

CITY OF OTTAWA, KANSAS

Financial Statements

For the Year Ended December 31, 2009

This page intentionally left blank.

CITY OF OTTAWA, KANSAS
 Financial Statements
 For the Year Ended December 31, 2009
 Table of Contents

	<u>Page Number</u>
INTRODUCTORY SECTION	
Table of Contents	i
FINANCIAL SECTION	
Independent Auditor's Report on the Financial Statements	1 - 2
STATEMENT 1	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
STATEMENT 2	
Summary of Expenditures - Actual and Budget	4
STATEMENT 3	
Statement of Cash Receipts and Expenditures - Actual and Budget and Actual Only	
General Fund	5
Municipal Court Fund	6
Community Services Support Fund	7
Municipal Auditorium Fund	8
Airport Fund	9
Special Park and Recreation Fund	10
Special Alcohol Program Fund	11
Library Fund	12
Economic Development Fund	13
Special Streets Fund	14
Electric Power Supply Fund	15
Equipment Reserve Fund	16
Revolving Loan Fund	17
Risk Management Fund	18
Domestic Violence Grant Fund	19
Mobile Computing Grant Fund	20
Bond and Interest Fund	21
WWTP Funding Fund	22
Capital Project Funds	23
Water Utility Fund	24
Wastewater Utility Fund	25
Electric Utility Fund	26
Utility Credit Fund	27
Health Insurance Fund	28
STATEMENT 4	
Statement of Cash Receipts and Expenditures - Actual Only	
Component Unit - Ottawa Library	29
Notes to the Financial Statements	30 - 40

LOWENTHAL, WEBB & ODERMANN, P.A.

David A. Lowenthal, CPA
Patricia L. Webb, CPA
Audrey M. Odermann, CPA

CERTIFIED PUBLIC ACCOUNTANTS

900 Massachusetts, Suite 301
Lawrence, Kansas 66044-2868
Phone: (785) 749-5050
Fax: (785) 749-5061
Website: www.lswwcpa.com

Abram M. Chrislip, CPA
Caroline H. Eddinger, CPA
Grant A. Huddin, CPA
Brian W. Nyp, CPA

Members of American Institute
and Kansas Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Mayor and City Commissioners
City of Ottawa, Kansas

We have audited the accompanying financial statements of the City of Ottawa, Kansas, (the City) as of and for the year ended December 31, 2009, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative information has been derived from the City's financial statements for the year ended December 31, 2008. In our report dated May 27, 2009 on those financial statements, we expressed an adverse opinion as to presentation on the basis of generally accepted accounting principles and an unqualified opinion as to presentation on the Kansas prescribed basis of accounting. We did not audit the financial statements of the Ottawa Library which statements reflect an ending unencumbered cash balance of \$551,003 as of December 31, 2009 and total expenditures of \$858,577 for the year ended, which is a discretely presented component unit in the accompanying financial statements. Those financial statements were audited by other auditors whose report has been furnished to us; and our opinion insofar as it relates to the amounts for the Ottawa Library included as a discretely presented component unit, is based solely upon the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; and the "Kansas Municipal Audit Guide." Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the City of Ottawa, Kansas prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the discretely presented component unit of the City of Ottawa, Kansas, as of December 31, 2009, or the respective changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of the City of Ottawa, Kansas, as of December 31, 2009, and its cash receipts and expenditures by fund, and fund budget to actual comparisons, for the year then ended, taken as a whole, on the prescribed basis of accounting described in Note 1.

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 prescribed basis of accounting. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2009, from which such partial information was derived.

Lowenthal, Wett & Odemann, P.A.

July 6, 2010

STATEMENT 1

CITY OF OTTAWA, KANSAS

Summary of Cash Receipts, Expenditures and Unencumbered Cash
For the Year Ended December 31, 2009

Funds	Beginning	Prior Year	Cash		Ending	Add:	Ending
	Unencumbered Cash Balance	Cancelled Encumbrances	Receipts	Expenditures	Unencumbered Cash Balance	Outstanding Encumbrances and Accounts Payable	Cash Balance
General Fund	\$ 1,039,170	\$ -	\$ 8,526,545	\$ 8,431,112	\$ 1,134,603	\$ 271,051	\$ 1,405,654
Special Revenue Funds:							
Municipal Court Fund	28,950	-	373,127	373,742	28,335	-	28,335
Community Services Support Fund	1,918	-	135,518	134,735	2,701	-	2,701
Municipal Auditorium Fund	72,274	-	124,085	141,787	54,572	7,823	62,395
Airport Fund	4,073	-	72,424	76,422	75	4,511	4,586
Special Park and Recreation Fund	34,168	-	27,933	136	61,965	-	61,965
Special Alcohol Program Fund	9,823	-	27,933	32,750	5,006	-	5,006
Library Fund	-	-	727,562	727,557	5	-	5
Economic Development Fund	136,666	-	21,130	23,169	134,627	600	135,227
Special Streets Fund	77,501	-	361,824	369,156	70,169	1,583	71,752
Electric Power Supply Fund	869,051	-	454,481	466,243	857,289	-	857,289
Equipment Reserve Fund	175,771	-	1,216,134	423,062	968,843	64,810	1,033,653
Revolving Loan Fund	112,175	-	20,095	-	132,270	-	132,270
Risk Management Fund	189,107	-	231,878	131,116	289,869	1,944	291,813
Domestic Violence Grant Fund	2,689	-	-	11,902	[9,213]	1,736	[7,477]
Mobile Computing Grant Fund	[2,455]	-	3,398	675	268	-	268
Debt Service Funds:							
Bond and Interest Fund	250,055	-	1,526,355	1,429,064	347,346	-	347,346
WWTP Funding Fund	525,956	-	676,947	729,923	472,980	-	472,980
Capital Project Funds	6,528,066	-	4,179,682	6,342,542	4,365,206	496,167	4,861,373
Enterprise Funds:							
Water Utility Fund	519,613	-	2,216,330	2,123,975	611,968	42,373	654,341
Wastewater Utility Fund	802,023	-	2,182,197	2,154,906	829,314	18,604	847,918
Electric Utility Fund	1,975,934	-	13,830,674	13,656,792	2,149,816	524,469	2,674,285
Utility Credit Fund	48,172	655	-	20,133	28,694	89,460	118,154
Internal Service Fund:							
Health Insurance Fund	1,136,156	-	1,824,803	1,752,750	1,208,209	-	1,208,209
Total primary government	14,536,856	655	38,761,055	39,553,649	13,744,917	1,525,131	15,270,048
Component Unit:							
Ottawa Library	543,215	-	850,153	858,577	534,791	16,212	551,003
Total reporting entity	\$ 15,080,071	\$ 655	\$ 39,611,208	\$ 40,412,226	\$ 14,279,708	\$ 1,541,343	\$ 15,821,051

Composition of Cash:

Kansas State Bank	
Checking	\$ 1,290,428
Certificates of Deposit	1,900,000
Money Market	3,479,732
Bond Account	3,274,910
Peoples Bank	
Checking	121,928
Great Southern Bank	
Certificate of Deposit Account Registry Service	5,200,000
Federal Government Securities - Ottawa Library	261,485
Corporate Bonds - Ottawa Library	14,882
Equity Mutual Funds - Ottawa Library	179,507
Certificates of Deposit - Ottawa Library	95,000
Petty Cash - Ottawa Library	129
Petty Cash	3,050
Total	\$ 15,821,051

CITY OF OTTAWA, KANSAS

Summary of Expenditures - Actual and Budget
For the Year Ended December 31, 2009

<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 Positive [Negative]</u>
General Fund	\$ 10,070,868	\$ -	\$ 10,070,868	\$ 8,431,112	\$ 1,639,756
Special Revenue Funds:					
Community Services Support Fund	144,130	-	144,130	134,735	9,395
Municipal Auditorium Fund	269,101	-	269,101	141,787	127,314
Airport Fund	73,075	-	73,075	76,422	[3,347]
Special Park and Recreation Fund	39,172	-	39,172	136	39,036
Special Alcohol Program Fund	39,222	-	39,222	32,750	6,472
Library Fund	780,388	-	780,388	727,557	52,831
Economic Development Fund	176,904	-	176,904	23,169	153,735
Special Streets Fund	423,757	-	423,757	369,156	54,601
Electric Power Supply Fund	1,314,296	-	1,314,296	466,243	848,053
Equipment Reserve Fund	2,315,891	768,706	3,084,597	423,062	2,661,535
Revolving Loan Fund	205,500	-	205,500	-	205,500
Risk Management Fund	235,696	-	235,696	131,116	104,580
Debt Service Funds:					
Bond and Interest Fund	1,557,656	-	1,557,656	1,429,064	128,592
WWTP Funding Fund	1,218,089	-	1,218,089	729,923	488,166
Enterprise Funds:					
Water Utility Fund	2,929,115	-	2,929,115	2,123,975	805,140
Wastewater Utility Fund	2,986,780	-	2,986,780	2,154,906	831,874
Electric Utility Fund	17,607,503	-	17,607,503	13,656,792	3,950,711

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

CITY OF OTTAWA, KANSAS

General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes and Shared Revenue:				
Ad valorem property tax	\$ 1,821,144	\$ 1,904,200	\$ 1,970,095	\$ [65,895]
Back tax collections	72,273	75,477	85,000	[9,523]
Vehicle taxes	181,089	195,809	202,478	[6,669]
Local sales	2,234,373	2,104,328	2,331,847	[227,519]
County sales	959,267	902,617	1,008,800	[106,183]
Other taxes	932,728	825,801	944,420	[118,619]
Intergovernmental	58,474	58,394	70,500	[12,106]
Licenses, permits and fees	138,251	111,002	560,040	[449,038]
Charges and services	47,625	53,700	58,500	[4,800]
Leases and rentals	27,376	7,001	9,210	[2,209]
Interest	88,723	65,978	60,000	5,978
Miscellaneous	16,911	42,771	21,000	21,771
Refunds and reimbursements	329,310	215,340	200,000	15,340
Transfer in	1,929,302	1,964,127	1,620,000	344,127
Total Cash Receipts	<u>8,836,846</u>	<u>8,526,545</u>	<u>\$ 9,141,890</u>	<u>\$ [615,345]</u>
Expenditures and Transfers Subject to Budget				
City commission and manager	209,974	216,550	\$ 333,950	\$ 117,400
City administration	400,171	398,136	425,652	27,516
Nonoperating	276,128	266,909	268,850	1,941
Planning	416,698	393,680	483,350	89,670
Flood control	20,429	20,880	28,500	7,620
Fleet management	135,733	135,890	158,993	23,103
Parks	329,466	259,358	327,110	67,752
Police department	1,956,909	1,937,286	2,090,361	153,075
Fire department	1,000,299	1,035,568	1,055,078	19,510
Public works	989,102	822,341	997,440	175,099
Highland cemetery	166,138	96,841	147,549	50,708
Human resources	188,514	146,274	185,300	39,026
Municipal court	172,846	162,652	216,151	53,499
Employee benefits	1,811,837	1,854,278	1,968,273	113,995
IT department	182,765	189,109	194,305	5,196
Transfer out	467,730	495,360	1,190,006	694,646
Total Expenditures and Transfers Subject to Budget	<u>8,724,739</u>	<u>8,431,112</u>	<u>\$ 10,070,868</u>	<u>\$ 1,639,756</u>
Receipts Over [Under] Expenditures	112,107	95,433		
Unencumbered Cash, Beginning	<u>927,063</u>	<u>1,039,170</u>		
Unencumbered Cash, Ending	<u>\$ 1,039,170</u>	<u>\$ 1,134,603</u>		

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

CITY OF OTTAWA, KANSAS

Municipal Court Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Years Ended December 31, 2009 and 2008

	<u>2008</u>	<u>2009</u>
Cash Receipts		
Fines and fees	\$ 393,113	\$ 372,054
Interest	<u>1,913</u>	<u>1,073</u>
Total Cash Receipts	<u>395,026</u>	<u>373,127</u>
Expenditures and Transfers Subject to Budget		
General government	52,065	18,525
Miscellaneous	-	7,454
Transfer out	<u>345,402</u>	<u>347,763</u>
Total Expenditures and Transfers Subject to Budget	<u>397,467</u>	<u>373,742</u>
Receipts Over [Under] Expenditures	[2,441]	[615]
Unencumbered Cash, Beginning	<u>31,391</u>	<u>28,950</u>
Unencumbered Cash, Ending	<u>\$ 28,950</u>	<u>\$ 28,335</u>

* - This fund is not required to be budgeted.

CITY OF OTTAWA, KANSAS

Community Services Support Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfer in	\$ 137,000	\$ 135,018	\$ 141,000	\$ [5,982]
Refunds and reimbursements	85	500	-	500
Total Cash Receipts	<u>137,085</u>	<u>135,518</u>	<u>\$ 141,000</u>	<u>\$ [5,482]</u>
Expenditures and Transfers Subject to Budget				
Contractual services	140,297	134,735	\$ 142,000	\$ 7,265
Contingency	-	-	2,130	2,130
Total Expenditures and Transfers Subject to Budget	<u>140,297</u>	<u>134,735</u>	<u>\$ 144,130</u>	<u>\$ 9,395</u>
Receipts Over [Under] Expenditures	[3,212]	783		
Unencumbered Cash, Beginning	<u>5,130</u>	<u>1,918</u>		
Unencumbered Cash, Ending	<u>\$ 1,918</u>	<u>\$ 2,701</u>		

