

CITY OF OSWEGO, KANSAS

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

For the Year Ended December 31, 2012

CITY OF OSWEGO, KANSAS

For the Year Ended December 31, 2012

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JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
Oswego, Kansas

Report on the Financial Statement

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Oswego, Kansas, a municipality, as of and for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Oswego, Kansas as of December 31, 2012, or changes in financial position and cash flows thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Oswego, Kansas as of December 31, 2012, 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.

Report on Regulatory Required 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, and the schedule of regulatory basis receipts and disbursements – agency funds (Schedules 1, 2, and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The 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 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 July 2, 2013, 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* in considering the City of Oswego, Kansas’ internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

July 2, 2012
Chanute, Kansas

CITY OF OSWEGO, KANSAS
 Summary Statement of Receipts, Expenditures, and Unencumbered Cash
 Regulatory Basis
 For the Year Ended December 31, 2012

Funds	Beginning Unencumbered		Receipts	Expenditures	Ending Unencumbered		Add Encumbrances and Accounts Payable	Ending Cash Balance December 31, 2012
	Cash Balances				Cash Balances			
General	\$ 104,787.26	\$	822,599.68	\$ 825,552.84	\$	101,834.10	\$ 31,584.00	\$ 133,418.10
Special Purpose Funds:								
Employee Benefits	35,383.01		158,726.57	154,392.52		39,717.06	8,135.14	47,852.20
Sick Leave	39,356.91		233.36	-		39,590.27	-	39,590.27
Health Insurance Premium	31,956.68		165.54	1,250.00		30,872.22	-	30,872.22
Municipal Equipment	183,127.16		21,439.22	50,553.77		154,012.61	9,201.35	163,213.96
Capital Improvements	276,347.74		114,881.12	212,430.12		178,798.74	3,294.65	182,093.39
City Sales Tax - Streets	306,342.77		127,817.57	-		434,160.34	-	434,160.34
City Sales Tax - Parks	19,741.75		42,283.46	43,164.11		18,861.10	-	18,861.10
Industrial	20,815.75		517.19	627.57		20,705.37	404.00	21,109.37
Airport	1,142.35		9,336.59	9,609.94		869.00	541.25	1,410.25
Special Highway	60,739.41		48,790.45	48,184.68		61,345.18	539.78	61,884.96
Special Parks and Recreation	1,677.73		4.48	-		1,682.21	-	1,682.21
Oswego Golf Course	236.06		89,323.53	87,796.00		1,763.59	711.09	2,474.68
Capital Project Funds:								
Home Grant Revolving Loan	87,380.85		432.12	-		87,812.97	-	87,812.97
Neighborhood Revitalization Grant	65,085.19		22,744.26	17,017.15		70,812.30	-	70,812.30
Downtown Revitalization Grant	1,600.32		3.49	-		1,603.81	-	1,603.81
Water Construction Project	4,284.84		1,287,500.00	1,291,784.84		-	-	-
Business Funds:								
Electric Utility	43,171.00		97.58	-		43,268.58	-	43,268.58
Water Utility	374,391.68		764,333.02	593,942.84		544,781.86	18,409.88	563,191.74
Water Utility Bond and Interest	49,963.98		140,451.93	1,745,415.91		-	-	-
Water Utility Bond Reserve	75,365.63		-	75,365.63		-	-	-
Sewer Utility	374,656.97		2,031,760.47	2,030,077.85		376,339.59	731.00	377,070.59
Refuse Utility	191,469.57		192,359.14	192,553.03		191,275.68	7,788.11	199,063.79
Total Reporting Entity								
(Excluding Agency Funds)	\$ 2,349,024.61	\$	5,875,800.77	\$ 7,379,718.80	\$	2,400,106.58	\$ 81,340.25	\$ 2,481,446.83

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

CITY OF OSWEGO, KANSAS

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
 Regulatory Basis
 For the Year Ended December 31, 2012

	<u>2012</u>
Total Cash to be accounted for:	<u>\$ 2,481,446.83</u>
Composition of Cash:	
Cash on Hand.....	\$ 500.00
Commercial Bank	
Petty Cash.....	3,080.68
Senior Center Checking Account.....	13,200.92
Senior Center Savings Account.....	2,555.24
Fire Department Savings Account.....	3,348.68
Labette Bank	
Operating Checking Account.....	23,460.85
Money Market Account.....	193,684.20
CDBG Construction Account.....	-
Certificates of Deposit.....	<u>2,300,000.00</u>
Total Primary Government.....	2,539,830.57
Less: Agency Funds Per Schedule 3.....	<u>(58,383.74)</u>
Total Reporting Entity.....	<u>\$ 2,481,446.83</u>

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

CITY OF OSWEGO, KANSAS

Notes to the Financial Statement
For the Year Ended December 31, 2012

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 is a municipal corporation governed by an elected seven-member council. This financial statement presents the City of Oswego.

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

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.

Regulatory Basis Fund Types

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:

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Regulatory Basis Fund Types (Continued)

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

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

Basis of Presentation – Regulatory Basis of Accounting

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

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as 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

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

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

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

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

A legal operating budget is not required for capital project funds, trust funds, and the following special purpose funds:

- Sick Leave Fund
- Health Insurance Fund
- Municipal Equipment Fund
- Capital Improvements Fund

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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.

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.

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, 2012.

Deposits - At December 31, 2012, the City's carrying amount of deposits was \$2,539,330.57 and the bank balance was \$2,547,498.68. The bank balance was held at two banks resulting in a concentration of credit risk. Of the bank balance, \$497,498.68 was covered by federal depository insurance (FDIC) and \$2,050,000.00 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>
2013	\$ 21,100.00
Total Net Minimum Lease Payments	21,100.00
Less: Imputed Interest	<u>(1,100.00)</u>
Net Present Value of Minimum Lease Payments	20,000.00
Less: Current Maturities	<u>(20,000.00)</u>
Long-Term Capital Lease Obligations	<u>\$ 0.00</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>
2013	\$ 11,313.12
2014	11,313.12
2015	11,313.12
2016	<u>11,313.12</u>
Total Net Minimum Lease Payments	45,252.48
Less: Imputed Interest	<u>(4,901.86)</u>
Net Present Value of Minimum Lease Payments	40,350.62
Less: Current Maturities	<u>(9,396.47)</u>
Long-Term Capital Lease Obligations	<u>\$ 30,954.15</u>

