

January 18, 2011  
City Commission Room, 700 N. Jefferson, Junction City KS 66441

Mayor Mike Rhodes  
Vice Mayor Ken Talley  
Commissioner Terry Heldstab  
Commissioner Scott Johnson  
Commissioner Jack Taylor  
City Manager Gerry Vernon  
City Attorney Catherine Logan  
City Clerk Tyler Ficken

1. **7:00 P.M. - CALL TO ORDER**

- a. Moment of Silence.
- b. Pledge of Allegiance
- c. Most improved student awards presented by Junction City South Kiwanis.

2. **PUBLIC COMMENT:** The Commission requests that comments be limited to a maximum of five minutes for each person.

3. **CONSENT AGENDA:** All items listed are considered to be routine by the City Commission and will be enacted by one motion. There will be no separate discussion of these items unless a Commissioner so requests, in which event the item will be removed from consent status and considered in its normal sequence on the agenda.

- a. The consideration and approval of **Appropriation Ordinance A-2-2011** dated December 30<sup>th</sup> to January 12<sup>th</sup>, 2011 in the amount of \$492,746.31.
- b. Approval of the **January 4, 2011** City Commission Meeting Minutes.
- c. The consideration and approval of Payroll # 24, #25, and #26 for the month of December 2010.
- d. The consideration and approval to execute KDOT form TRF 3, the Certificate of Borrower Upon completion form.

4. **APPOINTMENTS:**

5. **SPECIAL PRESENTATIONS:**

6. **PUBLIC HEARINGS:**

7. **UNFINISHED BUSINESS:**

**8. NEW BUSINESS:**

- a. The consideration and approval of lease of City owned land for purpose of the sale of fireworks. **(Cheryl Beatty Presenting)**
- b. The consideration and approval of a Mutual Confidentiality Agreement between Capgemini America, Inc., APAC Customer Services, Inc., Spirit of '76 and the City. **(Katie Logan Presenting)**

**9. COMMISSIONER COMMENTS:**

**10. STAFF COMMENTS:**

**11. EXECUTIVE SESSION:**

**12. ADJOURNMENT:**

3a

## City of Junction City

### City Commission

#### Agenda Memo

January 18<sup>th</sup> 2011

**From:** Cynthia Sinkler, Water Billing and Accounts Payable Manager  
**To:** City Commissioners  
**Subject:** Appropriations –A-2 2011

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**Background:** Attached is listing of the Appropriations for Dec 30th 2010-Jan 12th 2011

**Appropriations –Dec 30<sup>th</sup> 2010–Jan 12<sup>th</sup> 2011** \$492,746.31

**For consideration and approval for EFT payment:**

Card Center-	<u>\$13,222.50</u>
Veolia Water-	<u>\$545,248.00</u>
Security Bank-	<u>\$102,965.15</u>

**For consideration and approval- Bills due before Next Commission**

Landmark National Bank-	<u>\$8717.87</u>
Nextech	<u>\$351.37</u>
Fuel Bill-	<u>\$17,669.83</u>
KDOT-	<u>\$289,041.84</u>
Kerit-	<u>\$81,579.00</u>
Spirit of 76	<u>\$42,709.06</u>

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT			
-DEPARTMENTAL	GENERAL FUND	FAMILY SUPPORT PAYMENT CENTER (MISSOURI INTERNAL REVENUE SERVICE  ING LIFE INSURANCE & ANNUITY COMPANY JUNCTION CITY FIREFIGHTERS AID ASSOCIATION KANSAS PAYMENT CENTER FIREMEN'S RELIEF ASSOCIATION JUNCTION CITY POLICE KANSAS DEPT OF REVENUE KANSAS PUBLIC EMPLOYEES  KANSAS STATE TREASURER  UNITED WAY OF JUNCTION CITY-GEARY COUN	MACSS #41061331/ CV103-753	154.85			
			FEDERAL WITHHOLDING	25,345.60			
			FICA WITHHOLDING	3,527.22			
			FICA WITHHOLDING	77.38			
			MEDICARE WITHHOLDING	3,187.52			
			MEDICARE WITHHOLDING	15.53			
			MEDICARE WITHHOLDING	18.09			
			ING	2,598.03			
			FIREFIGHTERS AID ASSOCIATI	112.65			
			KANSAS PAYMENT CENTER	763.00			
			FIREMANS RELIEF	291.98			
			JCPOA	710.00			
			STATE WITHHOLDING	10,457.10			
			KPERS #1	1,806.73			
			KP&F	12,278.37			
			KPERS #2	508.44			
			DEC. 2010 REINSTATEMENT FE	989.50			
			DEC. 2010 JE FEES	162.50			
			DEC. 2010 LET FEES	6,467.00			
			UNITED WAY	<u>256.59</u>			
			TOTAL:	69,728.08			
			ERAL FUND	GENERAL FUND	ANGELA HOLDEN CITY OF JUNCTION CITY	DEP REFUND-GYM RENTAL 1/7/	100.00
						USDA RURAL DEV-F JACKSON S	25.00
						K HEINDEL-PAYROLL CHGBCK C	50.00
						SEC OF STATE FORCE REG/USD	<u>60.00</u>
						TOTAL:	235.00
			ORMATION SYSTEMS	GENERAL FUND	CENTURYLINK COMMUNICATION, INC. VERIZON WIRELESS  NCKCN.COM BOX N SHIP	INFORMATION SYSTEMS	61.63
2231334-SPARE 5	0.00						
7852104115 EVDO GVP K9	40.01						
7852109906 EVDO GVP CHIEF	40.01						
IS Director	54.77						
IS Specialist	56.77						
Web Site Hosting Fee	5.01						
Jail Monitor Warrantu Retu	14.10						
Jail Monitor Warrantu Retu	<u>14.10</u>						
TOTAL:	286.40						
INISTRATION	GENERAL FUND	ING LIFE INSURANCE & ANNUITY COMPANY CCMFOA OF KANSAS  DAILY UNION BERBERICH TRAHAN & CO.,P.A. CENTURYLINK COMMUNICATION, INC.  VERIZON WIRELESS  STAPLES ADVANTAGE  CITY OF JUNCTION CITY	ING	334.62			
			FICKENT, T. 2011 DUES	75.00			
			GOWEN, T. 2011 DUES	75.00			
			ADMIN-2011-SUPSCRIPTION	106.00			
			YEAR END DEC 2009-AUDIT	20,000.00			
			ADMINISTRATION	407.78			
			ADMINISTRATIVE SERVICES	50.62			
			CHAMBER OF COMMERCE	111.10			
			210-7021=CITY CLERK	53.52			
			210-7187=FINANCE DIRECTOR	53.27			
			223-7047=PUBLIC SERVICE DI	54.27			
			223-7779=CITY MANAGER	56.52			
			ENVELOPES/LASERJET/PENS	74.25			
			MAN ENVELOPES/LABELS/MESS.C	38.44			
			TONER,ECONOMY BOXES,WHITE	64.76			
			BUREAU OF RECORDS/RECORD C	10.00			
			DIANNE HEPLER-AIB REIMBURS	36.84			

ARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
			BOARD OF TAX APPEAL ABATEM	65.00
			BANK FEE AUG 2010	5.30
			BANK FEE JULY 2010	6.40
			BANK FEE JUNE 2010	5.45
			BANK FEE NOV 2010	5.03
			BANK FEE OCT 2010	5.17
			BANK FEE SEPT 2010	5.01
		CONSOLIDATED PRINTING	BUSINESS CARDS-V.RODRIGUEZ	55.00
		GEARY COUNTY TREASURER	2401 LACY DR-JC PAVING	33,541.87
			STRAUSS BLVD-JC PAVING	33,541.87
		HIGHLAND CEMETERY ASSOC.	2011 BUDGET-FIRST QUARTER	18,750.00
		LEAGUE OF KANSAS MUNICIPALITIES	CITY MEMBERSHIP DUES-2011	8,901.05
		MONTGOMERY COMMUNICATIONS INC	G-1084 DAYCARE ORDINANCE	92.46
			G-1086 FIREWORKS ORDINANCE	453.70
			BUDGET HEARING	103.15
			KORA UPDATE	321.18
			G-1092 FIRE CODES	562.71
		KANSAS MAYORS ASSOCIATION	2011 MAYORS ASSOC. ANNUAL	50.00
			TOTAL:	118,072.34
KS	GENERAL FUND	CENTURYLINK COMMUNICATION, INC.	PARKS	199.89
		VERIZON WIRELESS	209-0933=PARKS WORKER	0.00
			209-1306=PARKS WORKER	0.00
			210-7130=PARKS WORKER	32.93
			210-7131=PARKS/REC DIRECTO	53.27
			223-1324=PARKS WORKER	32.93
		STAPLES ADVANTAGE	DESK CAL,WALL CAL,LEGAL PA	45.21
		KANSAS STATE BANK	PARKS TRUCKS	4,592.32
		ROTHWELL LANDSCAPE INC	WINTERIZATION-REPR-IRR.E C	558.96
			IRRIGATION REPAIR PARTS	44.25
			TOTAL:	5,559.76
MMING POOL	GENERAL FUND	MONTGOMERY COMMUNICATIONS INC	2011 SUMMER POSITIONS AD	232.20
			TOTAL:	232.20
PORT	GENERAL FUND	KANSAS AIR CENTER	DECEMBER 2010-MONTH CONTRA	1,833.33
			JANUARY 2011-MONTH CONTRAC	1,833.33
			TOTAL:	3,666.66
ULANCE	GENERAL FUND	IMAGE TREND	ANNUAL SUPPORT CONTRACT	2,000.00
		BOYD EXCAVATING	FUEL TANK REMOVAL-FEB 10&M	100.00
		CENTURYLINK COMMUNICATION, INC.	AMBULANCE	311.31
		VERIZON WIRELESS	223-1040 (E20)	0.00
			223-1237 (M3)	7.51
			223-1238 (M4)	7.51
			223-1240 (M2)	9.59
			223-1243 (M1)	7.51
			223-7309 (CHIEF STEINFORT)	84.84
		DON'S TIRE AND SUPPLY INC.	ROTATE & BALANCE TIRES/M2	20.00
			ROTATE & BALANCE TIRES/M2	107.00
		MOORE MEDICAL LLC	MEDICAL SUPPLIES	3,445.95
			MEDICAL TUBING	33.95
		OMNI BILLING	EMS BILLING FOR DEC 2010	4,591.19
		SAM'S CLUB	TISSUE/TOWELS/DIAL SOAP BA	296.46
			TOTAL:	11,022.82

