

CITY OF OTTAWA, KANSAS

Financial Statements

For the Year Ended December 31, 2013

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CITY OF OTTAWA, KANSAS
 Financial Statements
 For the Year Ended December 31, 2013
 Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION	
Table of Contents	i - ii
FINANCIAL SECTION	
Independent Auditor's Report	1 - 2
Summary Statement of Receipts, Expenditures and Unencumbered Cash	3
Notes to the Financial Statements	4 - 14
REGULATORY REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE 1	
Summary of Expenditures - Actual and Budget	15
SCHEDULE 2	
Schedule of Receipts and Expenditures - Actual and Budget and Actual Only	
General Fund	16
Community Services Support Fund	17
Municipal Auditorium Fund	18
Airport Fund	19
Special Park and Recreation Fund	20
Special Alcohol Program Fund	21
Library Fund	22
Economic Development Fund	23
Special Streets Fund	24
Electric Power Supply Fund	25
Equipment Reserve Fund	26
Revolving Loan Fund	27
Risk Management Fund	28
Domestic Violence Grant Fund	29
Bond and Interest Fund	30
WWTP Funding Fund	31
Capital Project Funds	32
Water Utility Fund	33
Wastewater Utility Fund	34
Electric Utility Fund	35
Utility Credit Fund	36
Health Insurance Fund	37
SCHEDULE 3	
Summary of Receipts and Disbursements – Agency Funds	38
SCHEDULE 4	
Schedule of Receipts and Expenditures - Actual Only	
Related Municipal Entity - Ottawa Library	39

CITY OF OTTAWA, KANSAS
Financial Statements
For the Year Ended December 31, 2013
Table of Contents

	<u>Page Number</u>
GOVERNMENTAL AUDIT SECTION	
Schedule of Expenditures of Federal Awards	40
Notes to the Schedule of Expenditures of Federal Awards	41
Schedule of Findings and Questioned Costs	42 - 43
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Government Auditing Standards"	44 - 45
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	46 - 47



INDEPENDENT AUDITOR'S REPORT

Mayor and City Commissioners
City of Ottawa, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Ottawa, Kansas, (the City), as of and for the year ended December 31, 2013 and the related notes to the financial statement. We did not audit the financial statements of the Ottawa Library, which is a related municipal entity and 2% and 2%, respectively, of the assets and revenues of the reporting entity.

Management's Responsibility for the Financial Statements

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; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's 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 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.

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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 as of December 31, 2013, 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 as of December 31, 2013, 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 Supplementary Information

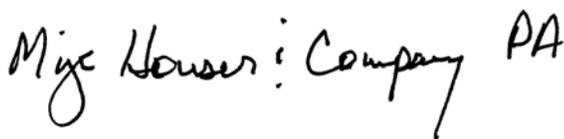
Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, summary of receipts and disbursements-agency funds and the schedule of receipts and expenditures-related municipal entity (Schedules 1, 2, 3 and 4) as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 28, 2014, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Other Matter

The financial statements include partial prior-year comparative information. Such information does not include all of the information required for a presentation in conformity with the Kansas regulatory basis of accounting. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2012, from which such partial information was derived.

A handwritten signature in black ink that reads "Mike Houser: Company PA". The signature is written in a cursive, somewhat informal style.

Certified Public Accountants

Lawrence, Kansas
July 28, 2014

CITY OF OTTAWA, KANSAS

Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2013

Funds	Beginning Unencumbered Cash Balance	Prior Period Adjustment	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds:							
General Funds:							
General Fund	\$ 988,832	\$ -	\$ 9,038,188	\$ 9,003,448	\$ 1,023,572	\$ 228,509	\$ 1,252,081
Special Purpose Funds:							
Community Services Support Fund	1,848	-	143,178	140,864	4,162	-	4,162
Municipal Auditorium Fund	35,581	-	215,341	203,973	46,949	8,322	55,271
Airport Fund	2,035	-	87,541	84,432	5,144	427	5,571
Special Park and Recreation Fund	76,824	-	79,783	80,950	75,657	10,057	85,714
Special Alcohol Program Fund	-	-	22,436	22,436	-	-	-
Library Fund	-	-	762,266	762,266	-	-	-
Economic Development Fund	116,701	-	13,917	21,223	109,395	188	109,583
Special Streets Fund	63,052	3,000	445,569	407,134	104,487	22,024	126,511
Electric Power Supply Fund	977,523	-	411,220	432,393	956,350	2,840	959,190
Equipment Reserve Fund	736,852	-	547,746	769,265	515,333	-	515,333
Revolving Loan Fund	168,132	-	2,409	-	170,541	-	170,541
Risk Management Fund	250,620	-	737,280	769,004	218,896	17,749	236,645
Domestic Violence Grant Fund	-	-	-	-	-	-	-
Debt Service Funds:							
Bond and Interest Fund	511,340	-	810,286	819,845	501,781	-	501,781
WWTP Funding Fund	585,203	-	764,905	722,055	628,053	-	628,053
Capital Project Funds	1,787,622	[12,161]	4,418,686	5,942,039	252,108	42,696	294,804
Business Funds:							
Water Utility Fund	849,125	-	2,470,492	2,460,722	858,895	76,808	935,703
Wastewater Utility Fund	853,838	-	2,379,516	2,466,810	766,544	59,674	826,218
Electric Utility Fund	3,651,393	[24,166]	14,985,036	14,890,979	3,721,284	975,594	4,696,878
Utility Credit Fund	112,227	-	22,798	2,232	132,793	-	132,793
Health Insurance Fund	1,892,368	-	1,797,783	1,726,452	1,963,699	-	1,963,699
Total primary government	13,661,116	[33,327]	40,156,376	41,728,522	12,055,643	1,444,888	13,500,531
Related Municipal Entities:							
Ottawa Library	238,703	-	860,021	822,194	276,530	26,626	303,156
Total reporting entity (excluding agency funds)	\$ 13,899,819	\$ [33,327]	\$ 41,016,397	\$ 42,550,716	\$ 12,332,173	\$ 1,471,514	\$ 13,803,687

Composition of Cash:

Kansas State Bank	
Checking	\$ 2,092,890
Money Market	5,406,471
Bond Account	847,843
Certificate of Deposit	500,000
Peoples Bank	
Checking	11,927
Great Southern Bank	
Checking	24,004
Arvest Bank	
Certificate of Deposit	4,700,000
Petty Cash	3,021
Ottawa Library - Checking	51,892
Ottawa Library - Money Market	30,238
Ottawa Library - Equity Investments	220,718
Ottawa Library - Petty Cash	308
Total Cash	13,889,312
Less: Agency Funds per Schedule 3	[85,625]
Total Reporting Entity	\$ 13,803,687

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

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2013

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

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

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

The Ottawa Library provides library services to the area. The seven-member Library board is appointed by the City. The City appropriates and distributes tax monies to the Library. The Library's 2013 financial statements have been included as Schedule 4 of the City's financial statements.

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

Basis of Accounting

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America. The *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis 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.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2013

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Regulatory Basis Fund Types

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the City for the year ended December 31, 2013:

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.

Debt Service Fund - used to account for the accumulation of cash for, and the payment of, principal, interest and other related costs of the City's general obligation bonds.

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

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

Agency Funds - to account for assets held by the City as an agent for individuals, other governmental units, private organizations, and/or other funds. Agency funds are custodial in nature and do not involve measurement of operations.

Budgetary Information

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

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

The statutes allow for the City Commission 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. The 2013 budget was amended for the Airport and the Library Funds.