The City entered into a capital lease agreement dated November 5, 2012, with K. Bradford Barton Services, Inc. for the purchase of golf carts. The total cost was \$12,000.00. The lease calls for monthly payments of \$333.33, interest free, maturing November 5, 2015. Debt requirements are as follows:

<u>Year Ended December 31</u>	<u>Totals</u>
2013	\$ 3,999.96
2014	3,999.96
2015	<u>3,000.09</u>
Total Net Minimum Lease Payments	11,000.01
Less: Imputed Interest	<u>(0.00)</u>
Net Present Value of Minimum Lease Payments	11,000.01
Less: Current Maturities	<u>(3,999.96)</u>
Long-Term Capital Lease Obligations	<u>\$ 7,000.05</u>

5. OPERATING LEASES

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

2013	\$ 1,704.00
2014	1,704.00
2015	1,704.00
2016	1,704.00
2017	1,704.00

The City has entered into an operating lease for a copier. Rent expense for the year ended December 31, 2012, was \$4,200.00. Under the current lease agreement, the future minimum rental payments are as follows:

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:

<u>PROJECT NAME</u>	<u>EXPENDITURES TO DATE</u>	<u>PROJECT AUTHORIZATION</u>	<u>EXPECTED COMPLETION DATE</u>
Water Construction Project	\$ 4,962,000.00	\$ 4,962,000.00	Complete

7. LONG-TERM DEBT COMMITMENTS

Current maturities of long-term debt commitments and interest for the next five years and in five year

Issue	Interest Issue	Date of Issue	Amount Maturity	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	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	\$ 700,545.00	\$ -	\$ 700,545.00	\$ -	\$ 9,963.36
Series 2003 - Sewer	4.50%	April 1, 2003	1,100,000.00	April 23, 2043	1,015,000.00	-	1,015,000.00	-	42,922.04
Series 2010 - Parks	3.75%	May 11, 2010	338,000.00	November 1, 2027	325,000.00	-	91,000.00	234,000.00	10,762.50
Series 2011 - Water	2.25%	October 20, 2011	2,487,000.00	October 20, 2051	2,487,000.00	-	38,990.00	2,448,010.00	55,957.50
Series 2012 A - Sewer	2.00 - 4.125%	May 1, 2012	1,805,000.00	December 31, 2038	-	1,805,000.00	60,000.00	1,745,000.00	42,576.58
Series 2012 B - Water	2.00 - 4.125%	May 1, 2012	1,555,000.00	December 31, 2038	-	1,555,000.00	50,000.00	1,505,000.00	36,862.51
Revenue Bonds									
Paid with Utility Revenues									
Series 2005 - Water	4.25%	June 23, 2005	1,589,000.00	June 23, 2045	1,483,805.00	-	1,483,805.00	-	48,721.68
Revolving Loan									
Series 1994 - Sewer	3.95%	March 1, 1994	273,392.32	September 1, 2013	37,564.28	-	18,414.85	19,149.43	1,303.73
Fire Department									
Fireman's Relief Loan	6.00%	April 24, 2007	6,919.00	February 15, 2014	3,421.00	-	1,040.66	2,380.34	198.78
Capital Leases									
Golf Course	3.25%	April 1, 2001	180,000.00	October 1, 2013	39,000.00	-	19,000.00	20,000.00	1,170.00
Fire Truck	4.75%	January 9, 2006	88,165.00	February 2, 2016	49,320.99	-	8,970.37	40,350.62	2,342.75
Golf Carts	0.00%	November 5, 2012	12,000.00	October 5, 2015	-	12,000.00	999.99	11,000.01	-
Total Long Term Debt Commitments					\$ 6,140,656.27	\$ 3,372,000.00	\$ 3,487,765.87	\$ 6,024,890.40	\$ 252,781.43

7. LONG-TERM DEBT COMMITMENTS (Continued)

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

Issue	2013	2014	2015	2016	2017	2018-2022	2023-2027	2028-2032	2033-2037	2038-2042	2043-2047	2048-2051	Total
Principal													
General Obligation Bonds													
Paid with Utility Revenues:													
Series 2010 - Parks	\$ 16,000.00	\$ 16,000.00	\$ 17,000.00	\$ 18,000.00	\$ 18,000.00	\$ 102,000.00	\$ 47,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234,000.00
Series 2011 - Water	39,867.00	40,764.00	41,681.00	42,619.00	43,578.00	233,045.00	260,470.00	291,121.00	325,380.00	363,670.00	406,465.00	359,350.00	2,448,010.00
Series 2012A - Sewer	50,000.00	50,000.00	50,000.00	50,000.00	55,000.00	280,000.00	305,000.00	360,000.00	445,000.00	100,000.00	-	-	1,745,000.00
Series 2011B - Water	40,000.00	30,000.00	45,000.00	45,000.00	45,000.00	240,000.00	270,000.00	320,000.00	385,000.00	85,000.00	-	-	1,505,000.00
Revolving Loan													
Paid with Utility Revenues:													
Series 1994 - Sewer	19,149.43	-	-	-	-	-	-	-	-	-	-	-	19,149.43
Fire Department													
Fireman's Relief Loan	1,103.10	1,277.24	-	-	-	-	-	-	-	-	-	-	2,380.34
Capital Leases													
Golf Course	20,000.00	-	-	-	-	-	-	-	-	-	-	-	20,000.00
Fire Truck	9,396.47	9,842.80	10,310.33	10,801.02	-	-	-	-	-	-	-	-	40,350.62
Golf Carts	3,999.96	3,999.96	3,000.09	-	-	-	-	-	-	-	-	-	11,000.01
Total Principal Payments	199,515.96	151,884.00	166,991.42	166,420.02	161,578.00	855,045.00	882,470.00	971,121.00	1,155,380.00	548,670.00	406,465.00	359,350.00	6,024,890.40
Interest													
General Obligation Bonds													
Paid with Utility Revenues:													
Series 2010 - Parks	11,625.00	11,025.00	10,425.00	9,787.50	9,112.50	34,800.00	8,362.50	-	-	-	-	-	95,137.50
Series 2011 - Water	55,080.23	54,183.22	53,266.03	52,328.21	51,369.28	241,690.15	214,265.93	183,614.45	149,355.94	111,065.96	68,270.16	20,438.29	1,254,927.85
Series 2012A - Sewer	55,568.76	54,568.76	53,568.76	52,568.76	51,568.76	240,931.30	203,231.30	151,818.80	77,125.04	4,125.00	-	-	945,075.24
Series 2011B - Water	48,150.00	47,350.00	46,750.00	45,850.00	44,950.00	210,575.00	177,650.00	132,150.00	66,062.50	3,506.26	-	-	822,993.76
Revenue Bonds													
Series 2005 - Water	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	-	1,300,742.26
Revolving Loan													
Series 1994 - Sewer	370.97	-	-	-	-	-	-	-	-	-	-	-	370.97
Fire Department													
Fireman's Relief Loan	136.34	70.15	-	-	-	-	-	-	-	-	-	-	206.49
Capital Leases													
Golf Course	1,100.00	-	-	-	-	-	-	-	-	-	-	-	1,100.00
Fire Truck	1,916.65	1,470.32	1,002.79	512.10	-	-	-	-	-	-	-	-	4,901.86
Golf Carts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Interest Payments	236,149.85	229,972.98	225,383.66	220,443.47	157,000.54	1,008,855.97	852,997.40	678,441.27	455,834.99	223,418.17	116,519.34	20,438.29	4,425,455.93
Total Principal and Interest	\$435,665.81	\$381,856.98	\$392,375.08	\$386,863.49	\$318,578.54	\$1,863,900.97	\$1,735,467.40	\$1,649,562.27	\$1,611,214.99	\$772,088.17	\$522,984.34	\$379,788.29	\$10,450,346.33