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
ZONING/INS	GENERAL FUND	CENTURYLINK COMMUNICATION, INC.	ZONING/COUNTY INSPECTION	61.63
			VERIZON WIRELESS	Zoning Administrator
		CITY OF JUNCTION CITY	REGISTER OF DEEDS EASEMENT	12.00
			CCAK-YEAROUT REGISTRATION	55.00
			REG OF DEEDS HICKORY HILLS	16.00
			REG OF DEEDS RIFFEL ADD PL	20.00
			REG OF DEEDS	12.00
		MONTGOMERY COMMUNICATIONS INC	G-1083 ZONING ORDINANCE	92.46
			S-3088 REZONING FRANKLIN	103.15
			RESOLUTION 12-20-2010	150.18
			NOTICE OF PUBLIC HEARING Z	71.09
			ZONING NOTICE OF PUBLIC HE	66.81
			NOTICE OF PUBLIC HEARING Z	66.81
			G-1087 BUILDING CODE UPDAT	124.53
			S-3089 REZONE MICHAELS RUN	107.43
			NOTICE OF PUBLIC HEARING Z	68.95
			NOTICE OF PUBLIC HEARING Z	66.81
			NOTICE OF PUBLIC HEARING Z	66.81
			TOTAL:	1,214.93
		ENGINEERING	GENERAL FUND	VERIZON WIRELESS
TOTAL:	53.52			
CODE ENFORCEMENT	GENERAL FUND	CENTURYLINK COMMUNICATION, INC.	CODE ENFORCEMENT	126.54
			VERIZON WIRELESS	Public Works Secretary
			Senior Inspector	53.27
			Inspector	53.27
			Senior Inspector	10.26
			Public Works Director	38.31
		CITY OF JUNCTION CITY	KS ABC-CEREAL MALT BVG LIC	25.00
		KEY OFFICE EQUIPMENT	REVIEWED FOR CODE COMPLIAN	25.00
			TOTAL:	364.40
		POLICE	GENERAL FUND	CENTURYLINK COMMUNICATION, INC.
DISPATCH	721.29			
VERIZON WIRELESS	[REDACTED] Vacant			0.00
	[REDACTED] DTF			0.00
	[REDACTED] Patrol Lieutenant			32.93
	[REDACTED] Patrol Sergeant			32.93
	[REDACTED] Chief Secretary			53.27
	[REDACTED] DTF Sergeant			54.45
	[REDACTED] K-9			38.57
	[REDACTED] Patrol Captain			53.27
	[REDACTED] Chief Brown			53.77
	[REDACTED] Inv Lieutenant			38.40
	[REDACTED] DTF			0.00
	[REDACTED] Edgar			38.40
	[REDACTED] City of JC			55.77
	[REDACTED] DTF			0.00
	[REDACTED] DTF			53.77
	[REDACTED] DTF Lieutenant			53.52
	[REDACTED] SO DTF			57.02
	[REDACTED] ACO			33.26
[REDACTED] EVDO UNIT 208	40.01			
[REDACTED] EVDO UNIT 210	40.01			
[REDACTED] EVDO UNIT 204	40.01			

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
			EVDO UNIT 223	40.01
			EVDO UNIT 212	40.27
			DVDO UNIT 206	40.01
			EVDO UNIT 216	40.01
			EVDO UNIT 202	40.01
			SPARE	46.68
			SPARE	<u>46.68</u>
			TOTAL:	2,505.61
E	GENERAL FUND	CENTURYLINK COMMUNICATION, INC.	FIRE	311.31
		FLEET TESTING SERVICES INC	AERIAL TEST OF L1 - 2010	400.00
		VERIZON WIRELESS	223-0009 (522)	0.00
			209-0124 (STN 2 CAPT)	7.51
			209-0255 (BC)	7.51
			209-0668 (STN 1 CAPT)	7.51
			223-1231 (521)	0.00
			223-1233 (522)	0.00
			223-1235 (E30)	0.00
			223-1388 (E10)	0.00
			223-7955 (FIRE MARSHAL)	0.00
		GARAGE DOOR PLACE	REPAIR BAY DOOR/STN 1	121.50
			REPAIR BAY DOOR/STN 1	79.00
		ACS FIREHOUSE SOLUTIONS	ANNUAL SUPPORT CONTRACT	845.00
		KS ST FIREFIGHTERS ASSOC.	2011 DUES	50.00
		NFPA	NFPA SUBSCRIPT. - 1 YEAR	<u>832.50</u>
			TOTAL:	2,661.84
RT	GENERAL FUND	CENTURYLINK COMMUNICATION, INC.	MUNICIPAL COURT	189.34
		BAKAS, LAUREN	RESTITUTION CASE 10-07858	30.00
		STURDIVANT, ERIC	BOND REFUND CASE 10-09545	134.00
		CONSOLIDATED PRINTING	BUSINESS CARDS-K.UMBEHR	55.00
		NEX-TECH	PHONE REPAIRS @ MUN. COURT	207.60
		CINTAS #451	MATS @ MUNICIPAL COURT	14.52
			MATS @ MUNICIPAL COURT	<u>14.52</u>
			TOTAL:	644.98
OPERA HOUSE	GENERAL FUND	CL HOOVER OPERA HOUSE	JANUARY 2011-CONTRIBUTION	10,000.00
		CENTURYLINK COMMUNICATION, INC.	OPERA HOUSE	126.54
		VERIZON WIRELESS	209-1265 OPERA HOUSE	53.27
			223-1043-OPERA HOUSE	54.62
			223-1321-D.LAUGHLIN	<u>53.27</u>
			TOTAL:	10,287.70
REATION	GENERAL FUND	CENTURYLINK COMMUNICATION, INC.	RECREATION	188.18
		VERIZON WIRELESS	210-6980=RECREATION DIRECT	56.77
		CITY OF JUNCTION CITY	JASON HASLOVER KID ZONE	<u>50.00</u>
			TOTAL:	294.95
-DEPARTMENTAL	GRANTS	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING	1,359.69
			FICA WITHHOLDING	278.80
			MEDICARE WITHHOLFING	204.55
		ING LIFE INSURANCE & ANNUITY COMPANY	ING	173.55
		JUNCTION CITY FIREFIGHTERS AID ASSOCIA	FIREFIGHTERS AID ASSOCIATI	12.35
		FIREMEN'S RELIEF ASSOCIATION	FIREMANS RELIEF	32.02
		KANSAS DEPT OF REVENUE	STATE WITHHOLDING	571.98
		KANSAS PUBLIC EMPLOYEES	KPERS #1	179.87

