\$ 58,570.00	\$ 5,736.93
Commodities	8,539.34	5,811.24	14,050.00	(8,238.76)
Capital Outlay	-	2,500.00	-	2,500.00
Debt Service				
Bond Principal	17,000.00	18,000.00	19,710.00	(1,710.00)
Bond Interest	2,220.00	1,710.00	-	1,710.00
Commission	1.25	1.25	-	1.25
<b>Total Expenditures and Transfers</b> Subject to Budget	<b>80,196.91</b>	<b>92,329.42</b>	<b>\$ 92,330.00</b>	<b>\$ (0.58)</b>
Receipts Over(Under) Expenditures	2,174.87	(6,013.75)		
Unencumbered Cash, Beginning	4,074.94	6,249.81		
Unencumbered Cash, Ending	\$ 6,249.81	\$ 236.06		

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**HOME GRANT REVOLVING LOAN FUND**  
Schedule of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Use of Money and Property		
Interest Income	\$ 1,094.61	\$ 841.76
 Total Cash Receipts	1,094.61	841.76
 Expenditures and Transfers		
General Government		
Capital Outlay	-	-
 Total Expenditures and Transfers	-	-
 Receipts Over(Under) Expenditures	1,094.61	841.76
 Unencumbered Cash, Beginning	85,444.48	86,539.09
 Unencumbered Cash, Ending	\$ 86,539.09	\$ 87,380.85

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**NEIGHBORHOOD REVITALIZATION GRANT FUND**  
Schedule of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Taxes and Shared Revenue		
County Rebates	\$ 30,875.23	\$ 23,693.07
Use of Money and Property		
Interest Income	576.90	556.86
	31,452.13	24,249.93
 Total Cash Receipts		
 Expenditures and Transfers		
General Government		
Rebate Payments	20,834.44	18,191.59
	20,834.44	18,191.59
 Total Expenditures and Transfers		
 Receipts Over(Under) Expenditures	10,617.69	6,058.34
 Unencumbered Cash, Beginning	48,409.16	59,026.85
 Unencumbered Cash, Ending	\$ 59,026.85	\$ 65,085.19

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**DOWNTOWN REVITALIZATION GRANT FUND**  
Schedule of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Taxes and Shared Revenue		
County Rebates	\$ 3,352.76	\$ 3,373.28
Use of Money and Property		
Interest Income	22.51	12.47
	3,375.27	3,385.75
Total Cash Receipts		
Expenditures and Transfers		
General Government		
Rebate Payments	3,039.55	3,058.20
	3,039.55	3,058.20
Total Expenditures and Transfers		
Receipts Over(Under) Expenditures	335.72	327.55
Unencumbered Cash, Beginning	937.05	1,272.77
Unencumbered Cash, Ending	\$ 1,272.77	\$ 1,600.32

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**WATER CONSTRUCTION PROJECT FUND**  
Schedule of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
Federal Grants - Rural Development \$	-	\$ 1,187,500.00
Federal Grants - FEMA	-	21,873.40
State Grants - FEMA	-	2,916.45
Use of Money and Property		
Bond Proceeds - Temporary Notes	-	2,487,000.00
Bond Proceeds	-	2,487,000.00
	-	6,186,289.85
Total Cash Receipts	-	6,186,289.85
Expenditures and Transfers		
Improvements		
Capital Outlay	-	3,676,112.67
Debt Service		
Principal	-	2,487,000.00
Interest	-	18,892.34
	-	6,182,005.01
Total Expenditures and Transfers	-	6,182,005.01
Receipts Over(Under) Expenditures	-	4,284.84
Unencumbered Cash, Beginning	-	-
Unencumbered Cash, Ending	\$ -	\$ 4,284.84

See accompanying independent auditors' report

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

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Use of Money and Property				
Interest Income	\$ 163.55	\$ -	\$ -	\$ -
Other Revenues				
Reimbursed Expense	-	43,171.00	-	43,171.00
<b>Total Cash Receipts</b>	<b>163.55</b>	<b>43,171.00</b>	<b>\$ -</b>	<b>\$ 43,171.00</b>
Expenditures and Transfers				
Subject to Budget				
Contractual Services	16,734.34	-	\$ -	\$ -
<b>Total Expenditures and Transfers</b>				
Subject to Budget	16,734.34	-	\$ -	\$ -
Receipts Over(Under) Expenditures	(16,570.79)	43,171.00		
Unencumbered Cash, Beginning	16,570.79	-		
Unencumbered Cash, Ending	\$ -	\$ 43,171.00		