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

CITY OF OTTAWA, KANSAS

Municipal Auditorium Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes				
Ad valorem property tax	\$ 89,762	\$ 80,890	\$ 83,013	\$ [2,123]
Back tax collections	5,668	5,026	6,000	[974]
Vehicle taxes	14,776	9,800	9,879	[79]
Charges for services				
Auditorium rental	11,836	14,458	8,000	6,458
Concessions	3,374	2,868	5,000	[2,132]
Ticket sales	7,673	9,336	50,000	[40,664]
Interest	2,237	988	2,000	[1,012]
Donations	100	-	2,000	[2,000]
Reimbursements	1,692	719	400	319
Other	1,500	-	3,100	[3,100]
Total Cash Receipts	<u>138,618</u>	<u>124,085</u>	<u>\$ 169,392</u>	<u>\$ [45,307]</u>
Expenditures and Transfers Subject to Budget				
Personal services	72,946	83,867	\$ 73,268	\$ [10,599]
Contractual services	84,954	50,192	97,588	47,396
Commodities	6,673	5,576	5,050	[526]
Capital improvement	-	-	66,000	66,000
Capital outlay	6,699	2,152	-	[2,152]
Equipment reserve	-	-	7,000	7,000
Contingency reserve	-	-	20,195	20,195
Total Expenditures and Transfers Subject to Budget	<u>171,272</u>	<u>141,787</u>	<u>\$ 269,101</u>	<u>\$ 127,314</u>
Receipts Over [Under] Expenditures	[32,654]	[17,702]		
Unencumbered Cash, Beginning	<u>104,928</u>	<u>72,274</u>		
Unencumbered Cash, Ending	<u>\$ 72,274</u>	<u>\$ 54,572</u>		

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

CITY OF OTTAWA, KANSAS

Airport Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Reimbursements	\$ -	\$ 63	\$ -	\$ 63
Transfer in	65,494	72,361	72,000	361
Total Cash Receipts	<u>65,494</u>	<u>72,424</u>	<u>\$ 72,000</u>	<u>\$ 424</u>
Expenditures and Transfers Subject to Budget				
Contractual services	63,435	74,334	\$ 67,229	\$ [7,105]
Contingency	-	-	446	446
Commodities	642	2,088	5,400	3,312
Total Expenditures and Transfers Subject to Budget	<u>64,077</u>	<u>76,422</u>	<u>\$ 73,075</u>	<u>\$ [3,347]</u>
Receipts Over [Under] Expenditures	1,417	[3,998]		
Unencumbered Cash, Beginning	<u>2,656</u>	<u>4,073</u>		
Unencumbered Cash, Ending	<u>\$ 4,073</u>	<u>\$ 75</u>		

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

CITY OF OTTAWA, KANSAS

Special Park and Recreation Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Reimbursements	\$ 100,229	\$ -	\$ -	\$ -
Taxes				
Liquor selling tax	<u>29,141</u>	<u>27,933</u>	<u>31,675</u>	<u>[3,742]</u>
Total Cash Receipts	<u>129,370</u>	<u>27,933</u>	<u>\$ 31,675</u>	<u>\$ [3,742]</u>
Expenditures and Transfers Subject to Budget				
Contractual services	1,148	-	\$ 4,500	\$ 4,500
Commodities	660	136	3,000	2,864
Capital outlay	-	-	14,000	14,000
Capital improvement	18,247	-	14,000	14,000
Contingency reserve	-	-	3,672	3,672
Transfer out	<u>103,024</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>123,079</u>	<u>136</u>	<u>\$ 39,172</u>	<u>\$ 39,036</u>
Receipts Over [Under] Expenditures	6,291	27,797		
Unencumbered Cash, Beginning	<u>27,877</u>	<u>34,168</u>		
Unencumbered Cash, Ending	<u>\$ 34,168</u>	<u>\$ 61,965</u>		

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

CITY OF OTTAWA, KANSAS

Special Alcohol Program Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes				
Liquor selling tax	\$ 29,141	\$ 27,933	\$ 31,674	\$ [3,741]
Total Cash Receipts	<u>29,141</u>	<u>27,933</u>	<u>\$ 31,674</u>	<u>\$ [3,741]</u>
Expenditures and Transfers Subject to Budget				
Reserves	-	250	\$ 5,222	\$ 4,972
Transfer out	<u>32,000</u>	<u>32,500</u>	<u>34,000</u>	<u>1,500</u>
Total Expenditures and Transfers Subject to Budget	<u>32,000</u>	<u>32,750</u>	<u>\$ 39,222</u>	<u>\$ 6,472</u>
Receipts Over [Under] Expenditures	[2,859]	[4,817]		
Unencumbered Cash, Beginning	<u>12,682</u>	<u>9,823</u>		
Unencumbered Cash, Ending	<u>\$ 9,823</u>	<u>\$ 5,006</u>		

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

CITY OF OTTAWA, KANSAS

Library Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes				
Ad valorem property tax	\$ 633,421	\$ 633,119	\$ 684,500	\$ [51,381]
Back tax collections	26,592	25,709	25,000	709
Vehicle taxes	73,407	68,729	70,588	[1,859]
Interest	286	5	300	[295]
Total Cash Receipts	<u>733,706</u>	<u>727,562</u>	<u>\$ 780,388</u>	<u>\$ [52,826]</u>
Expenditures and Transfers Subject to Budget				
Appropriations to Library Board	719,706	727,557	\$ 780,388	\$ 52,831
Transfer out	14,000	-	-	-
Total Expenditures and Transfers Subject to Budget	<u>733,706</u>	<u>727,557</u>	<u>\$ 780,388</u>	<u>\$ 52,831</u>
Receipts Over [Under] Expenditures	-	5		
Unencumbered Cash, Beginning	-	-		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 5</u>		

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

CITY OF OTTAWA, KANSAS

Economic Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Ad valorem property tax	\$ -	\$ -	\$ 21,000	\$ [21,000]
Interest	2,433	1,490	2,000	[510]
Reimbursements	2,000	3,440	2,500	940
Rental income	12,100	13,200	15,700	[2,500]
Wholesale	69,472	-	-	-
Sale of property	62,478	3,000	15,000	[12,000]
Total Cash Receipts	<u>148,483</u>	<u>21,130</u>	<u>\$ 56,200</u>	<u>\$ [35,070]</u>
Expenditures and Transfers Subject to Budget				
Contractual services	54,835	21,669	\$ 166,904	\$ 145,235
Contingency reserve	-	-	10,000	10,000
Refunds	5,000	-	-	-
Land purchase	53,000	1,500	-	[1,500]
Transfer out	19,987	-	-	-
Total Expenditures and Transfers Subject to Budget	<u>132,822</u>	<u>23,169</u>	<u>\$ 176,904</u>	<u>\$ 153,735</u>
Receipts Over [Under] Expenditures	15,661	[2,039]		
Unencumbered Cash, Beginning	<u>121,005</u>	<u>136,666</u>		
Unencumbered Cash, Ending	<u>\$ 136,666</u>	<u>\$ 134,627</u>		

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

CITY OF OTTAWA, KANSAS

Special Streets Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Intergovernmental	\$ 368,456	\$ 323,850	\$ 380,250	\$ [56,400]
Charges for services	-	-	2,000	[2,000]
Reimbursements	30,943	1,054	5,000	[3,946]
Transfer in	-	36,920	-	36,920
Total Cash Receipts	<u>399,399</u>	<u>361,824</u>	<u>\$ 387,250</u>	<u>\$ [25,426]</u>
Expenditures and Transfers Subject to Budget				
Contractual services	30,204	7,055	\$ 15,000	\$ 7,945
Commodities	204,578	43,130	68,000	24,870
Capital outlay	-	143,108	20,000	[123,108]
Contingency reserve	-	-	183,491	183,491
Transfer out	156,467	175,863	137,266	[38,597]
Total Expenditures and Transfers Subject to Budget	<u>391,249</u>	<u>369,156</u>	<u>\$ 423,757</u>	<u>\$ 54,601</u>
Receipts Over [Under] Expenditures	8,150	[7,332]		
Unencumbered Cash, Beginning	<u>69,351</u>	<u>77,501</u>		
Unencumbered Cash, Ending	<u>\$ 77,501</u>	<u>\$ 70,169</u>		