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
			KP&F	672.66
		UNITED WAY OF JUNCTION CITY-GEARY COUN	UNITED WAY	<u>21.62</u>
			TOTAL:	3,507.09
F HELP HOUSING	GRANTS	CENTURYLINK COMMUNICATION, INC.	SELF HELP HOUSING	61.63
		VERIZON WIRELESS	SHH Coordinator	32.95
			SHH Director	53.27
			SHH Construction	<u>32.93</u>
			TOTAL:	180.78
-DEPARTMENTAL	SPIN CITY	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING	56.66
			FICA WITHHOLDING	164.77
			MEDICARE WITHHOLFING	38.56
		KANSAS DEPT OF REVENUE	STATE WITHHOLDING	39.85
		KANSAS PUBLIC EMPLOYEES	KPERS #1	<u>42.56</u>
			TOTAL:	342.40
N CITY	SPIN CITY	LANDMARK NATIONAL BANK	JAN 2011-LOAN PAYMENT	8,717.87
		CASH-WA DISTRIBUTING	PAPER TOWELS,NAPKINS,TRAYS	147.21
			CANDY,FOOD,WATER	207.88
			CREDIT ON ACCOUNT-12/31/10	19.01-
		CENTURYLINK COMMUNICATION, INC.	SPIN CITY	119.61
		VERIZON WIRELESS	223-1084=SPIN CITY MANAGER	56.02
		CASEY WEEMAN	DEPOSIT REFUND-DEC 2010	150.00
		DAVE'S ELECTRIC, INC.	SPIN CITY SKATING RINK	161.45
		SNACK EXPRESS	SODA,CHIPS,CHEESE BURGERS	<u>233.00</u>
			TOTAL:	9,774.03
-DEPARTMENTAL	MILITARY AFFAIRS/O	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING	188.08
			FICA WITHHOLDING	159.16
			MEDICARE WITHHOLFING	37.22
		KANSAS DEPT OF REVENUE	STATE WITHHOLDING	84.22
		KANSAS PUBLIC EMPLOYEES	KPERS #1	77.09
		UNITED WAY OF JUNCTION CITY-GEARY COUN	UNITED WAY	<u>10.00</u>
			TOTAL:	555.77
-DEPARTMENTAL	WATER & SEWER FUND	FAMILY SUPPORT PAYMENT CENTER (MISSOUR	MACSS #41061331/ CV103-753	154.85
		INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING	2,029.03
			FICA WITHHOLDING	1,356.32
			MEDICARE WITHHOLFING	317.21
		ING LIFE INSURANCE & ANNUITY COMPANY	ING	221.00
		KANSAS DEPT OF REVENUE	STATE WITHHOLDING	882.71
		KANSAS PUBLIC EMPLOYEES	KPERS #1	644.79
			KPERS #2	332.17
		UNITED WAY OF JUNCTION CITY-GEARY COUN	UNITED WAY	<u>37.54</u>
			TOTAL:	5,975.62
ER PRODUCTION	WATER & SEWER FUND	BURNS & MCDONNELL INC.	WELL 18	4,975.00
		CLARKE WELL AND EQUIPMENT INC	CLARKE WELL AND EQUIPMENT	4,073.31
		COREFIRST BANK	DISTRICT-BUDGET/CONTRACT	<u>1,127.37</u>
			TOTAL:	10,175.68
ER ADMINISTRATION	WATER & SEWER FUND	BERBERICH TRAHAN & CO.,P.A.	YEAR END DEC 2009-AUDIT	5,200.00
		CENTURYLINK COMMUNICATION, INC.	WATER ADMINISTRATION	297.14
		VERIZON WIRELESS	209-1393=METER READER	32.97
			210-6618=METER READER	33.22

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
			223-1358=CITY TREASURER	53.27
		STAPLES ADVANTAGE	PAPER/FILE BOXES/TIME CARD	782.07
			INK CARTRIDGES FOR FOLD MA	539.98
		BRINKS INCORPORATED	WATER-NOVEMBER 2010	474.14
		KANSAS STATE BANK	WATER DEPT TRUCKS	3,608.26
		MONTGOMERY COMMUNICATIONS INC	G-1089 WATER CODE UPDATE	1,932.85
		PITNEY BOWES	WATER PORTION OF BILL	3,040.50
		CINTAS #451	SCRAPPER/BRON MATT-REFUND	24.96-
			SCRAPER/BROWN MAT	41.91
			UNIFORMS-LANGDON, KENNY	9.74
			TOTAL:	16,021.09
ER ADMINISTRATION	WATER & SEWER FUND	MONTGOMERY COMMUNICATIONS INC	G-1090 SEWER UPDATE	1,293.74
		PITNEY BOWES	SEWER PORTION OF BILL	3,040.50
			TOTAL:	4,334.24
-DEPARTMENTAL	ROLLING MEADOWS GO	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING	838.70
			FICA WITHHOLDING	444.06
			MEDICARE WITHHOLFING	103.86
		KANSAS DEPT OF REVENUE	STATE WITHHOLDING	337.07
		KANSAS PUBLIC EMPLOYEES	KPERS #1	246.88
			KPERS #2	48.00
		UNITED WAY OF JUNCTION CITY-GEARY COUN	UNITED WAY	11.00
			TOTAL:	2,029.57
F COURSE	ROLLING MEADOWS GO	CURT'S PEST CONTROL	CURT'S PEST CONTROL-SERVIC	38.50
		CENTURYLINK COMMUNICATION, INC.	GOLF COURSE	150.05
		VERIZON WIRELESS	209-0046 J. CARTER CELL	53.27
			209-1193 G. O'NEAL CELL	32.95
			223-1419 J. WIMBISH CELL	53.27
		FORE RESERVATIONS	FORE RESERVATIONS P.O.S.	1,500.00
		GEARY COUNTY RWD #4	DEC 2010 WATER BILL	40.60
		GOLDEN WEST INDUSTRIAL	RAKES	248.76
		KANSAS GOLF ASSOCIATION	KANSAS GOLF ASSOCIATION DU	135.00
		COUNTRY HILLS ENERGY SERVICE LLC	COUNTRY HILLS ENERGY SERVI	280.00
		PEPSI	PEPSI-BOTTLE POP	99.20
		TIELKE ENTERPRISE, LLC	TIELEKE SANDWICH ORDER	36.12
			TIELKE SANDWICH ORDER	29.61
			TOTAL:	2,697.33
-DEPARTMENTAL	STORM WATER	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING	33.85
			FICA WITHHOLDING	19.89
			MEDICARE WITHHOLFING	4.65
		KANSAS DEPT OF REVENUE	STATE WITHHOLDING	12.93
		KANSAS PUBLIC EMPLOYEES	KPERS #1	12.83
			TOTAL:	84.15
-DEPARTMENTAL	ECONOMIC DEVELOPME	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING	180.12
			FICA WITHHOLDING	167.71
			MEDICARE WITHHOLFING	39.22
		KANSAS DEPT OF REVENUE	STATE WITHHOLDING	107.61
		KANSAS PUBLIC EMPLOYEES	KPERS #1	69.32
			KPERS #2	58.32
		UNITED WAY OF JUNCTION CITY-GEARY COUN	UNITED WAY	10.00
			TOTAL:	632.30