The statutes permit transferring budgeted amounts between accounts 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 statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2013

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

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. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, agency funds, and the following funds:

- Domestic Violence Grant Fund
- Utility Credit Fund
- Health Insurance Fund

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

Ad Valorem Tax Revenues

The determination of assessed valuations and the collection of property taxes for all political subdivisions in the State of Kansas are the responsibility of the various counties. The County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. Property taxes are levied as of November 1 and become a lien on the property as of that date. Payments are due November 1 and become delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year.

The County Treasurer is the tax collection agent for all taxing entities within the County. The initial distribution to the subdivisions, including the City, is on or before January 20 of the ensuing year. Additional amounts are distributed on four (4) subsequent dates throughout the calendar year.

NOTE 2 - Deposits

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

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

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, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods".

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2013

NOTE 2 - Deposits (Continued)

At December 31, 2013, the City's carrying amount of deposits was \$13,586,156 and the bank balance was \$13,855,988. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$541,460 was covered by federal depository insurance and the balance of \$13,314,528 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

The related municipal entity's carrying amount of deposits was \$82,130 and the bank balance was \$124,895. The difference between the bank balance and the carrying amount is the outstanding checks and deposits. Of the bank balance \$124,895 was covered by federal depository insurance. The related municipal entity also has investments in mutual funds under a 501 (c) 3 not for profit with a carrying value of \$220,718 and a market value of \$264,817.

NOTE 3 - Retirement Plan

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

Funding Policy - K.S.A. 74-4919 and K.S.A. 74-4921 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 of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes the 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. The City employer contributions to KPERS for the years ending December 31, 2013, 2012 and 2011 were \$475,658, \$410,737, and \$333,870, respectively, equal to the required contributions for each year. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2013, 2012, and 2011 were \$441,214, \$426,456, and \$374,095, respectively, equal to the required contributions for each year.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2013

NOTE 4 - Long-Term Debt

Following is a detailed listing of the City's outstanding general obligation debt:

<u>General Obligation Bonds</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Series 2007	4.00 - 6.00%	\$ 9,130,000	\$ 9,900,000	08/18/07	10/01/28
Series 2009	3.50 - 4.10%	855,000	1,065,000	08/01/09	10/01/24
Series 2009A	3.00 - 4.20%	2,070,000	2,345,000	11/20/09	10/01/29
Series 2010A	2.00 - 3.30%	1,990,000	2,645,000	07/15/10	10/01/21
Series 2010B	3.00 - 3.625%	2,620,000	3,295,000	12/15/10	10/01/23
Series 2012A	0.55 - 2.30%	705,000	840,000	03/15/12	10/01/23
Series 2012B	0.75 - 2.65%	<u>735,000</u>	825,000	03/15/12	10/01/21
Total		<u>\$ 18,105,000</u>			

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,250,000	\$ 683,476	\$ 1,933,476
2015	1,330,000	649,451	1,979,451
2016	1,240,000	609,324	1,849,324
2017	1,285,000	569,161	1,854,161
2018	1,350,000	517,711	1,867,711
2019 - 2023	6,805,000	1,752,458	8,557,458
2024-2028	4,665,000	609,865	5,274,865
2029	<u>180,000</u>	<u>7,560</u>	<u>187,560</u>
Total	<u>\$ 18,105,000</u>	<u>\$ 5,399,006</u>	<u>\$ 23,504,006</u>

Loans. Loans outstanding at year end are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Water Supply Line	3.79%	\$ 833,663	\$ 989,003	04/05/10	02/01/30
Wastewater Treatment Improvements	3.06%	<u>6,701,018</u>	10,823,459	02/07/05	3/1/2025
Total		<u>\$ 7,534,681</u>			

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2013

NOTE 4 - Long-Term Debt (Continued)

The loan debt service requirements to maturity for the water supply line are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 37,174	\$ 31,247	\$ 68,421
2015	38,596	29,825	68,421
2016	40,073	28,348	68,421
2017	41,606	26,815	68,421
2018	43,198	25,223	68,421
2019 - 2023	242,082	100,023	342,105
2024-2028	292,073	50,032	342,105
2029-2030	<u>98,861</u>	<u>3,770</u>	<u>102,632</u>
 Total	 <u>\$ 833,663</u>	 <u>\$ 295,283</u>	 <u>\$ 1,128,947</u>

The loan debt service requirements to maturity for the wastewater treatment improvements are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 520,959	\$ 184,667	\$ 705,626
2015	537,022	169,916	706,938
2016	553,581	154,710	708,291
2017	570,650	139,035	709,685
2018	588,245	122,877	711,123
2019 - 2023	3,224,745	354,033	3,578,777
2024	<u>705,816</u>	<u>14,913</u>	<u>720,728</u>
 Total	 <u>\$ 6,701,018</u>	 <u>\$ 1,140,150</u>	 <u>\$ 7,841,168</u>

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2013

NOTE 4 - Long-Term Debt (Continued)

The City has entered into an agreement for a Kansas Water Pollution Control Loan for the East Side Interceptor project. Draws on the project are authorized up to \$4,707,513. As of December 31, 2013, draws total \$2,136,476.

The City has entered into a loan agreement for financing the completion of broadband infrastructure build-out in the Northeast Ottawa Industrial Park. The following is information regarding the loan:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
Broadband infrastructure	2.25%	\$ 28,010	\$ 30,000	06/10/13	6/10/2020
 Total		 <u>\$ 28,010</u>			

The debt service requirements to maturity are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 4,047	\$ 589	\$ 4,636
2015	4,139	497	4,636
2016	4,234	403	4,636
2017	4,330	306	4,636
2018	4,428	208	4,636
2019 - 2020	<u>6,832</u>	<u>122</u>	<u>6,954</u>
 Total	 <u>\$ 28,010</u>	 <u>\$ 2,124</u>	 <u>\$ 30,135</u>

The City has entered into lease agreements as lessee for financing the acquisition of equipment. The following is information regarding these leases:

<u>Capital Leases</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Original Amount</u>	<u>Date of Issue</u>	<u>Final Maturity</u>
2008 Platform Fire Truck	5.48%	\$ 536,026	\$ 732,564	01/05/09	01/10/14
2010 GMC Sweeper	3.25%	85,084	220,864	10/12/10	03/10/13
2011 Case Wheel Loader	3.14%	<u>59,081</u>	113,665	07/08/11	07/10/16
		 <u>\$ 680,191</u>			

The debt service requirements to maturity are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 605,150	\$ 6,061	\$ 611,211
2015	62,850	1,752	64,602
2016	<u>12,191</u>	<u>110</u>	<u>12,301</u>
	 <u>\$ 680,191</u>	 <u>\$ 7,922</u>	 <u>\$ 688,114</u>

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2013

NOTE 4 - Long-Term Debt (Continued)

Following is a summary of changes in long-term debt for the year ended December 31, 2013:

<u>Type of Issue</u>	Beginning		Restated	Additions to Principal	Reductions of Principal	Ending Principal Outstanding
	Principal Outstanding	Restatement	Beginning Principal Outstanding			
General Obligation Bonds	\$ 19,195,000	\$ -	\$ 19,195,000	\$ -	\$ 1,090,000	\$ 18,105,000
Loans	8,075,862	-	8,075,862	2,166,475	543,170	9,699,167
Capital Leases	<u>797,825</u>	<u>3,638</u>	<u>801,463</u>	<u>-</u>	<u>121,272</u>	<u>680,191</u>
Total	<u>\$ 28,068,687</u>	<u>\$ 3,638</u>	<u>\$ 28,072,325</u>	<u>\$ 2,166,475</u>	<u>\$ 1,754,442</u>	<u>\$ 28,484,358</u>

The City is subject to the municipal finance law of the State of Kansas which limits the net bonded debt the City may have outstanding up to 30 percent of the assessed value of all tangible personal property within the City, as certified to the County Clerk on the proceeding August 25. At December 31, 2013, the statutory limit for the City was \$24,893,513, providing a debt margin of \$18,538,513.