See accompanying independent auditors' report

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

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental				
Federal Grants	\$ -	\$ 13,611.06	\$ -	\$ 13,611.06
Charges for Services				
Water Sales	635,227.33	665,819.53	709,651.00	(43,831.47)
Bulk Water Sales	902.75	2,690.07	-	2,690.00
Water Fees	5,420.78	6,798.74	23,700.00	(16,901.00)
Penalties	15,734.39	14,903.02	-	14,903.00
Use of Money and Property				
Interest Income	2,984.96	3,504.51	3,000.00	505.00
Rental Income	1,800.00	1,800.00	1,800.00	-
Other Revenues				
Reimbursed Expense	1,842.24	86,570.82	-	86,571.00
Miscellaneous	-	370.81	-	371.00
<b>Total Cash Receipts</b>	<b>663,912.45</b>	<b>796,068.56</b>	<b>\$ 738,151.00</b>	<b>\$ 57,918.59</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
Production				
Personal Services	111,022.70	116,429.86	\$ 121,570.00	\$ (5,140.14)
Contractual Services	63,509.51	71,654.51	71,320.00	335.00
Commodities	56,317.73	47,661.23	79,775.00	(32,114.00)
Capital Outlay	92,070.39	-	-	-
Distribution				
Personal Services	79,670.85	77,466.36	84,249.00	(6,783.00)
Contractual Services	12,169.51	17,677.49	37,193.00	(19,516.00)
Commodities	11,239.40	26,253.53	18,550.00	7,704.00
Capital Outlay	53,253.28	38,840.12	-	38,840.00

See accompanying independent auditors' report

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

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures and Transfers				
Subject to Budget (Continued)				
Operating Transfers to:				
General Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ -
Health Insurance Premium Fund	370.58	1,372.14	-	1,372.00
Water Utility Bond Reserve Fund	-	14,944.72	-	14,945.00
Water Utility Bond & Interest Fund	83,292.61	83,598.82	196,329.00	(112,730.00)
Municipal Equipment Fund	1,500.00	1,500.00	1,500.00	-
Capital Improvements Fund	-	1,790.00	1,790.00	-
Total Expenditures and Transfers				
Subject to Budget	<u>664,416.56</u>	<u>599,188.78</u>	<u>\$ 712,276.00</u>	<u>\$ (113,087.14)</u>
Receipts Over(Under) Expenditures	(504.11)	196,879.78		
Unencumbered Cash, Beginning	<u>178,016.01</u>	<u>177,511.90</u>		
Unencumbered Cash, Ending	<u>\$ 177,511.90</u>	<u>\$ 374,391.68</u>		

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**WATER UTILITY BOND AND INTEREST FUND**  
 Schedule of Cash Receipts and Expenditures - Actual  
 For the Year Ended December 31, 2011  
 (With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers from		
Water Utility Fund	\$ 83,292.61	\$ 83,598.82
 Total Cash Receipts	83,292.61	83,598.82
 Expenditures and Transfers		
Debt Service		
Principal	18,615.00	19,406.00
Interest	64,677.61	63,886.47
 Total Expenditures and Transfers	83,292.61	83,292.47
 Receipts Over(Under) Expenditures	-	306.35
 Unencumbered Cash, Beginning	49,657.63	49,657.63
 Unencumbered Cash, Ending	\$ 49,657.63	\$ 49,963.98

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**WATER UTILITY BOND RESERVE FUND**  
Schedule of Cash Receipts and Expenditures - Actual  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers from Water Utility Fund	\$ -	\$ 14,944.72
Total Cash Receipts	-	14,944.72
Expenditures and Transfers		
Debt Service	-	-
Total Expenditures and Transfers	-	-
Receipts Over(Under) Expenditures	-	14,944.72
Unencumbered Cash, Beginning	60,420.91	60,420.91
Unencumbered Cash, Ending	\$ 60,420.91	\$ 75,365.63