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
ECONOMIC DEVELOPMENT	ECONOMIC DEVELOPEME	CENTURYLINK COMMUNICATION, INC.	EDC	176.65
			PLATINUM BROADCASTING	<u>199.00</u>
			TOTAL:	375.65
LIBRARY	LIBRARY FUND	DOROTHY BRAMLAGE LIBRARY	TAX DISTN DEC 2010	<u>10,132.47</u>
			TOTAL:	10,132.47
SPECIAL HIGHWAY	SPECIAL HIGHWAY FU	CENTURYLINK COMMUNICATION, INC.	ENGINEERING	<u>170.59</u>
			TOTAL:	170.59
EQUIPMENT RESERVE	FIRE EQUIPMENT RES	KANSAS STATE BANK	2005 PIERCE PUMPER	<u>49,203.46</u>
			TOTAL:	49,203.46
UTILITY CHARGES	UTILITY CHARGES FU	DAVE'S ELECTRIC, INC.	Hargraves Addition Lights	78.00
			UTILITY STREET LIGHTING	156.00
UTILITY CHARGES	UTILITY CHARGES FU	KANSAS GAS SERVICE	AIRPORT MAINTENANCE BLDG	73.55
			312 E 9TH	815.61
UTILITY CHARGES	UTILITY CHARGES FU	KANSAS GAS SERVICE	900 W SPRUCE	26.21
			2232 W ASH (WATER TOWER)	26.21
UTILITY CHARGES	UTILITY CHARGES FU	KANSAS GAS SERVICE	2245 LACY DR	369.90
			2424 N JACKSON	457.12
UTILITY CHARGES	UTILITY CHARGES FU	KANSAS GAS SERVICE	225 W 7TH	160.56
			701 N JEFFERSON	178.66
UTILITY CHARGES	UTILITY CHARGES FU	KANSAS GAS SERVICE	1017 W 5TH	26.21
			915 S WASHINGTON	816.62
UTILITY CHARGES	UTILITY CHARGES FU	KANSAS GAS SERVICE	700 N JEFFERSON	2,773.17
			2307 N JACKSON	700.24
UTILITY CHARGES	UTILITY CHARGES FU	KANSAS GAS SERVICE	2324 1/2 N JACKSON	123.92
			1017 1/2 W 5TH	26.21
UTILITY CHARGES	UTILITY CHARGES FU	KANSAS GAS SERVICE	210 E 9TH	688.92
			540 AIRPORT RD	657.91
UTILITY CHARGES	UTILITY CHARGES FU	KANSAS GAS SERVICE	1002 W 12TH	1,861.23
			2718 INDUSTRIAL-DECEMBER 2	3,457.78
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	900 W 12TH PARK-DEC 2010	16.80
			1222 W 8TH ST SIREN	18.08
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	5TH ST PARK	163.27
			5TH ST PARK PALS	129.65
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	8TH & JEFFERSON	81.81
			WASHINGTON	44.47
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	CHESTNUT&WASHINGTON LIGHTS	83.67
			6&7 BLOCK OF WASHINGTON	143.15
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	6TH & ADAMS	124.92
			9TH & WASHINGTON	120.73
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	8TH & JACKSON	122.05
			14TH& JACKSON	96.09
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	6TH & GARFIELD	141.33
			6TH & EISENHOWER	57.92
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	10TH & WASHINGTON	79.11
			6TH & WEBSTER	126.05
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	6TH & JACKSON	23.56
			2324 N JACKSON	368.90
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	904 N FRANKLIN ST PAL	21.60
			CORONADO PARK SHELTER	44.86
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	AIRPORT MAIN BUILDING	312.10
			221 W 7TH	126.63
UTILITY CHARGES	UTILITY CHARGES FU	WESTAR ENERGY	225 W 7TH	9.29

ARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
			JC BILL	117.64
			MUNICIPAL BUILDING	43.53
			JC ANIMAL SHELTER	213.81
			JC LITTLE THEATRE	35.78
			RIMROCK PARK	80.52
			NORTH PARK	21.60
			SOUTH PARK	70.32
			SECOND PORTION OF SOUTH PA	58.29
			FILBY PARK	53.68
			JUNCTION CITY	181.17
			MUNICIPAL BUILDING	2,137.39
			SECOND PORTION OF NORTH PA	102.56
			S BALL PARK CONC	36.81
			CRESTVIEW DRIVE	16.80
			W 5TH TENNIS CT STGE BD	105.88
			5TH & WASHINGTON	740.56
			SERTOMA BALL PARK	16.80
			AIRPORT FLASHER LTS	35.84
			CLEARY PARK	335.25
			CORONADO PARK	11.66
			RATHERT FIELD	38.84
			SERTOMA BALL PARK	16.80
			RATHERT FIELD	300.48
			CLEARY PARK PLAYGROUND	20.12
			5TH ST POOL	108.58
			5TH & EISENHOWER	92.95
			1200 N FRANKLIN ST	47.69
			RIMROCK PARK	230.37
			CIVIL DEFENSE SIREN	30.09
			CIVIL DEFENSE SIREN	30.09
			CIVIL DEFENSE SIREN	30.09
			630 1/2 E TORNADO SIREN S	27.68
			ST MARYS CEMETARY	27.68
			200 N EISENHOWER	85.81
			107 S WASHINGTON	17.30
			BLINKER LIGHT	17.23
			701 N JEFFERSON	110.63
			CLEARY COURT	16.80
			915 W 4TH	11.66
			9TH & 100 BLK W 9TH	21.60
			CDR LT 9TH & FILLEY	40.26
			PAWNEE PARK	20.12
			RATHERT FIELD	86.45
			AIRPORT LEASED HANGER	263.26
			INDUSTRIAL PARK	60.39
			540 AIRPORT ROAD	18.24
			15TH & WASHINGTON	17.30
			SPRUCE STREET	16.80
			SPRUCE & BUNKERHILL	17.88
			UTILITY PARKING LOT	48.72
			UTILITY PARKING LOT	48.72
			JEFERSON BETWEEN 6	91.01
			DR MINNICK PARK LOT	91.01
			6TH & MADISON	85.39
			8TH & WASHINGTON	62.78
			210 E 9TH	2,013.69

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT
			6TH & FRANKLIN	76.28
			8TH & JEFFERSON	306.05
			PARKING LOT	72.30
			1903 SUNFLOWER DRIVE	30.10
			1020 1/2 W 11TH ST	50.40
			CORONADO TENNIS COURT	16.80
			WASHINGTON BRIDGE	74.33
			S OF BALL PARK 2 & 3	16.80
			16TH & WASHINGTON	17.23
			AIRPORT RD & JACKSON S SI	31.24
			1935 NORTHWIND	19.27
			403 GRANT AVE SIREN	19.27
			1935 NORTHWIND	19.44
			8TH & 9TH ST	5.25
			11TH ST	5.25
			703 W ASH ST SIREN	16.80
			1102 ST MARYS RD SIREN	18.24
			312 E 9TH ST	327.84
			2232 W ASH WASTER TOWER	88.61
			BALL PARK ST CONC	189.26
			1002 W 12TH ST	1,175.47
			2245 LACY DR	341.33
			807 N WASHINGTON ST LIGHT	315.33
			615 N WASHINGTON ST LIGHT	169.14
			716 N WASHINGTON ST LIGHT	366.84
			132 N EISENHOWER	17.23
			105 W 7TH ST	191.05
			107 W 7TH ST	184.65
			109 W 7TH ST	168.61
			302 W 18TH ST	240.14
			420 GRANT AVE	88.48
			1419 N JEFFERSON	18.78
			1618 N JEFFERSON	18.60
			2307 N JACKSON	169.36
			915 S WASHINGTON	711.25
			915 S WASHINGTON-GOLF	40.62
			1021 GRANT AVE	27.63
			2800 GATEWAY COURT	98.21
			2301 VALLEY DRIVE	17.21
			US HWY 77 & MCFARLAND	53.29
			2022 LACY DRIVE SIREN	18.24
			1200 S WASHINGTON ST	285.68
			316 N US HIGHWAY 77	18.24
			930 E GUNNER ST	142.03
			701 SOUTHWIND DR SIREN	20.72
			920 E GUNNER ST	104.29
			145 E ASH ST	260.39
			1760 W ASH SIGNAL	41.94
			601 W CHESTNUT ST FLAG	16.80
			600 W 6TH ST	33.63
			14TH & CUSTER SE	18.24
			1121 S US HWY 77	17.56
			401 CAROLINE COURT	85.03
			ST LIGHTS-DECEMBER 2010	<u>22,679.18</u>
			TOTAL:	54,166.42