8. DEFINED BENEFIT PENSION PLAN

Plan description. The (non-school municipality) participates in the Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. 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 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERs member-employee contribution rates. Effective July 1, 2009, KPERs has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERs member-employee contribution rate at 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. 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. Kansas law provides that 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. Kansas law sets a limitation on annual increases in the employer contribution rates.

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.

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 at December 31, 2012 of \$23,215.16. The City has not estimated 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	\$ 20,884.99
General	Municipal Equipment	K.S.A. 12-1,117	3,500.00
City Sales Tax – Parks	Capital Improvements	K.S.A. 12-1,118	8,802.61
Airport	Capital Improvements	K.S.A. 12-1,118	4,000.00
Special Highway	Municipal Equipment	K.S.A. 12-1,117	10,000.00
Oswego Golf Course	Capital Improvements	K.S.A. 12-1,118	10,492.05
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	140,451.93
Water Utility	Capital Improvements	K.S.A. 12-1,118	4,200.69
Water Utility Bond Reserve	Water Utility	K.S.A. 12-285d	75,365.63
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	2,268.74
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

13. SUBSEQUENT EVENTS

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

SUPPLEMENTAL INFORMATION

CITY OF OSWEGO, KANSAS

Summary of Expenditures - Actual and Budget
 (Budgeted Funds Only)
 Regulatory Basis
 For the Year Ended December 31, 2012

Funds	Certified Budget	Adjustments for Qualifying Budget Credits	Total Budget for Comparison	Expenditures		Variance - Over (Under)
				Charged to Current Year Budget	Current Year Budget	
General Fund	\$ 886,385.00	\$ 7,978.31	\$ 894,363.31	\$ 825,552.84	\$	(68,810.47)
Special Purpose Funds:						
Employee Benefits	170,006.00	-	170,006.00	154,392.52		(15,613.48)
City Sales Tax - Streets	424,970.00	-	424,970.00	-		(424,970.00)
City Sales Tax - Parks	44,594.00	-	44,594.00	43,164.11		(1,429.89)
Industrial	19,124.00	-	19,124.00	627.57		(18,496.43)
Airport	11,055.00	-	11,055.00	9,609.94		(1,445.06)
Special Highway	89,074.00	-	89,074.00	48,184.68		(40,889.32)
Special Parks	1,006.00	-	1,006.00	-		(1,006.00)
Oswego Golf Course	95,908.00	-	95,908.00	87,796.00		(8,112.00)
Business Funds:						
Electric Utility	-	-	-	-		-
Water Utility	702,180.00	-	702,180.00	593,942.84		(108,237.16)
Sewer Utility	264,668.00	1,805,273.33	2,069,941.33	2,030,077.85		(39,863.48)
Refuse Utility	193,226.00	-	193,226.00	192,553.03		(672.97)

CITY OF OSWEGO, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 226,087.78	\$ 226,723.92	\$ 240,644.00	\$ (13,920.08)
Delinquent Tax	10,574.95	12,510.93	3,000.00	9,510.93
Motor Vehicle Tax	46,639.61	44,627.74	45,502.00	(874.26)
Recreational Vehicle Tax	404.04	310.61	385.00	(74.39)
16 & 20M Truck Tax	813.07	485.98	879.00	(393.02)
Sales Tax	150,264.57	151,041.13	146,122.00	4,919.13
Franchise Tax	119,819.95	117,594.44	118,000.00	(405.56)
Fuel Tax Credit	1,782.54	872.08	-	872.08
Special Assessments	4,791.25	1,765.00	-	1,765.00
Local Alcohol Liquor Tax	1,040.97	-	-	-
Charges for Services				
Licenses and Fees	1,771.50	1,671.50	-	1,671.50
Building Permits	165.00	375.00	-	375.00
Rural Fire Contracts	19,983.00	17,639.00	-	17,639.00
Camping Fees	4,920.00	5,040.00	-	5,040.00
Swimming Pool	15,166.86	13,805.59	-	13,805.59
Motor Vehicle Inspections	1,260.00	1,998.00	-	1,998.00
Fines, Forfeitures and Penalties				
Fines	35,643.54	33,189.76	-	33,189.76
Use of Money and Property				
Interest Income	1,349.88	929.06	1,100.00	(170.94)
Rental Income	14,385.00	14,885.00	-	14,885.00
Sale of Property	3,710.00	3,475.00	-	3,475.00
Other Revenues				
Donations	1,795.48	3,924.83	-	3,924.83
Reimbursed Expense	7,471.10	7,978.31	6,991.00	987.31
Miscellaneous	1,273.08	3,756.80	103,583.00	(99,826.20)
Operating Transfers from:				
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	-
Total Receipts	829,113.17	822,599.68	\$ 824,206.00	\$ (1,606.32)