The City has entered into several conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the City. The City is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payment schedule related to the original debt. At December 31, 2013, total outstanding conduit debt was \$4,725,000.

Subsequent Event

The City entered into a lease purchase agreement on January 6, 2014, to finance the balloon payment of the 2008 Platform Fire Truck in the amount of \$539,165. The interest rate of the lease is 3.23% and has a final maturity date of January 6, 2024.

The City issued Series 2014A General Obligation Refunding and Improvement Bonds on June 19, 2014, in the amount of \$7,855,000. Proceeds from the bonds will be used to prepay the Kansas Department of Health and Environment loans in the amount of \$7,257,767 and costs associated with the issuance of the bonds. The remaining proceeds from the sale of bonds will also be used to finance the cost of certain street, sidewalk and related improvements on various roads throughout the City. The bonds have an interest rate from 2.00% to 3.50% and a final maturity of October 1, 2030.

NOTE 5 - Compensated Absences

The City's policies regarding vacation and sick pay permit employees to accumulate a maximum of 30 days vacation pay and 120 days of sick pay. Policies prohibit payment of vacation time in lieu of time-off and restrict sick pay compensation to a maximum of 60 days on date of employment termination. Unpaid vacation pay and unpaid sick pay amounts are not accrued in these financial statements. At December 31, 2013, the City estimates the total accumulated vacation and unpaid sick pay amounted to \$507,562 and \$649,124 respectively.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2013

NOTE 6 - Capital Projects

Capital projects often extend over two or more fiscal years. The following is a schedule, which compares the project authorization to total project expenditures from project inception to December 31, 2013:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Project Expenditures</u>
Neighborhood Stabilization	\$ 350,000	\$ 258,614
Eastside Interceptor	4,707,513	3,640,906
Davis Road/K68 Intersection Project	1,461,000	1,484,118
Levee Improvement	307,440	155,951

NOTE 7 - Deferred Compensation Plan

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

NOTE 8 - Flexible Benefit Plan (I.R.C. Section 125)

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

NOTE 9 - Risk Management

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

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

	<u>2013</u>	<u>2012</u>
Unpaid claims, January 1	\$ 144,714	\$ 129,340
Incurred claims (including IBNRs)	950,045	1,612,815
Claim payments	<u>[1,004,529]</u>	<u>[1,597,441]</u>
Unpaid claims, December 31	<u>\$ 90,230</u>	<u>\$ 144,714</u>

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2013

NOTE 10 - Interfund Transfers

A reconciliation of transfers by fund type for 2013 follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
General Fund	Airport Fund	\$ 48,722	K.S.A. 12-197
General Fund	Community Services Support Fund	34,000	K.S.A. 12-197
General Fund	Capital Project Fund	125,431	K.S.A. 12-1,118
General Fund	Equipment Reserve Fund	232,835	K.S.A. 12-197 & 12-1,117
General Fund	Risk Management Fund	90,000	K.S.A. 12-2615 & 44-505f
General Fund	Special Alcohol Program Fund	1	Accounting correction
General Fund	WWTP Funding Fund	219,500	K.S.A. 12-1,118 & 12-197
Airport Fund	Risk Management Fund	3,000	K.S.A. 12-2615 & 44-505f
Capital Project Fund	Electric Utility Fund	60,812	Prior year reimbursement
Electric Power Supply Fund	Bond and interest Fund	120,000	K.S.A. 12-1,118 & 12-825d
Special Alcohol Program Fund	General Fund	22,436	K.S.A. 12-825d
Special Streets Fund	Capital Project Fund	125,000	K.S.A. 12-1,118 & 12-825d
Special Streets Fund	Equipment Reserve Fund	40,000	K.S.A. 12-1,118 & 12-825d
Special Streets Fund	Capital Project Fund	4,565	K.S.A. 12-1,118 & 12-825d
Capital Project Fund	Special Streets Fund	2,250	K.S.A. 12-1,118 & 12-825d
Electric Utility Fund	Bond and interest Fund	70,000	K.S.A. 12-1,118 & 12-825d
Electric Utility Fund	Community Services Support Fund	36,000	K.S.A. 12-825d
Electric Utility Fund	Capital Project Fund	160,000	K.S.A. 12-1,118 & 12-825d
Electric Utility Fund	Equipment Reserve Fund	111,168	K.S.A. 12-1,117 & 12-825d
Electric Utility Fund	General Fund	1,115,000	K.S.A. 12-825d
Electric Utility Fund	Risk Management Fund	290,000	K.S.A. 12-2615 & 12-825d, 44-505f
Water Utility Fund	Community Services Support Fund	36,000	K.S.A. 12-825d
Water Utility Fund	Equipment Reserve Fund	51,548	K.S.A. 12-1,117 & 12-825d
Water Utility Fund	General Fund	425,000	K.S.A. 12-825d
Water Utility Fund	Capital Project Fund	25,852	Resolution 1528-10
Water Utility Fund	Risk Management Fund	150,000	K.S.A. 12-2615 & 12-825d, 44-505f
Wastewater Utility Fund	Community Services Support Fund	36,000	K.S.A. 12-825d
Wastewater Utility Fund	Equipment Reserve Fund	75,064	K.S.A. 12-1,117 & 12-825d
Wastewater Utility Fund	General Fund	250,000	K.S.A. 12-825d
Wastewater Utility Fund	Risk Management Fund	140,000	K.S.A. 12-2615 & 12-825d, 44-505f
Wastewater Utility Fund	Capital Project Fund	209	K.S.A. 12-2615 & 12-825d
Wastewater Utility Fund	WWTP Funding Fund	545,088	K.S.A. 12-2615 & 12-825d

NOTE 11 – Statutory Violation

The following funds reported negative unencumbered cash balances, which is a violation of K.S.A. 10-1113: Sidewalk Grant 15th Street, East Side Interceptor and Davis Road Project Funds.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2013

Note 12 - Other Post Employment Benefits (Continued)

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 local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government 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 government under this program.

NOTE 13 - Contingencies

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City at December 31, 2013.

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SCHEDULE 1

CITY OF OTTAWA, KANSAS

Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Over [Under]</u>
Governmental Type Funds:					
General Funds:					
General Fund	\$ 10,581,976	\$ -	\$ 10,581,976	\$ 9,003,448	\$ 1,578,528
Special Purpose Funds:					
Community Services Support Fund	146,042	-	146,042	140,864	5,178
Municipal Auditorium Fund	237,370	-	237,370	203,973	33,397
Airport Fund	100,416	-	100,416	84,432	15,984
Special Park and Recreation Fund	169,496	-	169,496	80,950	88,546
Special Alcohol Program Fund	27,000	-	27,000	22,436	4,564
Library Fund	770,410	-	770,410	762,266	8,144
Economic Development Fund	139,674	-	139,674	21,223	118,451
Special Streets Fund	471,994	-	471,994	407,134	64,860
Electric Power Supply Fund	1,303,632	-	1,303,632	432,393	871,239
Equipment Reserve Fund	2,015,786	-	2,015,786	769,265	1,246,521
Revolving Loan Fund	266,879	-	266,879	-	266,879
Risk Management Fund	1,039,558	-	1,039,558	769,004	270,554
Debt Service Funds:					
Bond and Interest Fund	1,995,184	-	1,995,184	819,845	1,175,339
WWTP Funding Fund	1,355,562	-	1,355,562	722,055	633,507
Business Funds:					
Water Utility Fund	3,379,837	-	3,379,837	2,460,722	919,115
Wastewater Utility Fund	3,153,464	-	3,153,464	2,466,810	686,654
Electric Utility Fund	20,127,134	-	20,127,134	14,890,979	5,236,155