See accompanying independent auditors' report

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

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Sewer Collections	\$ 217,539.07	\$ 219,846.60	\$ 222,165.00	\$ (2,318.40)
Special Assessments	4,642.83	4,335.63	4,450.00	(114.37)
Use of Money and Property				
Interest Income	4,613.52	3,770.92	3,500.00	270.92
Other Revenues				
Reimbursed Expense	729.55	610.00	-	610.00
<b>Total Cash Receipts</b>	<b>227,524.97</b>	<b>228,563.15</b>	<b>\$ 230,115.00</b>	<b>\$ (1,551.85)</b>
Expenditures and Transfers				
Subject to Budget				
Operating Expenditures				
Personal Services	52,253.29	49,408.24	\$ 52,878.00	\$ (3,469.76)
Contractual Services	25,853.49	37,975.83	46,710.00	(8,734.17)
Commodities	4,879.36	7,184.76	9,125.00	(1,940.24)
Debt Service				
Principal	44,173.19	45,383.45	125,116.00	(79,732.55)
Interest	81,449.07	79,563.50	-	79,563.50
Operating Transfers to:				
General Fund	29,000.00	29,000.00	29,000.00	-
Health Insurance Premium Fund	125.40	436.59	-	436.59
Municipal Equipment Fund	1,483.00	1,483.00	1,483.00	-
Capital Improvements Fund	-	1,790.00	1,790.00	-
<b>Total Expenditures and Transfers</b>				
Subject to Budget	<b>239,216.80</b>	<b>252,225.37</b>	<b>\$ 266,102.00</b>	<b>\$ (13,876.63)</b>
Receipts Over(Under) Expenditures	(11,691.83)	(23,662.22)		
Unencumbered Cash, Beginning	410,011.02	398,319.19		
Unencumbered Cash, Ending	<b>\$ 398,319.19</b>	<b>\$ 374,656.97</b>		

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**REFUSE UTILITY FUND**

Schedule of Cash Receipts and Expenditures - Actual and Budget  
For the Year Ended December 31, 2011  
(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
<b>Cash Receipts</b>				
Intergovernmental				
State Grants	\$ -	\$ 3,870.48	\$ -	\$ 3,870.48
Charges for Services				
Refuse Collections	193,328.44	191,453.13	193,855.00	(2,401.87)
Dumpster Fees	2,314.82	1,148.46	2,400.00	(1,251.54)
Use of Money and Property				
Interest Income	1,965.19	1,708.34	1,500.00	208.34
Rents and Royalties	-	887.83	-	887.83
<b>Total Cash Receipts</b>	<b>197,608.45</b>	<b>199,068.24</b>	<b>\$ 197,755.00</b>	<b>\$ 1,313.24</b>
<b>Expenditures and Transfers</b>				
Subject to Budget				
Operating Expenditures				
Personal Services	74,612.57	73,817.03	\$ 83,018.00	\$ (9,200.97)
Contractual Services	58,231.90	63,503.10	61,820.00	1,683.10
Commodities	10,503.58	11,039.70	13,550.00	(2,510.30)
Operating Transfers to:				
General Fund	29,000.00	29,000.00	29,000.00	-
Health Insurance Premium Fund	180.56	686.07	-	686.07
Municipal Equipment Fund	1,485.00	1,485.00	1,485.00	-
Capital Improvements Fund	-	1,790.00	1,790.00	-
<b>Total Expenditures and Transfers Subject to Budget</b>	<b>174,013.61</b>	<b>181,320.90</b>	<b>\$ 190,663.00</b>	<b>\$ (9,342.10)</b>
Receipts Over(Under) Expenditures	23,594.84	17,747.34		
Unencumbered Cash, Beginning	150,127.39	173,722.23		
Unencumbered Cash, Ending	<u>\$ 173,722.23</u>	<u>\$ 191,469.57</u>		

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**AGENCY FUNDS**

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

Funds	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Utility Deposits Fund	\$ 39,741.75	\$ 14,639.25	\$ 13,179.12	\$ 41,201.88
CDBG Revolving Loan	-	106,582.06	106,582.06	-
Oswego Senior Center	12,315.03	6,363.53	4,788.91	13,889.65
Oswego Fire Department Donations	1,372.04	2,607.71	770.00	3,209.75
Total Agency Funds	<u>\$ 53,428.82</u>	<u>\$ 130,192.55</u>	<u>\$ 125,320.09</u>	<u>\$ 58,301.28</u>