CITY OF OSWEGO, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures				
General Government				
Personal Services	\$ 145,449.74	\$ 159,535.76	\$ 157,179.00	\$ 2,356.76
Contractual Services	72,618.08	70,465.10	71,005.00	(539.90)
Commodities	13,962.98	12,305.43	18,325.00	(6,019.57)
Capital Outlay	419.99	906.55	-	906.55
Police				
Personal Services	181,436.58	191,185.57	188,608.00	2,577.57
Contractual Services	24,241.53	23,270.65	26,696.00	(3,425.35)
Commodities	24,210.85	20,473.36	22,925.00	(2,451.64)
Fire				
Personal Services	16,219.60	14,175.27	20,000.00	(5,824.73)
Contractual Services	17,054.46	14,384.37	31,032.00	(16,647.63)
Commodities	3,181.03	3,387.19	5,550.00	(2,162.81)
Streets				
Personal Services	39,271.44	39,863.05	47,701.00	(7,837.95)
Contractual Services	48,587.15	51,395.43	60,799.00	(9,403.57)
Commodities	8,962.63	8,329.84	11,375.00	(3,045.16)
Parks				
Personal Services	9,695.49	9,702.96	39,018.00	(29,315.04)
Contractual Services	24,150.15	25,143.97	26,019.00	(875.03)
Commodities	5,461.36	8,116.67	11,575.00	(3,458.33)
Community Center				
Personal Services	4,536.67	4,310.44	4,038.00	272.44
Contractual Services	27,068.65	22,346.83	27,947.00	(5,600.17)
Commodities	1,448.88	1,756.08	2,200.00	(443.92)
Swimming Pool				
Personal Services	33,217.55	35,045.46	23,120.00	11,925.46
Contractual Services	13,665.26	5,054.90	11,840.00	(6,785.10)
Commodities	6,591.15	8,430.42	8,225.00	205.42
Senior Citizens				
Contractual Services	5,614.71	5,626.61	6,495.00	(868.39)

CITY OF OSWEGO, KANSAS
GENERAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Municipal Court				
Personal Services	\$ 19,072.54	\$ 21,799.10	\$ 20,428.00	\$ 1,371.10
Contractual Services	14,121.44	14,233.58	10,735.00	3,498.58
Commodities	374.04	318.76	650.00	(331.24)
Library				
Contractual Services	16,500.00	16,500.00	16,500.00	-
Noxious Weed				
Commodities	404.89	551.94	1,200.00	(648.06)
Debt Service				
Capital Lease - Fire Truck	12,552.56	12,552.56	-	12,552.56
Operating Transfers to:				
Municipal Equipment Fund	11,590.00	3,500.00	3,000.00	500.00
Capital Improvements Fund	6,200.00	20,884.99	12,200.00	8,684.99
Total Certified Budget			886,385.00	(60,832.16)
Adjustments for Qualifying Budget Credits			7,978.31	(7,978.31)
Total Expenditures	807,881.40	825,552.84	\$ 894,363.31	\$ (68,810.47)
Receipts Over(Under) Expenditures	21,231.77	(2,953.16)		
Unencumbered Cash, Beginning	83,555.49	104,787.26		
Unencumbered Cash, Ending	\$ 104,787.26	\$ 101,834.10		

CITY OF OSWEGO, KANSAS
EMPLOYEE BENEFITS FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 118,830.37	\$ 128,019.75	\$ 135,877.00	\$ (7,857.25)
Delinquent Tax	5,182.20	6,456.81	-	6,456.81
Motor Vehicle Tax	22,392.53	23,455.87	21,884.00	1,571.87
Recreational Vehicle Tax	193.23	163.26	185.00	(21.74)
16 & 20M Truck Tax	367.15	233.72	422.00	(188.28)
Use of Money and Property				
Interest Income	522.03	397.16	400.00	(2.84)
Total Receipts	147,487.51	158,726.57	\$ 158,768.00	\$ (41.43)
Expenditures				
Employee Benefits				
Personal Services	118,439.39	141,671.10	\$ 148,126.00	\$ (6,454.90)
Contractual Services	12,271.68	12,664.47	19,880.00	(7,215.53)
Commodities	35.23	56.95	2,000.00	(1,943.05)
Operating Transfers to				
Health Insurance Premium Fund	3,742.20	-	-	-
Total Expenditures	134,488.50	154,392.52	\$ 170,006.00	\$ (15,613.48)
Receipts Over(Under) Expenditures	12,999.01	4,334.05		
Unencumbered Cash, Beginning	22,384.00	35,383.01		
Unencumbered Cash, Ending	<u>\$ 35,383.01</u>	<u>\$ 39,717.06</u>		

CITY OF OSWEGO, KANSAS
SICK LEAVE FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 397.78	\$ 233.36
	397.78	233.36
Total Receipts		
Expenditures		
Employee Benefits		
Personal Services	-	-
	-	-
Total Expenditures		
	397.78	233.36
Receipts Over(Under) Expenditures		
	38,959.13	39,356.91
Unencumbered Cash, Beginning		
	\$ 39,356.91	\$ 39,590.27
Unencumbered Cash, Ending		

CITY OF OSWEGO, KANSAS
HEALTH INSURANCE PREMIUM FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 284.83	\$ 165.54
Operating Transfers from:		
Water Utility Fund	1,372.14	-
Sewer Utility Fund	436.59	-
Refuse Utility Fund	686.07	-
Employee Benefits Fund	3,742.20	-
	6,521.83	165.54
Total Receipts		
Expenditures		
Employee Benefits		
Contractual Services	1,527.99	1,250.00
	1,527.99	1,250.00
Total Expenditures		
Receipts Over(Under) Expenditures	4,993.84	(1,084.46)
Unencumbered Cash, Beginning	26,962.84	31,956.68
Unencumbered Cash, Ending	\$ 31,956.68	\$ 30,872.22