CITY OF OTTAWA, KANSAS

General Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenue:				
Ad valorem property tax	\$ 2,091,885	\$ 2,224,027	\$ 2,270,942	\$ [46,915]
Back tax collections	87,257	140,348	104,000	36,348
Vehicle taxes	222,774	233,769	229,711	4,058
Local sales	2,120,169	2,218,856	2,214,091	4,765
County sales	952,539	999,275	993,741	5,534
Other taxes	707,909	783,455	815,040	[31,585]
Intergovernmental	58,474	39,047	30,000	9,047
Licenses, permits and fees	466,222	419,326	655,038	[235,712]
Charges and services	40,592	46,681	63,500	[16,819]
Leases and rentals	2	8,001	8,080	[79]
Interest	14,602	8,342	50,000	[41,658]
Miscellaneous	7,805	104,625	40,000	64,625
Refunds and reimbursements	28,941	-	250,000	[250,000]
Transfer in	<u>1,824,356</u>	<u>1,812,436</u>	<u>1,820,000</u>	<u>[7,564]</u>
Total Cash Receipts	<u>8,623,527</u>	<u>9,038,188</u>	<u>\$ 9,544,143</u>	<u>\$ [505,955]</u>
Expenditures				
City commission and manager	212,648	226,008	\$ 224,634	\$ [1,374]
City administration	404,414	448,838	462,779	13,941
Nonoperating	323,368	318,567	762,160	443,593
Planning	450,781	473,202	472,637	[565]
Flood control	39,086	13,102	28,750	15,648
Fleet management	130,477	145,954	142,005	[3,949]
Parks	259,049	260,065	301,985	41,920
Police department	1,985,403	2,032,142	2,146,813	114,671
Fire department	1,111,206	1,098,254	1,238,850	140,596
Public works	751,795	880,242	1,060,263	180,021
Highland cemetery	102,350	97,938	115,625	17,687
Human resources	165,052	181,979	194,428	12,449
Municipal court	156,122	135,886	162,319	26,433
Employee benefits	2,063,545	1,736,618	2,244,552	507,934
IT department	193,824	204,164	207,076	2,912
Transfer out	<u>362,000</u>	<u>750,489</u>	<u>817,100</u>	<u>66,611</u>
Total Expenditures	<u>8,711,120</u>	<u>9,003,448</u>	<u>\$ 10,581,976</u>	<u>\$ 1,578,528</u>
Receipts Over [Under] Expenditures	[87,593]	34,740		
Unencumbered Cash, Beginning	<u>1,076,425</u>	<u>988,832</u>		
Unencumbered Cash, Ending	<u>\$ 988,832</u>	<u>\$ 1,023,572</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2 - 2

CITY OF OTTAWA, KANSAS

Community Services Support Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended December 31, 2013

(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfer in	\$ 136,000	\$ 142,000	\$ 142,000	\$ -
Refunds and reimbursements	-	1,178	-	1,178
Total Cash Receipts	<u>136,000</u>	<u>143,178</u>	<u>\$ 142,000</u>	<u>\$ 1,178</u>
Expenditures				
Contractual services	139,084	140,537	\$ 143,790	\$ 3,253
Contingency	320	327	2,252	1,925
Total Expenditures	<u>139,404</u>	<u>140,864</u>	<u>\$ 146,042</u>	<u>\$ 5,178</u>
Receipts Over [Under] Expenditures	[3,404]	2,314		
Unencumbered Cash, Beginning	<u>5,252</u>	<u>1,848</u>		
Unencumbered Cash, Ending	<u>\$ 1,848</u>	<u>\$ 4,162</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Municipal Auditorium Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes				
Ad valorem property tax	\$ 111,072	\$ 147,984	\$ 148,849	\$ [865]
Back tax collections	3,916	6,928	6,129	799
Vehicle taxes	9,545	12,341	12,187	154
Charges for services				
Auditorium rental	12,863	11,776	11,000	776
Concessions	3,675	1,596	2,579	[983]
Ticket sales	13,221	26,580	30,000	[3,420]
Interest	25	54	1,000	[946]
Donations	2,450	8,062	550	7,512
Reimbursements	13,256	20	400	[380]
Other	461	-	3,100	[3,100]
Total Cash Receipts	<u>170,484</u>	<u>215,341</u>	<u>\$ 215,794</u>	<u>\$ [453]</u>
Expenditures				
Personal services	73,513	79,832	\$ 95,813	\$ 15,981
Contractual services	37,848	83,519	78,769	[4,750]
Commodities	5,070	5,511	4,750	[761]
Capital outlay	<u>39,030</u>	<u>35,111</u>	<u>58,038</u>	<u>22,927</u>
Total Expenditures	<u>155,461</u>	<u>203,973</u>	<u>\$ 237,370</u>	<u>\$ 33,397</u>
Receipts Over [Under] Expenditures	15,023	11,368		
Unencumbered Cash, Beginning	<u>20,558</u>	<u>35,581</u>		
Unencumbered Cash, Ending	<u>\$ 35,581</u>	<u>\$ 46,949</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Airport Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Grants	\$ -	\$ 750	\$ -	\$ 750
Misc. revenue	-	37,908	-	37,908
Reimbursements	-	161	37,652	[37,491]
Transfer in	<u>82,000</u>	<u>48,722</u>	<u>62,000</u>	<u>[13,278]</u>
Total Cash Receipts	<u>82,000</u>	<u>87,541</u>	<u>\$ 99,652</u>	<u>\$ [12,111]</u>
Expenditures				
Contractual services	66,599	58,307	\$ 65,416	\$ 7,109
Contingency	-	-	5,000	5,000
Commodities	18,231	23,125	30,000	6,875
Transfer out	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>[3,000]</u>
Total Expenditures	<u>84,830</u>	<u>84,432</u>	<u>\$ 100,416</u>	<u>\$ 15,984</u>
Receipts Over [Under] Expenditures	[2,830]	3,109		
Unencumbered Cash, Beginning	<u>4,865</u>	<u>2,035</u>		
Unencumbered Cash, Ending	<u>\$ 2,035</u>	<u>\$ 5,144</u>		

CITY OF OTTAWA, KANSAS

Special Park and Recreation Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended December 31, 2013

(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year Actual	Current Year		Variance Over [Under]
		Actual	Budget	
Cash Receipts				
Reimbursements	\$ 584	\$ 99	\$ -	\$ 99
Donations	17,640	33,659	75,000	[41,341]
Licenses, Permits, and Fees	-	23,590	-	23,590
Taxes				
Liquor selling tax	24,501	22,435	24,000	[1,565]
Total Cash Receipts	<u>42,725</u>	<u>79,783</u>	<u>\$ 99,000</u>	<u>\$ [19,217]</u>
Expenditures				
Contractual services	13,226	2,611	\$ 16,496	\$ 13,885
Commodities	-	-	3,000	3,000
Capital improvement	36,171	78,339	150,000	71,661
Total Expenditures	<u>49,397</u>	<u>80,950</u>	<u>\$ 169,496</u>	<u>\$ 88,546</u>
Receipts Over [Under] Expenditures	[6,672]	[1,167]		
Unencumbered Cash, Beginning	<u>83,496</u>	<u>76,824</u>		
Unencumbered Cash, Ending	<u>\$ 76,824</u>	<u>\$ 75,657</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Special Alcohol Program Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis

For the Year Ended December 31, 2013

(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes				
Liquor selling tax	\$ 24,356	\$ 22,435	\$ 27,000	\$ [4,565]
Transfer in	-	1	-	1
Total Cash Receipts	<u>24,356</u>	<u>22,436</u>	<u>\$ 27,000</u>	<u>\$ [4,564]</u>
Expenditures				
Transfer out	<u>24,356</u>	<u>22,436</u>	<u>\$ 27,000</u>	<u>\$ 4,564</u>
Total Expenditures	<u>24,356</u>	<u>22,436</u>	<u>\$ 27,000</u>	<u>\$ 4,564</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

CITY OF OTTAWA, KANSAS

Library Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes				
Ad valorem property tax	\$ 631,372	\$ 648,029	\$ 657,330	\$ [9,301]
Back tax collections	28,026	43,620	43,620	-
Vehicle taxes	<u>68,761</u>	<u>70,617</u>	<u>69,460</u>	<u>1,157</u>
Total Cash Receipts	<u>728,159</u>	<u>762,266</u>	<u>\$ 770,410</u>	<u>\$ [8,144]</u>
Expenditures				
Appropriations to Library Board	<u>728,159</u>	<u>762,266</u>	<u>\$ 770,410</u>	<u>\$ 8,144</u>
Total Expenditures	<u>728,159</u>	<u>762,266</u>	<u>\$ 770,410</u>	<u>\$ 8,144</u>
Receipts Over [Under] Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Economic Development Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Interest	\$ 2,467	\$ 63	\$ 400	\$ [337]
Reimbursements	8,445	-	2,500	[2,500]
Rental income	13,310	12,100	14,520	[2,420]
Sale of property	500	1,754	15,000	[13,246]
Total Cash Receipts	<u>24,722</u>	<u>13,917</u>	<u>\$ 32,420</u>	<u>\$ [18,503]</u>
Expenditures				
Contractual services	38,355	21,223	\$ 137,674	\$ 116,451
Contingency reserve	-	-	2,000	2,000
Total Expenditures	<u>38,355</u>	<u>21,223</u>	<u>\$ 139,674</u>	<u>\$ 118,451</u>
Receipts Over [Under] Expenditures	[13,633]	[7,306]		
Unencumbered Cash, Beginning	<u>130,334</u>	<u>116,701</u>		
Unencumbered Cash, Ending	<u>\$ 116,701</u>	<u>\$ 109,395</u>		

CITY OF OTTAWA, KANSAS

Special Streets Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Intergovernmental	\$ 327,314	\$ 317,410	\$ 329,210	\$ [11,800]
Charges for services	3,850	-	1,000	[1,000]
Reimbursements	173,603	125,909	70,000	55,909
Transfer in	-	2,250	-	2,250
Total Cash Receipts	<u>504,767</u>	<u>445,569</u>	<u>\$ 400,210</u>	<u>\$ 45,359</u>
Expenditures				
Contractual services	5,311	53,583	\$ 22,500	\$ [31,083]
Commodities	25,917	25,956	33,000	7,044
Capital outlay	444,435	158,030	250,000	91,970
Contingency reserve	-	-	44,918	44,918
Transfer out	57,391	169,565	121,576	[47,989]
Total Expenditures	<u>533,054</u>	<u>407,134</u>	<u>\$ 471,994</u>	<u>\$ 64,860</u>
Receipts Over [Under] Expenditures	<u>[28,287]</u>	<u>38,435</u>		
Unencumbered Cash, Beginning	91,339	63,052		
Prior period adjustment - prior year accounts payable	-	3,000		
Unencumbered Cash, Beginning, Restated	<u>91,339</u>	<u>66,052</u>		
Unencumbered Cash, Ending	<u>\$ 63,052</u>	<u>\$ 104,487</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Electric Power Supply Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Reimbursements	\$ 410,640	\$ 410,640	\$ 410,640	\$ -
Interest	381	580	2,500	[1,920]
Total Cash Receipts	<u>411,021</u>	<u>411,220</u>	<u>\$ 413,140</u>	<u>\$ [1,920]</u>
Expenditures and Transfers Subject to Budget				
Contractual services	-	6,662	\$ 10,000	\$ 3,338
Debt service	312,331	305,731	305,731	-
Capital outlay	1,000	-	727,751	727,751
Miscellaneous	-	-	130,150	130,150
Transfer out	<u>50,000</u>	<u>120,000</u>	<u>130,000</u>	<u>10,000</u>
Total Expenditures and Transfers Subject to Budget	<u>363,331</u>	<u>432,393</u>	<u>\$ 1,303,632</u>	<u>\$ 871,239</u>
Receipts Over [Under] Expenditures	47,690	[21,173]		
Unencumbered Cash, Beginning	<u>929,833</u>	<u>977,523</u>		
Unencumbered Cash, Ending	<u>\$ 977,523</u>	<u>\$ 956,350</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Equipment Reserve Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Interest	\$ 384	\$ 380	\$ 3,000	\$ [2,620]
Reimbursements	37,216	17,776	-	17,776
Grants	4,958	-	-	-
Miscellaneous	-	18,975	4,000	14,975
Transfer in	<u>235,602</u>	<u>510,615</u>	<u>556,781</u>	<u>[46,166]</u>
Total Cash Receipts	<u>278,160</u>	<u>547,746</u>	<u>\$ 563,781</u>	<u>\$ [16,035]</u>
Expenditures				
Capital outlay	<u>717,150</u>	<u>769,265</u>	<u>\$ 2,015,786</u>	<u>\$ 1,246,521</u>
Total Expenditures	<u>717,150</u>	<u>769,265</u>	<u>\$ 2,015,786</u>	<u>\$ 1,246,521</u>
Receipts Over [Under] Expenditures	[438,990]	[221,519]		
Unencumbered Cash, Beginning	<u>1,175,842</u>	<u>736,852</u>		
Unencumbered Cash, Ending	<u>\$ 736,852</u>	<u>\$ 515,333</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Revolving Loan Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Lease payments	\$ 21,192	\$ 2,317	\$ -	\$ 2,317
Intergovernmental	-	-	21,191	[21,191]
Interest	55	92	325	[233]
Reimbursed expenses	-	-	76,986	[76,986]
Total Cash Receipts	<u>21,247</u>	<u>2,409</u>	<u>\$ 98,502</u>	<u>\$ [96,093]</u>
Expenditures				
Contractual services	-	-	\$ 266,879	\$ 266,879
Total Expenditures	-	-	<u>\$ 266,879</u>	<u>\$ 266,879</u>
Receipts Over [Under] Expenditures	21,247	2,409		
Unencumbered Cash, Beginning	<u>146,885</u>	<u>168,132</u>		
Unencumbered Cash, Ending	<u>\$ 168,132</u>	<u>\$ 170,541</u>		

CITY OF OTTAWA, KANSAS

Risk Management Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Interest	\$ 70	\$ 96	\$ 2,499	\$ [2,403]
Miscellaneous	76,788	4,252	-	4,252
Reimbursements	49,480	59,932	30,000	29,932
Transfer in	<u>558,730</u>	<u>673,000</u>	<u>777,137</u>	<u>[104,137]</u>
Total Cash Receipts	<u>685,068</u>	<u>737,280</u>	<u>\$ 809,636</u>	<u>\$ [72,356]</u>
Expenditures				
Contractual services	716,551	745,469	\$ 886,300	\$ 140,831
Capital outlay	8,619	-	102,235	102,235
Commodities	-	23,535	24,486	951
Judgments and claims	<u>-</u>	<u>-</u>	<u>26,537</u>	<u>26,537</u>
Total Expenditures	<u>725,170</u>	<u>769,004</u>	<u>\$ 1,039,558</u>	<u>\$ 270,554</u>
Receipts Over [Under] Expenditures	[40,102]	[31,724]		
Unencumbered Cash, Beginning	<u>290,722</u>	<u>250,620</u>		
Unencumbered Cash, Ending	<u>\$ 250,620</u>	<u>\$ 218,896</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Domestic Violence Grant Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Years Ended December 31, 2013 and 2012

	<u>2012</u>	<u>2013</u>
Cash Receipts		
Grant	\$ 894	\$ -
Total Cash Receipts	<u>894</u>	<u>-</u>
Expenditures		
Contractual services	<u>894</u>	<u>-</u>
Total Expenditures	<u>894</u>	<u>-</u>
Receipts Over [Under] Expenditures	-	-
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

* - This fund is not required to be budgeted.