See accompanying independent auditors' report

**CITY OF OSWEGO, KANSAS**  
**OSWEGO PUBLIC LIBRARY**

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

(With Comparative Actual Amounts for the Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Taxes and Shared Revenue		
City Appropriations	\$ 16,500.00	\$ 16,500.00
SEK Library Association	6,013.00	6,149.00
State Aid	1,112.00	888.17
State Grants	-	1,418.75
Use of Money and Property		
Interest Income	1,612.19	912.40
Other Revenues		
Donations	18,080.41	17,866.83
Reimbursed Expense	-	2,868.77
Miscellaneous	912.75	1,328.01
	44,230.35	47,931.93
Expenditures and Transfers		
Culture and Recreation		
Personal Services	30,701.02	29,961.67
Contractual Services	9,748.23	10,601.96
Commodities	14,588.11	10,508.79
	55,037.36	51,072.42
Receipts Over(Under) Expenditures	(10,807.01)	(3,140.49)
Unencumbered Cash, Beginning	94,288.91	83,481.90
Unencumbered Cash, Ending	\$ 83,481.90	\$ 80,341.41

See accompanying independent auditors' report

**FEDERAL COMPLIANCE SECTION**

**CITY OF OSWEGO, KANSAS**

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

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CFDA NUMBER	CASH RECEIPTS	DISBURSE- MENTS/ EXPENDITURES
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Direct Grant				
Water and Waste Water Disposal Systems for Rural Communities - Revolving Loan - ARRA	N/A	10.781	\$ 2,487,000.00	\$ 2,482,715.17
Water and Waste Water Disposal Systems for Rural Communities - Grant - ARRA	N/A	10.781	1,187,500.00	1,187,500.00
		Total 10.781 (M)	3,674,500.00	3,670,215.17
Total U.S. Department of Agriculture			3,674,500.00	3,670,215.17
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
Passed through the Kansas Department of Emergency Management Disaster Grants - Public Assistance	1849-DR-KS	97.036	21,873.40	21,873.40
Total U.S. Department of Homeland Security			21,873.40	21,873.40
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>				
Pass Through Kansas Department of Health and Environment Capitalization Grants for Drinking Water - ARRA	E5500	66.468	13,611.06	13,611.06
Total U.S. Environmental Protection Agency			13,611.06	13,611.06
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
Direct Grant				
Airport Improvement Program	3-20-0065-07	20.106	231,686.00	112,024.41
Airport Improvement Program	3-20-0065-08	20.106	134,363.00	134,363.73
		Total 20.106	366,049.00	246,388.14
Total U.S. Department of Transportation			366,049.00	246,388.14
<b>TOTAL ALL PROGRAMS</b>			<b>\$ 4,076,033.46</b>	<b>\$ 3,952,087.77</b>

Note to the Schedule of Expenditures of Federal Awards:

Federal expenditures are recorded on the accrual basis of accounting, which records expenses when the goods or services are received, and not necessarily when paid.

(M) - Major Program

See accompanying independent auditors' report

**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Council  
City of Oswego, Kansas

We have audited the financial statements of the City of Oswego, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the City of Oswego, Kansas' basic financial statements and have issued our report thereon dated April 24, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Oswego, Kansas' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Oswego, Kansas' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Oswego, Kansas' internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

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

JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

April 24, 2012  
Chanute, Kansas

**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Mayor and City Council  
City of Oswego, Kansas

Compliance

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

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

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

Internal Control over Compliance

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

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

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

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

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

JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

April 24, 2012  
Chanute, Kansas

**CITY OF OSWEGO, KANSAS**

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

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

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

**Internal Control over Financial Reporting:**

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

**Federal Awards:**

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

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

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

**U.S. Department of Agriculture**

Water and Waste Water Disposal Systems for Rural Communities - Revolving Loan - ARRA	CFDA No. 10.781
Water and Waste Water Disposal Systems for Rural Communities - Grant - ARRA	CFDA No. 10.781

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

Auditee qualified as a low risk auditee?	_____	Yes	___X___	No
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**II. FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

**III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NONE

**CITY OF OSWEGO, KANSAS**

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

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December 31, 2010:

No Findings in the Prior Year Audit