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

CITY OF OTTAWA, KANSAS

Electric Power Supply Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Reimbursements	\$ 376,420	\$ 444,860	\$ 410,640	\$ 34,220
Interest	16,927	9,621	20,600	[10,979]
Total Cash Receipts	<u>393,347</u>	<u>454,481</u>	<u>\$ 431,240</u>	<u>\$ 23,241</u>
Expenditures and Transfers Subject to Budget				
Contractual services	-	2,750	\$ 25,150	\$ 22,400
Debt service	319,216	333,493	334,918	1,425
Capital outlay	-	-	824,228	824,228
Transfer out	130,000	130,000	130,000	-
Total Expenditures and Transfers Subject to Budget	<u>449,216</u>	<u>466,243</u>	<u>\$ 1,314,296</u>	<u>\$ 848,053</u>
Receipts Over [Under] Expenditures	[55,869]	[11,762]		
Unencumbered Cash, Beginning	<u>924,920</u>	<u>869,051</u>		
Unencumbered Cash, Ending	<u>\$ 869,051</u>	<u>\$ 857,289</u>		

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

CITY OF OTTAWA, KANSAS

Equipment Reserve Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Interest	\$ 18,333	\$ 9,441	\$ 20,000	\$ [10,559]
Reimbursements	140,757	768,706	750,000	18,706
Grants	-	23,133	-	23,133
Miscellaneous	-	40,400	-	40,400
Transfer in	<u>368,891</u>	<u>374,454</u>	<u>394,127</u>	<u>[19,673]</u>
Total Cash Receipts	<u>527,981</u>	<u>1,216,134</u>	<u>\$ 1,164,127</u>	<u>\$ 52,007</u>
Expenditures and Transfers Subject to Budget				
Capital outlay	1,450,916	423,062	\$ 1,036,567	\$ 613,505
Contingency reserve	10,000	-	1,279,324	1,279,324
Adjustment for qualifying budget credit	<u>-</u>	<u>-</u>	<u>768,706</u>	<u>768,706</u>
Total Expenditures and Transfers Subject to Budget	<u>1,460,916</u>	<u>423,062</u>	<u>\$ 3,084,597</u>	<u>\$ 2,661,535</u>
Receipts Over [Under] Expenditures	[932,935]	793,072		
Unencumbered Cash, Beginning	<u>1,108,706</u>	<u>175,771</u>		
Unencumbered Cash, Ending	<u>\$ 175,771</u>	<u>\$ 968,843</u>		

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

CITY OF OTTAWA, KANSAS

Revolving Loan Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Lease payments	\$ 18,874	\$ 18,874	\$ -	\$ 18,874
Intergovernmental	95,859	-	18,874	[18,874]
Interest	1,711	1,221	1,500	[279]
Reimbursed expenses	-	-	76,986	[76,986]
Total Cash Receipts	<u>116,444</u>	<u>20,095</u>	<u>\$ 97,360</u>	<u>\$ [77,265]</u>
Expenditures and Transfers Subject to Budget				
Contractual services	<u>92,035</u>	-	<u>\$ 205,500</u>	<u>\$ 205,500</u>
Total Expenditures and Transfers Subject to Budget	<u>92,035</u>	-	<u>\$ 205,500</u>	<u>\$ 205,500</u>
Receipts Over [Under] Expenditures	24,409	20,095		
Unencumbered Cash, Beginning	<u>87,766</u>	<u>112,175</u>		
Unencumbered Cash, Ending	<u>\$ 112,175</u>	<u>\$ 132,270</u>		

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

CITY OF OTTAWA, KANSAS

Risk Management Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Interest	\$ 3,514	\$ 2,146	\$ 3,600	\$ [1,454]
Reimbursements	25,198	181,732	20,000	161,732
Transfer in	30,000	48,000	48,000	-
Total Cash Receipts	<u>58,712</u>	<u>231,878</u>	<u>\$ 71,600</u>	<u>\$ 160,278</u>
Expenditures and Transfers Subject to Budget				
Contractual services	41,442	71,032	\$ 73,200	\$ 2,168
Capital outlay	4,698	52,049	7,500	[44,549]
Commodities	-	-	28,000	28,000
Contingency reserve	-	-	111,996	111,996
Judgments and claims	2,961	8,035	15,000	6,965
Total Expenditures and Transfers Subject to Budget	<u>49,101</u>	<u>131,116</u>	<u>\$ 235,696</u>	<u>\$ 104,580</u>
Receipts Over [Under] Expenditures	9,611	100,762		
Unencumbered Cash, Beginning	<u>179,496</u>	<u>189,107</u>		
Unencumbered Cash, Ending	<u>\$ 189,107</u>	<u>\$ 289,869</u>		

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

CITY OF OTTAWA, KANSAS

Domestic Violence Grant Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Years Ended December 31, 2009 and 2008

	<u>2008</u>	<u>2009</u>
Cash Receipts		
Grant	\$ 1,633	\$ -
Total Cash Receipts	<u>1,633</u>	<u>-</u>
Expenditures and Transfers Subject to Budget		
Personal services	-	1,238
Contractual services	-	3,011
Commodities	-	642
Capital outlay	-	7,011
Total Expenditures and Transfers Subject to Budget	<u>-</u>	<u>11,902</u>
Receipts Over [Under] Expenditures	1,633	[11,902]
Unencumbered Cash, Beginning	<u>1,056</u>	<u>2,689</u>
Unencumbered Cash, Ending	<u>\$ 2,689</u>	<u>\$ [9,213]</u>

* - This fund is not required to be budgeted.

CITY OF OTTAWA, KANSAS

Mobile Computing Grant Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Years Ended December 31, 2009 and 2008

	<u>2008</u>	<u>2009</u>
Cash Receipts		
Grant	\$ -	\$ 3,398
Total Cash Receipts	<u>-</u>	<u>3,398</u>
Expenditures and Transfers Subject to Budget		
Contractual services	<u>2,455</u>	<u>675</u>
Total Expenditures and Transfers Subject to Budget	<u>2,455</u>	<u>675</u>
Receipts Over [Under] Expenditures	[2,455]	2,723
Unencumbered Cash, Beginning	<u>-</u>	<u>[2,455]</u>
Unencumbered Cash, Ending	<u>\$ [2,455]</u>	<u>\$ 268</u>

* - This fund is not required to be budgeted.