CITY OF OTTAWA, KANSAS

Bond and Interest Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes				
Ad valorem property tax	\$ 517,493	\$ 502,615	\$ 535,300	\$ [32,685]
Back tax collections	23,603	36,190	[3,000]	39,190
Vehicle taxes	57,460	57,916	56,824	1,092
Special assessments	52,108	22,952	75,000	[52,048]
Interest	314	421	1,500	[1,079]
Reimbursements	4,369	192	-	192
Transfer in	104,000	190,000	823,152	[633,152]
Total Cash Receipts	<u>759,347</u>	<u>810,286</u>	<u>\$ 1,488,776</u>	<u>\$ [678,490]</u>
Expenditures				
Principal	520,000	620,000	\$ 1,070,228	\$ 450,228
Interest	215,712	199,845	729,956	530,111
Transfers out	45,488	-	-	-
Miscellaneous	-	-	195,000	195,000
Total Expenditures	<u>781,200</u>	<u>819,845</u>	<u>\$ 1,995,184</u>	<u>\$ 1,175,339</u>
Receipts Over [Under] Expenditures	[21,853]	[9,559]		
Unencumbered Cash, Beginning	<u>533,193</u>	<u>511,340</u>		
Unencumbered Cash, Ending	<u>\$ 511,340</u>	<u>\$ 501,781</u>		

See independent auditor's report on the financial statements.

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CITY OF OTTAWA, KANSAS

WWTP Funding Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over Over <u>[Negative]</u>
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Interest	\$ 224	\$ 317	\$ 1,200	\$ [883]
Transfer in	<u>755,000</u>	<u>764,588</u>	<u>774,500</u>	<u>[9,912]</u>
Total Cash Receipts	<u>755,224</u>	<u>764,905</u>	<u>\$ 775,700</u>	<u>\$ [10,795]</u>
Expenditures				
Fees	18,938	17,703	\$ 17,895	\$ 192
Principal	490,259	505,376	1,136,523	631,147
Interest	<u>212,858</u>	<u>198,976</u>	<u>201,144</u>	<u>2,168</u>
Total Expenditures	<u>722,055</u>	<u>722,055</u>	<u>\$ 1,355,562</u>	<u>\$ 633,507</u>
Receipts Over [Under] Expenditures	33,169	42,850		
Unencumbered Cash, Beginning	<u>552,034</u>	<u>585,203</u>		
Unencumbered Cash, Ending	<u>\$ 585,203</u>	<u>\$ 628,053</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Capital Project Funds
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Year December 31, 2012)

	Storm Water <u>Utility</u>	Trails <u>Grant</u>	Substation/ Electric <u>Construction</u>	US 59 <u>Turnback</u>	Loves <u>Granger TIF</u>	Sidewalk Grant <u>15th Street</u>	South Highway 59 <u>TDD</u>
Cash Receipts							
Taxes - other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges & services	-	-	-	-	-	-	49,569
Interest	-	-	2,421	-	9	-	20
Grants	-	-	-	2,250	98,966	-	-
Sale of bonds	-	-	-	-	-	-	-
Reimbursements & miscellaneous	-	-	-	-	-	-	-
Transfer in	209	-	-	-	-	4,565	-
Total Cash Receipts	<u>209</u>	<u>-</u>	<u>2,421</u>	<u>2,250</u>	<u>98,975</u>	<u>4,565</u>	<u>49,589</u>
Expenditures							
Contractual services	1,242	-	-	-	-	9,960	-
Commodities	-	-	-	-	-	-	-
Capital expenditure	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	30,000
Principal	-	-	250,000	-	-	-	-
Interest	-	-	425,125	-	-	-	-
Cost of issuance	-	-	-	-	-	-	-
Transfer out	-	-	-	2,250	-	-	-
Total Expenditures	<u>1,242</u>	<u>-</u>	<u>675,125</u>	<u>2,250</u>	<u>-</u>	<u>9,960</u>	<u>30,000</u>
Receipts Over [Under] Expenditures	<u>[1,033]</u>	<u>-</u>	<u>[672,704]</u>	<u>-</u>	<u>98,975</u>	<u>[5,395]</u>	<u>19,589</u>
Unencumbered Cash, Beginning	1,033	3,000	1,986,657	-	15,265	-	26,287
Prior period adjustment - prior year accounts payable	-	[3,000]	-	-	-	-	-
Unencumbered Cash, Beginning, Restated	<u>1,033</u>	<u>-</u>	<u>1,986,657</u>	<u>-</u>	<u>15,265</u>	<u>-</u>	<u>26,287</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,313,953</u>	<u>\$ -</u>	<u>\$ 114,240</u>	<u>\$ [5,395]</u>	<u>\$ 45,876</u>

* - These funds are not required to be budgeted.

East Side Interceptor	TIF Project Fund	Davis Rd Project	Swimming Pool Improvements	Neighborhood Stabilization Grant	Levee Improvement	Airport Improvement Grants	For the Year Ended December 31,	
							2013	2012
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,957
-	-	-	-	-	-	-	49,569	-
-	7	-	-	-	-	-	2,457	4,370
-	295,133	-	-	253,369	-	64,373	714,091	2,279,379
-	-	-	-	-	-	-	-	1,665,987
2,136,476	-	1,064,826	-	-	-	10,210	3,211,512	588,694
-	-	410,431	-	-	25,852	-	441,057	534,208
<u>2,136,476</u>	<u>295,140</u>	<u>1,475,257</u>	<u>-</u>	<u>253,369</u>	<u>25,852</u>	<u>74,583</u>	<u>4,418,686</u>	<u>5,092,595</u>
208,454	-	1,433,406	-	251,650	25,852	3,706	1,934,270	658,940
-	-	879	-	-	-	-	879	2,500
3,238,703	-	-	-	-	-	-	3,238,703	67,910
-	-	-	-	-	-	-	-	2,303,624
-	-	-	-	-	-	-	30,000	-
-	-	-	-	-	-	-	250,000	161,055
-	-	-	-	-	-	-	425,125	1,271,713
-	-	-	-	-	-	-	-	825,000
-	-	-	-	-	-	60,812	63,062	333,161
<u>3,447,157</u>	<u>-</u>	<u>1,434,285</u>	<u>-</u>	<u>251,650</u>	<u>25,852</u>	<u>64,518</u>	<u>5,942,039</u>	<u>5,623,903</u>
<u>[1,310,681]</u>	<u>295,140</u>	<u>40,972</u>	<u>-</u>	<u>1,719</u>	<u>-</u>	<u>10,065</u>	<u>[1,523,353]</u>	<u>[531,308]</u>
[216,907]	12,554	[49,833]	404	-	-	9,162	1,787,622	2,318,930
-	-	-	-	-	-	[9,161]	[12,161]	-
<u>[216,907]</u>	<u>12,554</u>	<u>[49,833]</u>	<u>404</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>1,775,461</u>	<u>2,318,930</u>
<u>\$ [1,527,588]</u>	<u>\$ 307,694</u>	<u>\$ [8,861]</u>	<u>\$ 404</u>	<u>\$ 1,719</u>	<u>\$ -</u>	<u>\$ 10,066</u>	<u>\$ 252,108</u>	<u>\$ 1,787,622</u>