DEPARTMENT	FUND	VENDOR NAME	DESCRIPTION	AMOUNT	
LOYEE BENEFITS	EMPLOYEE BENEFITS	INTERNAL REVENUE SERVICE	FICA WITHHOLDING	6,148.41	
			FICA WITHHOLDING	77.38	
			MEDICARE WITHHOLDING	3,967.31	
			MEDICARE WITHHOLDING	15.53	
			MEDICARE WITHHOLDING	18.09	
			PREFERRED HEALTH SYSTEMS	1,294.28	
			DOROTHY BRAMLAGE LIBRARY	73,639.50	
				3RD QTR HEALTH BENEFITS	13,937.64-
				4TH QTR BENEFITS 2010	14,242.47-
			KANSAS PUBLIC EMPLOYEES	KPERS #1	5,533.01
				KP&F	24,293.61
				KPERS #2	1,126.84
			WORKSITE BENEFIT PLAN	JAN. 2011 FLEX ACCT FEES	386.00
			TMHC SERVICES, INC.	DEC. 2010 D/A TESTING PROG	<u>360.00</u>
	TOTAL:	88,679.85			
DOWN SALUTE	SUNDOWN SALUTE	SUNDOWN SALUTE INC	DEC 10 WATER BILL DONATION	<u>482.00</u>	
			TOTAL:	482.00	
-DEPARTMENTAL	DRUG & ALCOHOL ABU	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING	257.29	
			MEDICARE WITHHOLDING	27.39	
			JUNCTION CITY POLICE	JCPOA	20.00
			KANSAS DEPT OF REVENUE	STATE WITHHOLDING	101.24
			KANSAS PUBLIC EMPLOYEES	KP&F	<u>132.25</u>
			TOTAL:	538.17	
-DEPARTMENTAL	SPECIAL LE TRUST F	INTERNAL REVENUE SERVICE	FEDERAL WITHHOLDING	28.07	
			FICA WITHHOLDING	30.48	
			MEDICARE WITHHOLDING	7.13	
			KANSAS DEPT OF REVENUE	STATE WITHHOLDING	13.78
			KANSAS PUBLIC EMPLOYEES	KPERS #1	<u>19.66</u>
			TOTAL:	99.12	
CIAL LAW ENFORCEMEN	SPECIAL LE TRUST F	VERIZON WIRELESS	4043263258 DTF PHONE SERVI	40.01	
			4048449432 DTF PHONE SERVI	40.01	
			KANSAS STATE BANK	POLICE VIDEO/CAMERA EQUIP	<u>5,677.32</u>
			TOTAL:	5,757.34	

===== FUND TOTALS =====

01	GENERAL FUND			226,831.19
02	GRANTS			3,687.87
10	SPIN CITY			10,116.43
14	MILITARY AFFAIRS/OLD TROO			555.77
15	WATER & SEWER FUND			36,506.63
17	ROLLING MEADOWS GOLF FUND			4,726.90
18	STORM WATER			84.15
19	ECONOMIC DEVELOPMENT			1,007.95
20	LIBRARY FUND			10,132.47
22	SPECIAL HIGHWAY FUND			170.59
26	FIRE EQUIPMENT RESERVE			49,203.46
30	UTILITY CHARGES FUND			54,166.42
35	EMPLOYEE BENEFITS FUND			88,679.85
46	SUNDOWN SALUTE			482.00
47	DRUG & ALCOHOL ABUSE FUND			538.17
50	SPECIAL LE TRUST FUND			5,856.46

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 GRAND TOTAL: 492,746.31  
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SELECTION CRITERIA

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ECTION OPTIONS

DOR SET: 01-CITY OF JUNCTION CITY, KS  
DOR: All  
SSIFICATION: All  
K CODE: All  
M DATE: 0/00/0000 THRU 99/99/9999  
M AMOUNT: 9,999,999.00CR THRU 9,999,999.00  
POST DATE: 0/00/0000 THRU 99/99/9999  
CK DATE: 12/30/2010 THRU 1/12/2011

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ROLL SELECTION

ROLL EXPENSES: NO  
CK DATE: 0/00/0000 THRU 99/99/9999

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NT OPTIONS

NT DATE: None  
UENCE: By Department  
CRIPION: Distribution  
ACCTS: NO  
ORT TITLE: APPROPRIATIONS-DEC 30 2010-JAN 12 2011  
NATURE LINES: 0

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KET OPTIONS

LUDE REFUNDS: YES  
LUDE OPEN ITEM:NO

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## CITY COMMISSION MINUTES

January 4, 2011

7:00p.m.

The regular meeting of the Junction City City Commission was held on Tuesday, January 4, 2011 with Mayor Mike Rhodes presiding.

The following members of the Commission were present: Terry Heldstab, Scott Johnson, Mike Rhodes, Ken Talley, and Jack Taylor. Staff present was: City Manager Gerry Vernon, City Attorney Catherine Logan, and City Clerk Tyler Ficken.

### PUBLIC COMMENT

John Stewart asked whether the \$30,000.00 that went to the golf course was in addition to the .25 to .5 mills that they receive in the budget. City Manager Vernon stated that the \$30,000 was to put the golf course into the black. John Stewart asked what the Golf Reserve fund is for. Finance Director Beatty stated that the Golf Fund is not a tax levied fund. Finance Director Beatty stated that the Golf Reserve Fund is an attempt to make future improvements to the golf course; money from the Golf Reserve Fund has been transferred back to the Golf Fund to cover operations. Commissioner Johnson asked if the golf course lost approximately \$30,000.00. Finance Director Beatty stated that the numbers are not final, but \$30,000.00 is approximately correct.

Robert Spitari stated that he could do a 15 minute energy audit for the City. He stated that there are 40 high wattage bulbs on at the 12<sup>th</sup> Street Community Center as well as the Rather Stadium parking lot. He stated that there are unnecessary lights from 5<sup>th</sup> to 10<sup>th</sup> street. Finance Director Beatty stated that the energy audit being conducted by Schneider Electric will address savings on lighting.

Garold Gerloff stated that the item on the agenda regarding trash is another opportunity of the City to increase utility rates; already increased are sales tax, stormwater, court fines, and recreation fees. He stated that Schneider is doing an audit because they expect a contract from the City. Commissioner Johnson stated that the fees are in lieu of tax increases.

Debra Johnson asked if taxes need to be paid prior to a building permit being issued; is everyone treated the same? City Manager Vernon stated that property taxes need to be current for a building permit to be issued, and people are treated the same. Debra Johnson stated that there needs to be a change in the way the stormwater fee is charged because some housing complexes are being charged \$40.00 for multiple meters.