CITY OF OTTAWA, KANSAS

Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Taxes				
Ad valorem property tax	\$ 554,539	\$ 530,433	\$ 544,000	\$ [13,567]
Back tax collections	25,279	24,370	22,000	2,370
Vehicle taxes	68,259	60,146	61,608	[1,462]
Special assessments	59,722	85,273	42,544	42,729
Interest	1,010	2,158	3,000	[842]
Transfer in	<u>684,167</u>	<u>823,975</u>	<u>785,183</u>	<u>38,792</u>
Total Cash Receipts	<u>1,392,976</u>	<u>1,526,355</u>	<u>\$ 1,458,335</u>	<u>\$ 68,020</u>
Expenditures and Transfers Subject to Budget				
Principal	830,000	785,000	\$ 785,000	\$ -
Interest	433,425	644,064	686,064	42,000
Contingency reserve	-	-	<u>86,592</u>	<u>86,592</u>
Total Expenditures and Transfers Subject to Budget	<u>1,263,425</u>	<u>1,429,064</u>	<u>\$ 1,557,656</u>	<u>\$ 128,592</u>
Receipts Over [Under] Expenditures	129,551	97,291		
Unencumbered Cash, Beginning	<u>120,504</u>	<u>250,055</u>		
Unencumbered Cash, Ending	<u>\$ 250,055</u>	<u>\$ 347,346</u>		

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

CITY OF OTTAWA, KANSAS

WWTP Funding Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Interest	\$ 10,190	\$ 4,947	\$ -	\$ 4,947
Transfer in	<u>662,500</u>	<u>672,000</u>	<u>686,210</u>	<u>[14,210]</u>
Total Cash Receipts	<u>672,690</u>	<u>676,947</u>	<u>\$ 686,210</u>	<u>\$ [9,263]</u>
Expenditures and Transfers Subject to Budget				
Fees	-	-	\$ 22,670	\$ 22,670
Principal	706,343	707,455	452,445	[255,010]
Interest	23,580	22,468	254,807	232,339
Reserve	-	-	488,167	488,167
Total Expenditures and Transfers Subject to Budget	<u>729,923</u>	<u>729,923</u>	<u>\$ 1,218,089</u>	<u>\$ 488,166</u>
Receipts Over [Under] Expenditures	[57,233]	[52,976]		
Unencumbered Cash, Beginning	<u>583,189</u>	<u>525,956</u>		
Unencumbered Cash, Ending	<u>\$ 525,956</u>	<u>\$ 472,980</u>		

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

CITY OF OTTAWA, KANSAS

Capital Project Funds
Statement of Cash Receipts and Expenditures - Actual*
For the Year Ended December 31, 2009
(With Comparative Actual Totals for the Year December 31, 2008)

	Storm Water Utility	Sewer Improvement	Trails Grant	Airport Improvement	Substation/ Electric Construction	Coves At The Tallgrass	Montana Road Intersection	Industrial Avenue
Cash Receipts								
Interest	\$ 4	\$ -	\$ -	\$ 361	\$ 144,098	\$ 1,874	\$ 1	\$ -
Grants	-	-	-	-	-	-	44,617	118,968
Sale of temporary notes	-	-	-	-	-	1,065,000	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Transfer in	-	5,940	920	-	-	-	-	35,000
Total Cash Receipts	4	5,940	920	361	144,098	1,066,874	44,618	153,968
Expenditures and Transfers Subject to Budget								
Construction	-	5,940	4,090	-	1,488,855	1,209,592	7,698	48,116
Improvements	-	-	-	-	1,315,092	430	-	270,532
Interest	-	-	-	-	-	-	-	-
Transfer out	-	-	-	361	-	48,017	36,920	-
Total Expenditures and Transfers Subject to Budget	-	5,940	4,090	361	2,803,947	1,258,039	44,618	318,648
Receipts Over [Under] Expenditures	4	-	[3,170]	-	[2,659,849]	[191,165]	-	[164,680]
Unencumbered Cash, Beginning	506	-	-	-	6,373,275	191,165	-	-
Unencumbered Cash, Ending	\$ 510	\$ -	\$ [3,170]	\$ -	\$ 3,713,426	\$ -	\$ -	\$ [164,680]

* - These funds are not required to be budgeted.

TIF Program	Airport Hangars	Neighborhood Stabilization Grant	SRO Grant	US 59 Turnback	Loves Granger TIF	PSRT Lighting Project	KLINK Projects	Water Line Improvements	For the Year Ended December 31,	
									2009	2008
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 473	\$ 146,811	\$ 516,001
-	-	78,262	25,186	-	-	-	-	-	267,033	129,212
-	-	-	-	-	-	-	-	2,345,000	3,410,000	1,120,000
-	6,210	-	-	83,528	-	-	-	17,500	107,238	-
<u>62</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>204,000</u>	<u>2,618</u>	<u>60</u>	<u>-</u>	<u>248,600</u>	<u>341,947</u>
<u>62</u>	<u>6,210</u>	<u>78,262</u>	<u>25,186</u>	<u>83,528</u>	<u>204,000</u>	<u>2,618</u>	<u>60</u>	<u>2,362,973</u>	<u>4,179,682</u>	<u>2,107,160</u>
62	165	78,209	-	94,183	193,329	4,879	60	895,136	4,030,314	3,969,379
-	-	-	-	-	7,626	-	-	614,323	2,208,003	698,140
-	-	-	-	-	-	-	-	-	-	322,916
-	-	-	18,865	-	62	-	-	-	104,225	4,494
<u>62</u>	<u>165</u>	<u>78,209</u>	<u>18,865</u>	<u>94,183</u>	<u>201,017</u>	<u>4,879</u>	<u>60</u>	<u>1,509,459</u>	<u>6,342,542</u>	<u>4,994,929</u>
-	6,045	53	6,321	[10,655]	2,983	[2,261]	-	853,514	[2,162,860]	[2,887,769]
-	-	-	-	-	-	-	-	[36,880]	6,528,066	9,415,835
<u>\$ -</u>	<u>\$ 6,045</u>	<u>\$ 53</u>	<u>\$ 6,321</u>	<u>\$ [10,655]</u>	<u>\$ 2,983</u>	<u>\$ [2,261]</u>	<u>\$ -</u>	<u>\$ 816,634</u>	<u>\$ 4,365,206</u>	<u>\$ 6,528,066</u>

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

CITY OF OTTAWA, KANSAS

Water Utility Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Water sales	\$ 2,029,235	\$ 2,162,784	\$ 2,240,738	\$ [77,954]
Lease and rentals	16,940	14,520	14,500	20
Reimbursed expenses	31,960	24,685	12,360	12,325
Interest	15,223	6,673	14,521	[7,848]
Other	<u>10,052</u>	<u>7,668</u>	<u>66,500</u>	<u>[58,832]</u>
Total Cash Receipts	<u>2,103,410</u>	<u>2,216,330</u>	<u>\$ 2,348,619</u>	<u>\$ [132,289]</u>
Expenditures and Transfers Subject to Budget				
Water Production				
Personal services	488,857	524,335	\$ 531,700	\$ 7,365
Contractual services	93,031	124,974	158,820	33,846
Commodities	139,120	157,820	150,370	[7,450]
Capital outlay	46,026	33,670	42,000	8,330
Water Distribution				
Personal services	406,494	385,182	423,934	38,752
Contractual services	84,118	71,902	118,908	47,006
Commodities	88,489	59,376	140,175	80,799
Capital improvement	168,529	86,629	180,000	93,371
Non-operating				
Contractual services	32,151	6,491	-	[6,491]
Debt service	143,194	101,696	132,203	30,507
Reserves	6,000	-	494,347	494,347
Transfer out	<u>706,846</u>	<u>571,900</u>	<u>556,658</u>	<u>[15,242]</u>
Total Expenditures and Transfers Subject to Budget	<u>2,402,855</u>	<u>2,123,975</u>	<u>\$ 2,929,115</u>	<u>\$ 805,140</u>
Receipts Over [Under] Expenditures	[299,445]	92,355		
Unencumbered Cash, Beginning	<u>819,058</u>	<u>519,613</u>		
Unencumbered Cash, Ending	<u>\$ 519,613</u>	<u>\$ 611,968</u>		