CITY OF OSWEGO, KANSAS
MUNICIPAL EQUIPMENT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 1,677.32	\$ 781.37
Sale of Property	-	1,689.85
Other Revenues		
Donations	-	1,000.00
Reimbursed Expense	3,225.40	-
Operating Transfers from:		
General Fund	11,590.00	3,500.00
Special Highway Fund	10,000.00	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
	30,960.72	21,439.22
Total Receipts		
Expenditures		
General Government		
Contractual Services	2,550.00	212.90
Capital Outlay	51,533.71	50,340.87
	54,083.71	50,553.77
Total Expenditures		
Receipts Over(Under) Expenditures	(23,122.99)	(29,114.55)
Unencumbered Cash, Beginning	206,250.15	183,127.16
Unencumbered Cash, Ending	\$ 183,127.16	\$ 154,012.61

CITY OF OSWEGO, KANSAS
CAPITAL IMPROVEMENTS FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants - FAA	\$ 366,049.00	\$ 1,524.00
Federal Grants - HOME	-	59,620.51
Use of Money and Property		
Interest Income	2,333.08	1,072.53
Sale of Property	1,000.00	225.00
Other Revenues		
Reimbursed Expense	148,587.56	-
Operating Transfers from:		
General Fund	6,200.00	20,884.99
Airport Fund	4,000.00	4,000.00
Oswego Golf Course Fund	-	10,492.05
City Sales Tax Fund - Parks	8,039.75	8,802.61
Water Utility Fund	1,790.00	4,200.69
Sewer Utility Fund	1,790.00	2,268.74
Refuse Utility Fund	1,790.00	1,790.00
Total Receipts	541,579.39	114,881.12
Expenditures		
General Government		
Contractual Services	162.50	-
Capital Outlay	266,267.05	122,069.87
Debt Service		
Principal	-	89,189.00
Interest	-	1,170.00
Postage and Commissions	-	1.25
Total Expenditures	266,429.55	212,430.12
Receipts Over(Under) Expenditures	275,149.84	(97,549.00)
Unencumbered Cash, Beginning	1,197.90	276,347.74
Unencumbered Cash, Ending	\$ 276,347.74	\$ 178,798.74

CITY OF OSWEGO, KANSAS
CITY SALES TAX FUND - STREETS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental				
Sales Tax	\$ 132,904.76	\$ 126,504.57	\$ 125,250.00	\$ 1,254.57
Use of Money and Property				
Interest Income	1,968.51	1,313.00	1,500.00	(187.00)
Total Receipts	134,873.27	127,817.57	\$ 126,750.00	\$ 1,067.57
Expenditures				
Streets and Highways				
Commodities	-	-	\$ 424,970.00	\$ (424,970.00)
Total Expenditures	-	-	\$ 424,970.00	\$ (424,970.00)
Receipts Over(Under) Expenditures	134,873.27	127,817.57		
Unencumbered Cash, Beginning	171,469.50	306,342.77		
Unencumbered Cash, Ending	\$ 306,342.77	\$ 434,160.34		

CITY OF OSWEGO, KANSAS
CITY SALES TAX FUND - PARKS

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental				
Sales Tax	\$ 44,301.59	\$ 42,168.15	\$ 40,721.00	\$ 1,447.15
Use of Money and Property				
Interest Income	170.75	115.31	200.00	(84.69)
Total Receipts	44,472.34	42,283.46	\$ 40,921.00	\$ 1,362.46
Expenditures				
General Government				
Capital Outlay	-	2,783.00	\$ 44,594.00	\$ (41,811.00)
Debt Service				
Principal	13,000.00	20,811.00	-	20,811.00
Interest	14,717.09	10,762.50	-	10,762.50
Postage and Commission	1.25	5.00	-	5.00
Operating Transfers to				
Capital Improvements Fund	8,039.75	8,802.61	-	8,802.61
Total Expenditures	35,758.09	43,164.11	\$ 44,594.00	\$ (1,429.89)
Receipts Over(Under) Expenditures	8,714.25	(880.65)		
Unencumbered Cash, Beginning	11,027.50	19,741.75		
Unencumbered Cash, Ending	\$ 19,741.75	\$ 18,861.10		

CITY OF OSWEGO, KANSAS
INDUSTRIAL FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Delinquent tax	\$ 22.61	\$ 26.09	\$ -	\$ 26.09
Use of Money and Property				
Interest Income	209.90	101.10	100.00	1.10
Rental Income	390.00	390.00	450.00	(60.00)
Total Receipts	622.51	517.19	\$ 550.00	\$ (32.81)
Expenditures				
General Government				
Contractual Services	934.10	586.20	\$ 19,124.00	\$ (18,537.80)
Commodities	126.85	41.37	-	41.37
Total Expenditures	1,060.95	627.57	\$ 19,124.00	\$ (18,496.43)
Receipts Over(Under) Expenditures	(438.44)	(110.38)		
Unencumbered Cash, Beginning	21,254.19	20,815.75		
Unencumbered Cash, Ending	\$ 20,815.75	\$ 20,705.37		

CITY OF OSWEGO, KANSAS
AIRPORT FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 6,048.50	\$ 5,986.40	\$ 6,354.00	\$ (367.60)
Delinquent tax	312.47	355.61	-	355.61
Motor Vehicle Tax	1,385.95	1,193.93	1,352.00	(158.07)
Recreational Vehicle Tax	12.02	8.31	11.00	(2.69)
16 & 20M Truck Tax	24.14	14.39	26.00	(11.61)
Use of Money and Property				
Interest Income	49.24	19.70	50.00	(30.30)
Rental Income	1,800.00	1,700.00	1,850.00	(150.00)
Other Revenues				
Reimbursed Expense	200.98	-	-	-
Miscellaneous	85.70	58.25	-	58.25
Total Receipts	9,919.00	9,336.59	\$ 9,643.00	\$ (306.41)
Expenditures				
General Government				
Contractual Services	6,278.66	5,040.22	\$ 6,795.00	\$ (1,754.78)
Commodities	303.58	569.72	260.00	309.72
Operating Transfers to Capital Improvements Fund	4,000.00	4,000.00	4,000.00	-
Total Expenditures	10,582.24	9,609.94	\$ 11,055.00	\$ (1,445.06)
Receipts Over(Under) Expenditures	(663.24)	(273.35)		
Unencumbered Cash, Beginning	1,805.59	1,142.35		
Unencumbered Cash, Ending	<u>\$ 1,142.35</u>	<u>\$ 869.00</u>		