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Water Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Water sales	\$ 2,633,834	\$ 2,444,282	\$ 2,533,069	\$ [88,787]
Lease and rentals	15,972	17,182	17,476	[294]
Miscellaneous and reimbursements	3,999	1,811	51,350	[49,539]
Interest	280	500	3,030	[2,530]
Other	13,484	6,717	7,675	[958]
Transfer in	68,000	-	-	-
Total Cash Receipts	<u>2,735,569</u>	<u>2,470,492</u>	<u>\$ 2,612,600</u>	<u>\$ [142,108]</u>
Expenditures				
Water Production				
Personal services	550,983	526,947	\$ 558,377	\$ 31,430
Contractual services	74,876	77,037	117,825	40,788
Commodities	185,369	151,410	204,080	52,670
Capital outlay	135,808	174,583	265,000	90,417
Water Distribution				
Personal services	415,167	363,337	447,815	84,478
Contractual services	128,414	97,686	98,500	814
Commodities	117,682	130,665	128,825	[1,840]
Capital improvement	168,313	147,604	177,100	29,496
Non-operating				
Contractual services	-	1,255	-	[1,255]
Commodities	-	3,890	-	[3,890]
Debt service	116,855	81,611	118,421	36,810
Reserves	-	16,297	487,056	470,759
Transfer out	729,678	688,400	776,838	88,438
Total Expenditures	<u>2,623,145</u>	<u>2,460,722</u>	<u>\$ 3,379,837</u>	<u>\$ 919,115</u>
Receipts Over [Under] Expenditures	112,424	9,770		
Unencumbered Cash, Beginning	<u>736,701</u>	<u>849,125</u>		
Unencumbered Cash, Ending	<u>\$ 849,125</u>	<u>\$ 858,895</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Wastewater Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 2,333,179	\$ 2,378,061	\$ 2,554,451	\$ [176,390]
Interest	278	532	5,822	[5,290]
Refunds and reimbursements	1,434	923	10,000	[9,077]
Transfer in	68,000	-	-	-
Miscellaneous	-	-	1,000	[1,000]
Total Cash Receipts	<u>2,402,891</u>	<u>2,379,516</u>	<u>\$ 2,571,273</u>	<u>\$ [191,757]</u>
Expenditures				
Wastewater Treatment				
Personal services	376,705	362,649	\$ 393,336	\$ 30,687
Contractual services	303,625	332,443	379,900	47,457
Commodities	40,601	55,681	57,250	1,569
Capital outlay	17,078	-	-	-
Capital improvements	-	-	10,614	10,614
Wastewater Collection				
Personal services	189,559	191,981	226,268	34,287
Contractual services	15,197	36,505	27,300	[9,205]
Commodities	132,210	102,060	91,700	[10,360]
Capital outlay	2,000	109	375,462	375,353
Capital improvements	85,481	311,907	308,300	[3,607]
Non-operating				
Contractual services	-	739	-	[739]
Reserves	-	26,375	250,000	223,625
Transfer out	<u>1,049,428</u>	<u>1,046,361</u>	<u>1,033,334</u>	<u>[13,027]</u>
Total Expenditures	<u>2,211,884</u>	<u>2,466,810</u>	<u>\$ 3,153,464</u>	<u>\$ 686,654</u>
Receipts Over [Under] Expenditures	191,007	[87,294]		
Unencumbered Cash, Beginning	<u>662,831</u>	<u>853,838</u>		
Unencumbered Cash, Ending	<u>\$ 853,838</u>	<u>\$ 766,544</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Electric Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	Prior Year <u>Actual</u>	Current Year		Variance Over [Under]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Electric sales	\$ 14,953,586	\$ 14,556,533	\$ 16,559,428	\$ [2,002,895]
Fines and fees	254,168	195,346	350,000	[154,654]
Reimbursed expenses	63,746	71,721	150,000	[78,279]
Loan repayment	-	84,759	-	84,759
Interest	1,542	2,239	10,000	[7,761]
Other	39,074	13,626	122,000	[108,374]
Transfer in	188,000	60,812	-	60,812
Total Cash Receipts	<u>15,500,116</u>	<u>14,985,036</u>	<u>\$ 17,191,428</u>	<u>\$ [2,206,392]</u>
Expenditures				
Electric Production				
Personal services	954,348	881,992	\$ 975,663	\$ 93,671
Contractual services	1,014,204	475,668	775,700	300,032
Commodities	9,050,830	8,990,273	11,306,750	2,316,477
Capital outlay	360,399	179,691	323,500	143,809
Electric Distribution				
Personal services	785,264	762,399	798,610	36,211
Contractual services	59,586	77,304	73,620	[3,684]
Commodities	168,177	158,470	82,300	[76,170]
Capital improvement	89,718	83,797	472,000	388,203
Utility Warehouse				
Personal services	166,437	163,253	179,500	16,247
Contractual services	33,811	35,222	48,150	12,928
Commodities	5,513	5,319	9,280	3,961
Capital outlay	51,619	2,784	5,800	3,016
Utility Billing				
Personal services	514,163	560,601	532,220	[28,381]
Contractual services	182,622	223,484	228,900	5,416
Commodities	27,938	19,761	36,400	16,639
Capital outlay	16,744	41,711	43,763	2,052
Non-operating				
Contractual services	70,918	372,873	1,900,000	1,527,127
Capital outlay	-	74,209	664,493	590,284
Transfer out	1,902,394	1,782,168	1,670,485	[111,683]
Total Expenditures	<u>15,454,685</u>	<u>14,890,979</u>	<u>\$ 20,127,134</u>	<u>\$ 5,236,155</u>
Receipts Over [Under] Expenditures	<u>45,431</u>	<u>94,057</u>		
Unencumbered Cash, Beginning	3,605,962	3,651,393		
Prior period adjustment - prior year accounts payable	-	[24,166]		
Unencumbered Cash, Beginning, Restated	<u>3,605,962</u>	<u>3,627,227</u>		
Unencumbered Cash, Ending	<u>\$ 3,651,393</u>	<u>\$ 3,721,284</u>		

See independent auditor's report on the financial statements.

CITY OF OTTAWA, KANSAS

Utility Credit Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 Year Ended December 31, 2013 and 2012

	<u>2012</u>	<u>2013</u>
Cash Receipts		
Other income	\$ -	\$ 22,798
Total Cash Receipts	<u>-</u>	<u>22,798</u>
Expenditures		
Refunds	<u>27,756</u>	<u>2,232</u>
Total Expenditures	<u>27,756</u>	<u>2,232</u>
Receipts Over [Under] Expenditures	<u>[27,756]</u>	<u>20,566</u>
Unencumbered Cash, Beginning	21,231	112,227
Prior period adjustment	<u>118,752</u>	<u>-</u>
Unencumbered Cash, Beginning, Restated	<u>139,983</u>	<u>112,227</u>
Unencumbered Cash, Ending	<u>\$ 112,227</u>	<u>\$ 132,793</u>

* - This fund is not required to be budgeted.