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

CITY OF OTTAWA, KANSAS

Wastewater Utility Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Charges for services	\$ 2,227,490	\$ 2,161,205	\$ 2,349,160	\$ [187,955]
Interest	16,138	10,208	18,000	[7,792]
Refunds and reimbursements	10,515	7,675	6,000	1,675
Miscellaneous	-	3,109	300	2,809
Total Cash Receipts	<u>2,254,143</u>	<u>2,182,197</u>	<u>\$ 2,373,460</u>	<u>\$ [191,263]</u>
Expenditures and Transfers Subject to Budget				
Wastewater Treatment				
Personal services	336,872	358,474	\$ 375,656	\$ 17,182
Contractual services	318,952	348,089	361,028	12,939
Commodities	46,479	45,075	57,700	12,625
Capital outlay	27,932	7,739	53,000	45,261
Capital improvements	218,537	-	-	-
Wastewater Collection				
Personal services	186,953	213,446	206,368	[7,078]
Contractual services	32,482	21,650	64,940	43,290
Commodities	52,364	56,578	86,050	29,472
Capital outlay	846	52,025	346,500	294,475
Capital improvements	148,164	141,946	-	[141,946]
Non-operating				
Contractual services	1,315	2,410	-	[2,410]
Reserves	-	-	529,284	529,284
Transfer out	<u>807,753</u>	<u>907,474</u>	<u>906,254</u>	<u>[1,220]</u>
Total Expenditures and Transfers Subject to Budget	<u>2,178,649</u>	<u>2,154,906</u>	<u>\$ 2,986,780</u>	<u>\$ 831,874</u>
Receipts Over [Under] Expenditures	75,494	27,291		
Unencumbered Cash, Beginning	<u>726,529</u>	<u>802,023</u>		
Unencumbered Cash, Ending	<u>\$ 802,023</u>	<u>\$ 829,314</u>		

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

CITY OF OTTAWA, KANSAS

Electric Utility Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2009
(With Comparative Actual Amounts for the Year Ended December 31, 2008)

	Prior Year <u>Actual</u>	Current Year		Variance Positive [Negative]
		<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Electric sales	\$ 12,966,933	\$ 13,217,652	\$ 15,485,130	\$ [2,267,478]
Fines and fees	210,200	217,103	229,840	[12,737]
Reimbursed expenses	183,739	152,522	100,000	52,522
Interest	51,826	32,008	64,000	[31,992]
Loan repayment	14,000	-	-	-
Other	40,994	211,389	50,000	161,389
Transfer in	14,000	-	-	-
Total Cash Receipts	<u>13,481,692</u>	<u>13,830,674</u>	<u>\$ 15,928,970</u>	<u>\$ [2,098,296]</u>
Expenditures and Transfers Subject to Budget				
Electric Production				
Personal services	867,889	925,357	\$ 944,467	\$ 19,110
Contractual services	480,976	422,146	578,436	156,290
Commodities	8,623,637	8,422,936	9,781,500	1,358,564
Capital outlay	164,995	68,609	235,600	166,991
Electric Distribution				
Personal services	711,063	740,466	753,548	13,082
Contractual services	92,172	88,568	117,227	28,659
Commodities	60,644	41,601	80,600	38,999
Capital outlay	364,646	366,488	9,800	[356,688]
Capital improvement	-	-	718,000	718,000
Utility Warehouse				
Personal services	163,440	168,962	174,606	5,644
Contractual services	37,853	30,629	59,151	28,522
Commodities	6,411	5,822	9,600	3,778
Capital outlay	8,128	-	2,650	2,650
Utility Billing				
Personal services	455,077	480,372	485,032	4,660
Contractual services	191,986	213,985	201,497	[12,488]
Commodities	32,160	15,249	35,700	20,451
Capital outlay	11,045	9,976	15,500	5,524
Non-operating				
Contractual services	5,757	4,879	-	[4,879]
Debt service	70,417	-	-	-
Capital outlay	5,152	4,672	-	[4,672]
Reserves	-	35,705	1,761,849	1,726,144
Transfer out	1,445,598	1,610,370	1,642,740	32,370
Total Expenditures and Transfers Subject to Budget	<u>13,799,046</u>	<u>13,656,792</u>	<u>\$ 17,607,503</u>	<u>\$ 3,950,711</u>
Receipts Over [Under] Expenditures	[317,354]	173,882		
Unencumbered Cash, Beginning	<u>2,293,288</u>	<u>1,975,934</u>		
Unencumbered Cash, Ending	<u>\$ 1,975,934</u>	<u>\$ 2,149,816</u>		

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

CITY OF OTTAWA, KANSAS

Utility Credit Fund
Statement of Cash Receipts and Expenditures - Actual*
Year Ended December 31, 2009 and 2008

	<u>2008</u>	<u>2009</u>
Cash Receipts		
Other income	\$ -	\$ -
Total Cash Receipts	<u>-</u>	<u>-</u>
Expenditures and Transfers Subject to Budget		
Refunds	<u>3,387</u>	<u>20,133</u>
Total Expenditures and Transfers Subject to Budget	<u>3,387</u>	<u>20,133</u>
Receipts Over [Under] Expenditures	[3,387]	[20,133]
Unencumbered Cash, Beginning	51,559	48,172
Prior period adjustment	<u>-</u>	<u>655</u>
Unencumbered Cash, Ending	<u>\$ 48,172</u>	<u>\$ 28,694</u>

* - This fund is not required to be budgeted.

CITY OF OTTAWA, KANSAS

Health Insurance Fund
Statement of Cash Receipts and Expenditures - Actual*
Year Ended December 31, 2009 and 2008

	<u>2008</u>	<u>2009</u>
Cash Receipts		
Interest	\$ 22,191	\$ 17,672
Charges for services	<u>1,800,988</u>	<u>1,807,131</u>
Total Cash Receipts	<u>1,823,179</u>	<u>1,824,803</u>
Expenditures and Transfers Subject to Budget		
Cost of sales and services	<u>1,458,935</u>	<u>1,752,750</u>
Total Expenditures and Transfers Subject to Budget	<u>1,458,935</u>	<u>1,752,750</u>
Receipts Over [Under] Expenditures	364,244	72,053
Unencumbered Cash, Beginning	<u>771,912</u>	<u>1,136,156</u>
Unencumbered Cash, Ending	<u>\$ 1,136,156</u>	<u>\$ 1,208,209</u>

* - This fund is not required to be budgeted.