CITY OF OSWEGO, KANSAS
SPECIAL HIGHWAY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental				
Special Highway Tax	\$ 46,648.83	\$ 47,278.46	\$ 53,770.00	\$ (6,491.54)
Use of Money and Property				
Interest Income	598.06	391.86	900.00	(508.14)
Other Revenues				
Miscellaneous	445.06	1,120.13	-	1,120.13
Total Receipts	47,691.95	48,790.45	\$ 54,670.00	\$ (5,879.55)
Expenditures				
General Government				
Personal Services	27,461.45	28,866.34	\$ 44,259.00	\$ (15,392.66)
Contractual Services	4,095.96	2,365.53	8,515.00	(6,149.47)
Commodities	8,349.90	6,952.81	26,300.00	(19,347.19)
Operating Transfers to				
Municipal Equipment Fund	10,000.00	10,000.00	10,000.00	-
Total Expenditures	49,907.31	48,184.68	\$ 89,074.00	\$ (40,889.32)
Receipts Over(Under) Expenditures	(2,215.36)	605.77		
Unencumbered Cash, Beginning	62,954.77	60,739.41		
Unencumbered Cash, Ending	<u>\$ 60,739.41</u>	<u>\$ 61,345.18</u>		

CITY OF OSWEGO, KANSAS
SPECIAL PARKS AND RECREATION FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Local Alcohol Liquor Tax	\$ 1,040.96	\$ -	\$ -	\$ -
Use of Money and Property				
Interest Income	4.98	4.48	-	4.48
Total Receipts	<u>1,045.94</u>	<u>4.48</u>	<u>\$ -</u>	<u>\$ 4.48</u>
Expenditures				
General Government				
Contractual Services	-	-	\$ 1,006.00	\$ (1,006.00)
Total Expenditures	<u>-</u>	<u>-</u>	<u>\$ 1,006.00</u>	<u>\$ (1,006.00)</u>
Receipts Over(Under) Expenditures	1,045.94	4.48		
Unencumbered Cash, Beginning	<u>631.79</u>	<u>1,677.73</u>		
Unencumbered Cash, Ending	<u>\$ 1,677.73</u>	<u>\$ 1,682.21</u>		

CITY OF OSWEGO, KANSAS
OSWEGO GOLF COURSE FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Taxes and Shared Revenue				
Fuel Tax Credit	\$ 340.80	\$ 161.28	\$ -	\$ 161.28
Charges for Services				
Membership Fees	32,373.00	28,906.00	99,290.00	(70,384.00)
Green Fees	18,717.42	16,548.00	-	16,548.00
Golf Cart Fees	18,533.36	17,754.00	-	17,754.00
Tournament Proceeds	5,512.00	3,832.50	-	3,832.50
Concessions	8,200.55	9,064.30	-	9,064.30
Other Fees	783.06	897.00	-	897.00
Use of Money and Property				
Interest Income	87.16	16.95	-	16.95
Sale of Property	1,718.32	143.50	-	143.50
Capital Lease Proceeds	-	12,000.00	-	12,000.00
Other Revenues				
Reimbursed Expense	50.00	-	-	-
Total Receipts	86,315.67	89,323.53	\$ 99,290.00	\$ (9,966.47)
Expenditures				
Culture and Recreation				
Contractual Services	64,306.93	58,216.66	\$ 62,038.00	\$ (3,821.34)
Commodities	5,811.24	6,087.30	13,700.00	(7,612.70)
Capital Outlay	2,500.00	12,000.00	-	12,000.00
Debt Service				
Bond Principal	18,000.00	-	20,170.00	(20,170.00)
Bond Interest	1,710.00	-	-	-
Commission	1.25	-	-	-
Lease Purchase - Golf Carts	-	999.99	-	999.99
Operating Transfers to				
Capital Improvements Fund	-	10,492.05	-	10,492.05
Total Expenditures	92,329.42	87,796.00	\$ 95,908.00	\$ (8,112.00)
Receipts Over(Under) Expenditures	(6,013.75)	1,527.53		
Unencumbered Cash, Beginning	6,249.81	236.06		
Unencumbered Cash, Ending	\$ 236.06	\$ 1,763.59		

CITY OF OSWEGO, KANSAS
HOME GRANT REVOLVING LOAN FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Use of Money and Property		
Interest Income	\$ 841.76	\$ 432.12
Total Receipts	841.76	432.12
Expenditures		
General Government		
Capital Outlay	-	-
Total Expenditures	-	-
Receipts Over(Under) Expenditures	841.76	432.12
Unencumbered Cash, Beginning	86,539.09	87,380.85
Unencumbered Cash, Ending	\$ 87,380.85	\$ 87,812.97

CITY OF OSWEGO, KANSAS
NEIGHBORHOOD REVITALIZATION GRANT FUND

Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Revenue		
County Rebates	\$ 23,693.07	\$ 22,478.63
Use of Money and Property		
Interest Income	556.86	265.63
Total Receipts	<u>24,249.93</u>	<u>22,744.26</u>
Expenditures		
General Government		
Rebate Payments	<u>18,191.59</u>	<u>17,017.15</u>
Total Expenditures	<u>18,191.59</u>	<u>17,017.15</u>
Receipts Over(Under) Expenditures	6,058.34	5,727.11
Unencumbered Cash, Beginning	<u>59,026.85</u>	<u>65,085.19</u>
Unencumbered Cash, Ending	<u>\$ 65,085.19</u>	<u>\$ 70,812.30</u>

CITY OF OSWEGO, KANSAS
DOWNTOWN REVITALIZATION GRANT FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Taxes and Shared Revenue		
County Rebates	\$ 3,373.28	\$ -
Use of Money and Property		
Interest Income	12.47	3.49
Total Receipts	<u>3,385.75</u>	<u>3.49</u>
Expenditures		
General Government		
Rebate Payments	<u>3,058.20</u>	<u>-</u>
Total Expenditures	<u>3,058.20</u>	<u>-</u>
Receipts Over(Under) Expenditures	327.55	3.49
Unencumbered Cash, Beginning	<u>1,272.77</u>	<u>1,600.32</u>
Unencumbered Cash, Ending	<u>\$ 1,600.32</u>	<u>\$ 1,603.81</u>