CITY OF OTTAWA, KANSAS

Health Insurance Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 Year Ended December 31, 2013 and 2012

	<u>2012</u>	<u>2013</u>
Cash Receipts		
Interest	\$ 3,377	\$ 2,366
Charges for services	<u>2,414,568</u>	<u>1,795,417</u>
Total Cash Receipts	<u>2,417,945</u>	<u>1,797,783</u>
Expenditures		
Cost of sales and services	<u>2,110,425</u>	<u>1,726,452</u>
Total Expenditures	<u>2,110,425</u>	<u>1,726,452</u>
Receipts Over [Under] Expenditures	307,520	71,331
Unencumbered Cash, Beginning	<u>1,584,848</u>	<u>1,892,368</u>
Unencumbered Cash, Ending	<u>\$ 1,892,368</u>	<u>\$ 1,963,699</u>

* - This fund is not required to be budgeted.

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SCHEDULE 3

CITY OF OTTAWA, KANSAS

Agency Funds
 Summary of Receipts and Disbursements - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2013
 (With Comparative Actual Totals for the Year December 31, 2012)

	Revolving Line of Credit	Municipal Court Fines	Municipal Court Bonds	Municipal Court Alcohol & Drug
Cash Receipts				
Payments on loan	\$ 18,874	\$ -	\$ -	\$ -
Fines and court fees	-	358,957	36,796	1
Withholdings from payroll	-	-	-	-
Interest	-	33	-	-
Total Cash Receipts	<u>18,874</u>	<u>358,990</u>	<u>36,796</u>	<u>1</u>
Expenditures				
Payments to State	-	29,351	-	1,291
Payments to City	-	319,497	-	-
Restitution	-	11,470	-	-
Bond refunds	-	-	34,105	-
Cost of service	-	-	-	-
Total Expenditures	<u>-</u>	<u>360,318</u>	<u>34,105</u>	<u>1,291</u>
Receipts Over [Under] Expenditures	18,874	[1,328]	2,691	[1,290]
Unencumbered Cash, Beginning	<u>146</u>	<u>14,214</u>	<u>10,489</u>	<u>1,290</u>
Unencumbered Cash, Ending	<u>\$ 19,020</u>	<u>\$ 12,886</u>	<u>\$ 13,180</u>	<u>\$ -</u>

* - These funds are not required to be budgeted.

Municipal Court Credit Card	Cafeteria Plan	Health Savings Account	Payroll	For the Year Ended December 31,	
				2013	2012
\$ -	\$ -	\$ -	\$ -	\$ 18,874	\$ 70,198
139,243	-	-	-	534,997	425,389
-	51,465	178,509	362	230,336	182,567
1	-	-	-	34	78
<u>139,244</u>	<u>51,465</u>	<u>178,509</u>	<u>362</u>	<u>784,241</u>	<u>678,232</u>
-	-	-	-	30,642	94,357
141,996	-	-	-	461,493	380,885
-	-	-	-	11,470	6,263
-	-	-	-	34,105	31,083
-	50,859	227,009	-	277,868	137,028
<u>141,996</u>	<u>50,859</u>	<u>227,009</u>	<u>-</u>	<u>815,578</u>	<u>649,616</u>
[2,752]	606	[48,500]	362	[31,337]	28,616
<u>3,489</u>	<u>32,956</u>	<u>48,500</u>	<u>5,878</u>	<u>116,962</u>	<u>88,346</u>
<u>\$ 737</u>	<u>\$ 33,562</u>	<u>\$ -</u>	<u>\$ 6,240</u>	<u>\$ 85,625</u>	<u>\$ 116,962</u>

SCHEDULE 4

CITY OF OTTAWA, KANSAS

Schedule of Receipts and Expenditures - Actual*
 Related Municipal Entity - Ottawa Library
 Regulatory Basis
 Year Ended December 31, 2013 and 2012

	<u>2012</u>	<u>2013</u>
Cash Receipts		
Appropriation from the City	\$ 728,159	\$ 762,266
Interest	7,241	9,464
State aid	5,387	5,077
Grants	31,042	26,220
Contribution	8,274	16,496
Miscellaneous	30,566	29,955
Gain on investments	4,433	-
Transfer in	<u>12,560</u>	<u>10,543</u>
Total Cash Receipts	<u>827,662</u>	<u>860,021</u>
Expenditures and Transfers		
Salaries and benefits	552,651	577,635
Materials, program, and services	104,105	111,677
Operating	113,812	113,649
Capital improvements	1,399	250
Miscellaneous	10,569	8,179
Loss on investments	-	261
Transfer out	<u>12,560</u>	<u>10,543</u>
Total Expenditures and Transfers	<u>795,096</u>	<u>822,194</u>
Receipts Over [Under] Expenditures	32,566	37,827
Unencumbered Cash, Beginning	<u>206,137</u>	<u>238,703</u>
Unencumbered Cash, Ending	<u>\$ 238,703</u>	<u>\$ 276,530</u>

* - This fund is not required to be budgeted.

CITY OF OTTAWA, KANSAS

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<u>U.S. Environmental Protection Agency</u>		
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ <u>3,447,158</u>
Total U.S. Environmental Protection Agency		<u>3,447,158</u>
<u>U.S. Department of Transportation</u>		
Passed Through the Kansas Department of Transportation State and Community Highway Safety	20.600	<u>36,780</u>
Total U.S. Department of of Transportation		<u>36,780</u>
<u>U.S. Department of Housing and Urban Development</u>		
Passed Through Kansas Department of Commerce Community Development Block Grants	14.218	<u>251,650</u>
Total U.S. Department of Housing and Urban Development		<u>251,650</u>
Total		<u>\$ 3,735,588</u>

The accompanying notes are an integral part of this schedule.

CITY OF OTTAWA, KANSAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of the City of Ottawa, Kansas. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances.

CITY OF OTTAWA, KANSAS

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified (Regulatory Basis)
Adverse (GAAP)

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiency (ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: _____ Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between type A and type B programs: _____ \$300,000

Auditee qualified as low-risk auditee? _____ Yes X No

CITY OF OTTAWA, KANSAS

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2013

Section II - Financial Statement Findings

Current Year Findings

None Noted

Prior Year Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted

Prior Year Findings

None Noted



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

Mayor and City Commission
City of Ottawa, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Kansas Municipal Audit and Accounting Guide, the financial statements of the City of Ottawa, Kansas (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 28, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

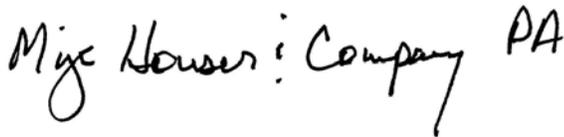
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

However, we noted certain other matters that we reported to management of the City in a separate letter dated July 28, 2014.

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.

A handwritten signature in black ink that reads "Mike Houser: Company PA". The signature is written in a cursive, slightly slanted style.

Certified Public Accountants

Lawrence, Kansas
July 28, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Mayor and City Commission
City of Ottawa, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Ottawa, Kansas (the City) 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's major federal programs for the year ended December 31, 2013. The City's major federal financial 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's 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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Kansas Municipal Audit and Accounting Guide. 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's 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 on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City 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, 2013.

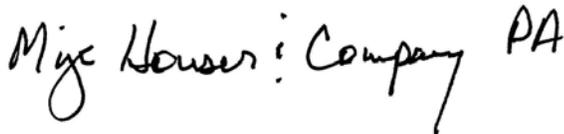
Report on Internal Control Over Compliance

Management of the City 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's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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's 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 charge with governance.

Our consideration of the 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.

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.

Handwritten signature in black ink that reads "Mike Houser: Company PA". The signature is written in a cursive style.

Certified Public Accountants

Lawrence, Kansas
July 28, 2014