CITY OF OTTAWA, KANSAS

Statement of Cash Receipts and Expenditures - Actual*
 Component Unit - Ottawa Library
 Year Ended December 31, 2009 and 2008

	<u>2008</u>	<u>2009</u>
Cash Receipts		
Appropriation from the City	\$ 719,706	\$ 727,557
Interest	15,751	9,030
Grants	36,866	36,460
Contribution - endowment	12,832	10,160
Miscellaneous	40,599	57,346
Transfer in	<u>19,500</u>	<u>9,600</u>
Total Cash Receipts	<u>845,254</u>	<u>850,153</u>
Expenditures and Transfers		
Salaries and benefits	503,457	559,737
Materials, program, and services	113,589	123,134
Operating	140,293	150,931
Capital improvements	14,460	15,175
Transfer out	<u>19,500</u>	<u>9,600</u>
Total Expenditures and Transfers	<u>791,299</u>	<u>858,577</u>
Receipts Over [Under] Expenditures	53,955	[8,424]
Unencumbered Cash, Beginning	<u>489,260</u>	<u>543,215</u>
Unencumbered Cash, Ending	<u>\$ 543,215</u>	<u>\$ 534,791</u>

* - This fund is not required to be budgeted.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2009

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 primary government) and its component unit, an entity for which the government is considered to be financially accountable.

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 2009 financial statements have been included as Statement 4 of the City's financial statements.

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

Basis of Accounting

These financial statements are presented on a basis of accounting, which demonstrates compliance with the cash basis and budget laws of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund from which the cash is transferred. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

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

The basis of accounting described above results in a financial statement presentation, which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented.

Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statements. Also, long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

The City has a waiver from accounting principles generally accepted in the United States of America, which allows the City to use the prescribed basis of accounting.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording cash 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.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed. The City's governmental fund types are:

General Fund - to account for all unrestricted cash except that required to be accounted for in another fund. This is the principal operating fund of the City.

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

The Debt Service Funds are 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.

The Capital Project Funds are used to account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or fiduciary funds.

Proprietary Fund Types

The proprietary funds are used to account for the City's ongoing organizations and activities, which are similar to those often found in the private sector. The City's proprietary fund types are:

Enterprise Funds - to account for operations that are financed and operated in a manner similar to private business enterprise - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund - to account for contributions made by the City, City employees and former City employees to be used for payment of medical claims of covered employee health care participants and additional health insurance premiums.

Fiduciary Funds

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 revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. 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.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

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 2009 budget was not amended.

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.

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, internal service funds and the following special revenue funds:

- Municipal Court Fund
- Domestic Violence Grant Fund
- Mobile Computing Grant 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

The City's cash is considered to be active funds by management and is invested according to KSA 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county in which the City is located or an adjacent county and the bank(s) provide an acceptable rate for active funds.

At year end, \$5,200,000 of the City's investments were in the Certificate of Deposit Account Registry Service (CDARS). The City has deposited this amount in certificates of deposit with banks who are members of the CDARS system. Those banks then place those funds in certificates of deposit issued by other banks to ensure that all amounts on deposit have full FDIC protection. The Kansas Attorney General, in Opinion No. 2004-9, stated that KSA 12-1675(b)(2) allow local governmental entities to use CDARS.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 2 - Deposits (Continued)

Various City investments are considered to be idle funds by management and are invested according to KSA 12-1675. The statute requires that the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes or the Kansas Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to KSA 10-131. This statute allows additional investment authority beyond that of KSA 12-1675. Investments of bond proceeds may follow KSA 12-1675 or include other investments such as the KMIP, direct obligations of the U.S. government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in KSA 10-131.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. The Kansas State Treasurer's Fiscal Agency Department held an unsecured and uncollateralized deposit of \$187.

The City does not have any formal investment policies that would further limit concentration of credit risk, interest rate, or custodial credit risks beyond state statutes.

Component Unit. As of December 31, 2009, the Ottawa Library had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Maturities</u>	<u>Rating</u>	<u>Percentage of Investments</u>
Corporate Bonds	\$ 15,529	\$ 14,882	2014	AAA	8%
Equity Mutual Funds	<u>179,936</u>	<u>179,507</u>	NA	Not Rated	92%
 Total Value	 <u>\$ 195,465</u>	 <u>\$ 194,389</u>			

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 establishes the KPERS member-employee contribution rate at 4% of covered salary. KSA 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 provision of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 3 - Retirement Plan (Continued)

KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates. The employer rate was 6.54% from January 1 to February 28, 2009 and 5.54% from March 1 to December 31, 2009. The City employer contributions to KPERS for the years ended December 31, 2009, 2008, and 2007 were \$300,425, \$286,915, and \$249,942, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2009 is 13.51%. 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, 2009, 2008, and 2007 were \$351,904, \$339,051, and \$319,051, respectively, equal to the required contributions for each year.

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 2002					
Law Enforcement Building	4.20 - 6.00%	\$ 2,190,000	\$ 2,999,000	05/01/02	09/01/21
Series 2003					
Drainage Improvement	3.25 - 4.75%	835,000	1,060,000	11/15/03	09/01/23
Series 2004					
Refunding	3.00 - 3.25%	610,000	2,870,000	11/01/04	03/01/11
Series 2005					
Cedar Street, 23rd St. Water/Sewer Lines, Parks	2.90 - 3.65%	750,000	1,160,000	10/15/05	10/01/15
Series 2007					
North Side Substation	4.00 - 6.00%	9,800,000	9,900,000	08/18/07	10/01/28
Series 2009					
Coves At Tallgrass	3.50 - 4.10%	1,065,000	1,065,000	08/01/09	10/01/24
Series 2009A					
Water Improvements	3.00 - 4.20%	<u>2,345,000</u>	2,345,000	11/20/09	10/01/29
		<u>\$ 17,595,000</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>
2010	\$ 915,000	\$ 734,466	\$ 1,649,466
2011	770,000	714,240	1,484,240
2012	615,000	689,558	1,304,558
2013	730,000	666,270	1,396,270
2014	890,000	637,790	1,527,790
2015-2019	4,760,000	2,567,473	7,327,473
2020-2024	4,990,000	1,405,025	6,395,025
2025-2029	<u>3,925,000</u>	<u>422,825</u>	<u>4,347,825</u>
Total	<u>\$ 17,595,000</u>	<u>\$ 7,837,646</u>	<u>\$ 25,432,646</u>

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 4 - Long-Term Debt (Continued)

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 Line Extension	3.80%	\$ 45,241	\$ 966,709	09/15/95	03/15/10
Wastewater Treatment Improvements	3.06%	<u>8,645,066</u>	10,823,459	02/07/05	9/1/2024
Total		<u>\$ 8,690,307</u>			

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

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 45,241	\$ 860	\$ 46,100
Total	<u>\$ 45,241</u>	<u>\$ 860</u>	<u>\$ 46,100</u>