CITY OF OSWEGO, KANSAS
WATER CONSTRUCTION PROJECT FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year Actual
Receipts		
Intergovernmental		
Federal Grants - Rural Development	\$ 1,187,500.00	\$ 1,287,500.00
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	-
Total Receipts	6,186,289.85	1,287,500.00
Expenditures		
Improvements		
Capital Outlay	3,676,112.67	1,291,784.84
Debt Service		
Principal	2,487,000.00	-
Interest	18,892.34	-
Total Expenditures	6,182,005.01	1,291,784.84
Receipts Over(Under) Expenditures	4,284.84	(4,284.84)
Unencumbered Cash, Beginning	-	4,284.84
Unencumbered Cash, Ending	\$ 4,284.84	\$ -

CITY OF OSWEGO, KANSAS
ELECTRIC UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Use of Money and Property				
Interest Income	\$ -	\$ 97.58	\$ -	\$ 97.58
Other Revenues				
Reimbursed Expense	43,171.00	-	-	-
Total Receipts	43,171.00	97.58	\$ -	\$ 97.58
Expenditures				
Contractual Services	-	-	\$ -	\$ -
Total Expenditures	-	-	\$ -	\$ -
Receipts Over(Under) Expenditures	43,171.00	97.58		
Unencumbered Cash, Beginning	-	43,171.00		
Unencumbered Cash, Ending	\$ 43,171.00	\$ 43,268.58		

CITY OF OSWEGO, KANSAS
WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental				
Federal Grants	\$ 13,611.06	\$ -	\$ -	\$ -
Charges for Services				
Water Sales	665,819.53	658,295.57	709,651.00	(51,355.43)
Bulk Water Sales	2,690.07	1,395.81	-	1,396.00
Water Fees	6,798.74	5,239.29	23,800.00	(18,561.00)
Penalties	14,903.02	14,026.23	-	14,026.00
Use of Money and Property				
Interest Income	3,504.51	1,897.40	1,000.00	897.00
Rental Income	1,800.00	1,800.00	1,800.00	-
Other Revenues				
Reimbursed Expense	86,570.82	6,198.37	-	6,198.00
Miscellaneous	370.81	114.72	-	115.00
Operating Transfers from				
Water Utility Bond Reserve Fund	-	75,365.63	-	75,366.00
Total Receipts	796,068.56	764,333.02	\$ 736,251.00	\$ 28,081.57
Expenditures				
Production				
Personal Services	116,429.86	114,956.43	\$ 211,051.00	\$ (96,094.57)
Contractual Services	71,654.51	65,588.16	107,110.00	(41,522.00)
Commodities	47,661.23	52,518.87	83,575.00	(31,056.00)
Distribution				
Personal Services	77,466.36	59,347.03	-	59,347.00
Contractual Services	17,677.49	17,018.21	-	17,018.00
Commodities	26,253.53	11,772.94	-	11,773.00
Capital Outlay	38,840.12	26,588.58	-	26,589.00

CITY OF OSWEGO, KANSAS
WATER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Expenditures (Continued)				
Operating Transfers to:				
General Fund	\$ 100,000.00	\$ 100,000.00	\$ 100,000.00	\$ -
Health Insurance Premium Fund	1,372.14	-	-	-
Water Utility Bond Reserve Fund	14,944.72	-	-	-
Water Utility Bond & Interest Fund	83,598.82	140,451.93	197,154.00	(56,702.00)
Municipal Equipment Fund	1,500.00	1,500.00	1,500.00	-
Capital Improvements Fund	1,790.00	4,200.69	1,790.00	2,411.00
Total Expenditures	599,188.78	593,942.84	\$ 702,180.00	\$ (108,236.57)
Receipts Over(Under) Expenditures	196,879.78	170,390.18		
Unencumbered Cash, Beginning	177,511.90	374,391.68		
Unencumbered Cash, Ending	\$ 374,391.68	\$ 544,781.86		

CITY OF OSWEGO, KANSAS
WATER UTILITY BOND AND INTEREST FUND
 Schedule of Receipts and Expenditures - Actual
 Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Receipts		
Use of Money and Property		
Bond Proceeds	\$ -	\$ 1,555,000.00
Operating Transfers from Water Utility Fund	<u>83,598.82</u>	<u>140,451.93</u>
Total Receipts	<u>83,598.82</u>	<u>1,695,451.93</u>
Expenditures		
Debt Service		
Principal	19,406.00	1,572,795.00
Interest	63,886.47	141,541.69
Debt Issuance Costs	<u>-</u>	<u>31,079.22</u>
Total Expenditures	<u>83,292.47</u>	<u>1,745,415.91</u>
Receipts Over(Under) Expenditures	306.35	(49,963.98)
Unencumbered Cash, Beginning	<u>49,657.63</u>	<u>49,963.98</u>
Unencumbered Cash, Ending	<u>\$ 49,963.98</u>	<u>\$ -</u>

CITY OF OSWEGO, KANSAS
WATER UTILITY BOND RESERVE FUND
Schedule of Receipts and Expenditures - Actual
Regulatory Basis
For the Year Ended December 31, 2012
(With Comparative Actual Amounts for the Year Ended December 31, 2011)

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

CITY OF OSWEGO, KANSAS
SEWER UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Charges for Services				
Sewer Collections	\$ 219,846.60	\$ 220,158.03	\$ 237,574.00	\$ (17,415.97)
Special Assessments	4,335.63	4,457.08	4,450.00	7.08
Use of Money and Property				
Interest Income	3,770.92	1,854.53	3,000.00	(1,145.47)
Bond Proceeds	-	1,805,000.00	-	1,805,000.00
Other Revenues				
Miscellaneous	-	17.50	-	17.50
Reimbursed Expense	610.00	273.33	-	273.33
Total Receipts	<u>228,563.15</u>	<u>2,031,760.47</u>	<u>\$ 245,024.00</u>	<u>\$ 1,786,736.47</u>
Expenditures				
Operating Expenditures				
Personal Services	49,408.24	40,576.92	\$ 54,146.00	\$ (13,569.08)
Contractual Services	37,975.83	24,476.51	44,851.00	(20,374.49)
Commodities	7,184.76	6,882.05	9,125.00	(2,242.95)
Debt Service				
Principal	45,383.45	1,793,959.85	124,273.00	1,669,686.85
Interest	79,563.50	96,765.71	-	96,765.71
Bond Issuance Costs	-	34,665.07	-	34,665.07
Operating Transfers to:				
General Fund	29,000.00	29,000.00	29,000.00	-
Health Insurance Premium Fund	436.59	-	-	-
Municipal Equipment Fund	1,483.00	1,483.00	1,483.00	-
Capital Improvements Fund	1,790.00	2,268.74	1,790.00	478.74
Total Certified Budget			264,668.00	1,765,409.85
Adjustments for Qualifying				
Budget Credits			1,805,273.33	(1,805,273.33)
Total Expenditures	<u>252,225.37</u>	<u>2,030,077.85</u>	<u>\$ 2,069,941.33</u>	<u>\$ (39,863.48)</u>
Receipts Over(Under) Expenditures	(23,662.22)	1,682.62		
Unencumbered Cash, Beginning	<u>398,319.19</u>	<u>374,656.97</u>		
Unencumbered Cash, Ending	<u>\$ 374,656.97</u>	<u>\$ 376,339.59</u>		

CITY OF OSWEGO, KANSAS
REFUSE UTILITY FUND

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis

For the Year Ended December 31, 2012

(With Comparative Actual Amounts for the Year Ended December 31, 2011)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Receipts				
Intergovernmental				
State Grants	\$ 3,870.48	\$ -	\$ -	\$ -
Charges for Services				
Refuse Collections	191,453.13	189,062.29	193,855.00	(4,792.71)
Dumpster Fees	1,148.46	2,427.25	2,400.00	27.25
Use of Money and Property				
Interest Income	1,708.34	812.58	1,750.00	(937.42)
Rents and Royalties	887.83	57.02	-	57.02
Total Receipts	199,068.24	192,359.14	\$ 198,005.00	\$ (5,645.86)
Expenditures				
Operating Expenditures				
Personal Services	73,817.03	82,840.55	\$ 84,917.00	\$ (2,076.45)
Contractual Services	63,503.10	66,027.44	62,334.00	3,693.44
Commodities	11,039.70	11,410.04	13,700.00	(2,289.96)
Operating Transfers to:				
General Fund	29,000.00	29,000.00	29,000.00	-
Health Insurance Premium Fund	686.07	-	-	-
Municipal Equipment Fund	1,485.00	1,485.00	1,485.00	-
Capital Improvements Fund	1,790.00	1,790.00	1,790.00	-
Total Expenditures	181,320.90	192,553.03	\$ 193,226.00	\$ (672.97)
Receipts Over(Under) Expenditures	17,747.34	(193.89)		
Unencumbered Cash, Beginning	173,722.23	191,469.57		
Unencumbered Cash, Ending	\$ 191,469.57	\$ 191,275.68		

CITY OF OSWEGO, KANSAS
AGENCY FUNDS

Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2012

Funds	Beginning Cash Balances	Receipts	Disbursements	Ending Cash Balances
Utility Deposits Fund	\$ 41,201.88	\$ 12,934.38	\$ 14,857.36	\$ 39,278.90
CDBG Revolving Loan	-	65,588.96	65,588.96	-
Oswego Senior Center	13,889.65	7,089.34	5,222.83	15,756.16
Oswego Fire Department Donations	3,209.75	801.79	662.86	3,348.68
Total Agency Funds	<u>\$ 58,301.28</u>	<u>\$ 86,414.47</u>	<u>\$ 86,332.01</u>	<u>\$ 58,383.74</u>

FEDERAL COMPLIANCE SECTION

CITY OF OSWEGO, KANSAS
 Schedule of Expenditures of Federal Awards
 For the Year Ended December 31, 2012

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL CFDA NUMBER	CASH RECEIPTS	DISBURSE- MENTS/ EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct Grant				
Water and Waste Program Cluster				
Water and Waste Water Disposal Systems for Rural Communities - Grant	N/A	10.760	\$ -	\$ 47,035.47
Water and Waste Water Disposal Systems for Rural Communities - Grant - ARRA	N/A	10.781	1,287,500.00	1,287,500.00
Total Water and Waste Program Cluster			1,287,500.00	1,334,535.47
Total U.S. Department of Agriculture			1,287,500.00	1,334,535.47
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed through the Kansas Housing Resource Corporation HOME Investment Partnership Program	HR11-0055	14.239	59,620.51	59,630.50
Total U.S. Department of Transportation			59,620.51	59,630.50
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Direct Grant				
Airport Improvement Program #3-20-0065-07	N/A	20.106	1,524.00	-
Total U.S. Department of Transportation			1,524.00	-
TOTAL ALL PROGRAMS			\$ 1,348,644.51	\$ 1,394,165.97

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

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' 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, in accordance with the 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, the financial statements of the City of Oswego, Kansas, as of and for the year ended December 31, 2012, and the related notes to the financial statement, which collectively comprise the City of Oswego, Kansas' basic financial statement, and have issued our report thereon dated July 2, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Oswego, Kansas' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the City of Oswego, Kansas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Oswego, Kansas' internal control.

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. 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 charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Oswego, Kansas' financial statement is free from 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*.

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.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

July 2, 2013
Chanute, Kansas

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Mayor and City Council
City of Oswego, Kansas

Report on Compliance for Each Major Federal Program

We have audited the 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 the City of Oswego, Kansas' major federal programs for the year ended December 31, 2012. The 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Oswego, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. 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 the 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Oswego, Kansas' compliance.

Opinion on Each Major Federal Program

In our opinion, Example Entity complied, in all material respects, with the types of 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, 2012.

Report on Internal Control Over Compliance

Management of the City of Oswego, Kansas is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Oswego, Kansas' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the 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. 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 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

July 2, 2013
Chanute, Kansas

CITY OF OSWEGO, KANSAS

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2012

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

The auditors' report expresses an adverse opinion on the financial statements of City of Oswego, Kansas on the U.S. generally accepted accounting principles and an unmodified opinion on the regulatory basis of accounting.

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___	None Reported
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___	None Reported

The auditors' report on compliance for the major federal award programs for City of Oswego, Kansas expresses an unmodified 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 Program Cluster	
Water and Waste Water Disposal Systems for Rural Communities	CFDA No. 10.760
Water and Waste Water Disposal Systems for Rural Communities - 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. FINANCIAL STATEMENT FINDINGS

NONE

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

CITY OF OSWEGO, KANSAS

Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2012

December 31, 2011:

No Findings in the Prior Year Audit