The City has engaged in a loan in which they have yet to receive all the proceeds. The following displays annual debt service requirements to maturity for the wastewater treatment improvements, for the full proceeds amount:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 466,396	\$ 241,996	\$ 708,392
2011	480,777	228,790	709,567
2012	495,601	215,177	710,779
2013	510,883	201,144	712,027
2014	526,635	186,679	713,314
2015-2019	2,886,999	700,308	3,587,307
2020-2024	<u>3,360,397</u>	<u>265,587</u>	<u>3,625,983</u>
Total	<u>\$ 8,727,688</u>	<u>\$ 2,039,682</u>	<u>\$ 10,767,370</u>

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 4 - Long-Term Debt (Continued)

The following displays annual debt service requirements to maturity for the water supply loans, for the full proceeds amount:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 59,316	\$ 60,241	\$ 119,556
2011	122,025	117,401	239,426
2012	126,693	113,164	239,857
2013	131,541	108,764	240,305
2014	136,573	104,196	240,769
2015-2019	765,358	446,107	1,211,465
2020-2024	923,408	302,653	1,226,060
2025-2029	1,114,095	129,575	1,243,670
2030	<u>123,348</u>	<u>2,122</u>	<u>125,469</u>
Total	<u>\$ 3,502,356</u>	<u>\$ 1,384,222</u>	<u>\$ 4,886,578</u>

The City has issued certificates of participation for an electric system project. The following is information regarding these certificates:

<u>Purpose</u>	<u>Interest Rate</u>	Amount <u>Outstanding</u>	Original <u>Amount</u>	Date of <u>Issue</u>	Final <u>Maturity</u>
Electric System Project	4.15 - 4.50%	\$ <u>3,505,000</u>	\$ 4,260,000	06/01/04	10/01/24

The certificates of participation debt service requirements to maturity for the electric system project are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 170,000	\$ 162,905	\$ 332,905
2011	175,000	155,680	330,680
2012	185,000	148,243	333,243
2013	190,000	140,380	330,380
2014	200,000	132,495	332,495
2015-2019	1,150,000	523,545	1,673,545
2020-2024	<u>1,435,000</u>	<u>222,000</u>	<u>1,657,000</u>
Total	<u>\$ 3,505,000</u>	<u>\$ 1,485,248</u>	<u>\$ 4,990,248</u>

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 4 - Long-Term Debt (Continued)

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 Crown Victorias (2)	3.56%	\$ 20,339	\$ 45,895	07/07/08	01/11/10
2008 Platform Fire Truck	5.48%	703,386	732,564	01/05/09	01/10/14
		<u>\$ 723,725</u>			

The debt service requirements to maturity are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 54,437	\$ 38,118	\$ 92,555
2011	36,015	35,779	71,794
2012	37,941	33,853	71,794
2013	40,171	31,623	71,794
2014	555,161	2,584	557,745
	<u>\$ 723,725</u>	<u>\$ 141,956</u>	<u>\$ 865,681</u>

Following is a summary of changes in long-term debt for the year ended December 31, 2009:

<u>Type of Issue</u>	<u>Beginning Principal Outstanding</u>	<u>Additions to Principal</u>	<u>Reductions of Principal</u>	<u>Ending Principal Outstanding</u>
General Obligation Bonds	\$ 14,970,000	\$ 3,410,000	\$ 785,000	\$ 17,595,000
Loans	9,233,192	-	542,885	8,690,307
Certificates of Participation	3,670,000	-	165,000	3,505,000
Temporary Notes	1,120,000	-	1,120,000	-
Capital Leases	55,218	732,564	64,057	723,725
Total	<u>\$ 29,048,410</u>	<u>\$ 4,142,564</u>	<u>\$ 2,676,942</u>	<u>\$ 30,514,032</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, 2009, the statutory limit for the City was \$24,284,172, providing a debt margin of \$9,784,172.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 4 - Long-Term Debt (Continued)

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.

The City is operating as a fiscal agent between Fashion, Inc. and the State of Kansas. Fashion, Inc. deposits CDBG loan payments to the City and the City remits these payments to the state. The City is not responsible for the payment of the loan. At December 31, 2009, total outstanding CDBG loan debt was \$200,166.

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 restricts sick pay compensation to a maximum of 60 days on date of employment termination. Unpaid vacation pay and unpaid sick pay amounts are not accrued in these financial statements. At December 31, 2009, the City estimates the total accumulated vacation and unpaid sick pay amounted to \$556,019 and \$1,491,193 respectively.

NOTE 6 - Other Commitments

In 1982, the City entered into an agreement with Kansas City, Kansas Board of Public Utilities for the purchase of power produced at the Nearman Power Plan on an as needed basis. The contract term continues through May 31, 2022. Charges to the City are based upon the City's percentage usage applied to the cost of producing the power. Payments were made in 2009 totaling \$5,193,983.

NOTE 7 - 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, 2009:

<u>Project Name</u>	<u>Project Authorization</u>	<u>Project Expenditures</u>
Coves at the tallgrass	\$ 1,194,677	\$ 1,065,000
Substation-Northeast	10,425,689	7,447,945
16" Waterline	1,838,000	556,442
NE Water Tower	2,345,000	528,567

NOTE 8 - 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.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 9 - 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 (maximum \$5,000) and dependent care assistance (maximum \$5,000).

NOTE 10 - Risk Management

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

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

	<u>2009</u>	<u>2008</u>
Unpaid claims, January 1	\$ 28,357	\$ 129,437
Incurred claims (including IBNRs)	1,034,389	1,032,458
Claim payments	<u>[1,025,498]</u>	<u>[1,133,538]</u>
Unpaid claims, December 31	<u>\$ 37,248</u>	<u>\$ 28,357</u>

NOTE 11 - 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, 2009.

NOTE 12 - Related Party Transactions

The City paid \$5,767 during the year ended December 31, 2009, for printing services, to a company owned by a city commissioner.

CITY OF OTTAWA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2009

NOTE 13 - Interfund Transfers

A reconciliation of transfers by fund type for 2009 follows:

<u>Fund</u>	<u>To</u>	<u>From</u>
General	\$ 1,964,127	\$ 495,360
Municipal Court	-	347,763
Community Services Support	135,018	-
Airport	72,361	-
Special Alcohol Program	-	32,500
Special Streets	36,920	175,863
Electric Power Supply	-	130,000
Equipment Reserve	374,454	-
Risk Management	48,000	-
Bond and Interest	823,975	-
WWTP Funding	672,000	-
Sewer Improvement	5,940	-
Trails Grant	920	-
Airport Improvement	-	361
Coves At the Tallgrass	-	48,017
Montana Road Intersection	-	36,920
Industrial Avenue	35,000	-
TIF Program	62	-
SRO Grant	-	18,865
Loves Granger TIF	204,000	62
PSRT Lighting Project	2,618	-
KLINK Projects	60	-
Water Utility	-	571,900
Wastewater Utility	-	907,474
Electric Utility	-	1,610,370
	<u> </u>	<u> </u>
Total	<u>\$ 4,375,455</u>	<u>\$ 4,375,455</u>

NOTE 14 – Statutory Violation

Actual exceeded budgeted expenditures in the Airport Fund, which is a violation of KSA 79-2935.