### CONSENT AGENDA

The consideration and approval of **Appropriation Ordinance A-1-2011** dated December 16<sup>th</sup> to December 29<sup>th</sup>, 2010 in the amount of \$952,796.66. Commissioner Taylor moved, seconded by Commissioner Johnson to approve the Consent Agenda as presented. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

Approval of the **December 21, 2010** City Commission Meeting Minutes. Commissioner Taylor moved, seconded by Commissioner Johnson to approve the Consent Agenda as presented. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

### **SPECIAL PRESENTATIONS**

Berberich Trahan & Co. to present the 2009 audit. **(Exhibit A)** City Manager Vernon stated that the auditors were told not to hold any punches in the audit. Commissioner Johnson asked how difficult it would be to begin with purchase orders. City Manager Vernon stated that the city has that capability. Commissioner Taylor requested that the audit be uploaded to the City website. Finance Director Beatty stated that a final report will be available to upload within a few days. Finance Director Beatty stated that the City should expect a 2010 audit with similar concerns. Commissioner Taylor requested that Finance Director Beatty remind the Commission of this when the time comes.

Mayor Rhodes presented a Martin Luther King Jr. Proclamation.

### **UNFINISHED BUSINESS**

The consideration and approval of Charter Ordinance #40 to amend Charter Ordinance #34 to change deposit of officer training funds to the law Enforcement Training Fund #54 (fka DARE Fund), instead of the General Fund (final reading) **Cheryl Beatty Presenting**. Commissioner Talley moved, seconded by Commissioner Taylor to approve Charter Ordinance #40 on final reading. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

The consideration and approval of **G-1080** to amend the city code to adopt new refuse rates (final reading) **Cheryl Beatty Presenting**. Commissioner Johnson moved, seconded by commissioner Talley to approve G-1080 on final reading. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

The consideration and approval of **G-1094** to amend city code to make penalty clauses more uniform throughout the code book (final reading) **Cheryl Beatty Presenting**. Commissioner Talley moved, seconded by Commissioner Taylor to approve G-1094 on final reading. Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: none. Motion carried.

### **COMMISSIONER COMMENTS**

Commissioner Johnson stated that he was glad to see Commission candidates in the audience.

Commissioner Taylor asked Wayne Mahieu to speak to the Commission. Mr. Mahieu stated that the company is currently looking for partners, and the plan is to meet with the EDC after capitalization. The company is receiving one to two million dollars in federal grants per year. The company receives small amounts of money from private

firms. Commissioner Taylor asked if people have been investing. Mr. Mahieu stated that it has been difficult to attract investors in the current market. Commissioner Johnson asked when the company will be ready to move to Junction City. Mr. Mahieu stated that is a number of steps down to road.

Commissioner Heldstab stated that he paid for his AUSA trip. Commissioner Heldstab stated that he thought the conference was important. He attended and represented Junction City; he met with Senator Roberts and Congressman Moran. Again, the trip was paid for out of his own pocket.

#### **STAFF COMMENTS**

City Manager Vernon stated that the he is looking forward to 2011, and working with the community toward a positive end.

Finance Director Beatty stated that after speaking with staff, the CPI water rate increases for both the base rate and cubic foot rate were the intent of the ordinance since 2003. She stated that the water rate ordinance recently approved by the commission clarifies this fact.

#### **ADJOURNMENT**

Commissioner Talley moved, seconded by Commissioner Taylor to adjourn at 8:13 PM  
Ayes: Heldstab, Johnson, Rhodes, Talley, Taylor. Nays: None. Motion Carried.

APPROVED AND ACCEPTED THIS 18th DAY OF JANUARY 2011 AS THE OFFICIAL COPY OF THE JUNCTION CITY CITY COMMISSION MINUTES FOR JANUARY 4th, 2010.

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Tyler Ficken, City Clerk

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Mike Rhodes, Mayor

## Exhibit A



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

January 3, 2011

To the City Commission and Management  
City of Junction City, Kansas

In planning and performing our audit of the financial statements of the City of Junction City, Kansas (the City) as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the following deficiency in the City's internal control to be a material weakness.

The City's internal controls were not designed and implemented in a manner that provided for the safeguarding of assets, execution of transactions in accordance with management's authorization, and preparation of financial statements in accordance with GAAP. The City did not have a finance director during the year, and the accounting staff of the City did not have an adequate knowledge of GAAP or internal control. The City also had inadequate segregation of duties in several different cycles, and bank reconciliations and journal entries were not reviewed by an employee other than the preparer.

Following are more detailed explanations of what is included in the material weakness described above and recommendations to correct these weaknesses.

### Audit Adjustments

Many significant adjusting entries were required to correctly state account balances at year end. These adjusting entries were identified through the audit process. This was due to the City having an overall lack of qualified accounting staff including a qualified finance director as well as reconciliations of account balances not being performed by City staff. We recommend that reconciliations of all balance sheet account balances be performed in a timely manner and all necessary adjustments be posted to the general ledger.



### **Receivable Reconciliations to the General Ledger**

During the course of our audit, we were able to obtain a complete year-end receivable detail but not without an extensive reconciliation process by City personnel. A number of large receivable balances were carried on the books as accounts receivable for many years when they were in fact not collectible or were unsubstantiated. We recommend that receivable balances be reviewed and reconciled on a timely basis and uncollectible amounts be written off the books in a routine and timely fashion.

### **Accounts Receivable Adjustments - Segregation of Duties**

Adjustments to customer accounts can be and are recorded by employees who take cash payments from customers. One of these employees also performs the bank reconciliation that is not reviewed by another employee. We recommend that the employees with the ability to record adjustments to customer accounts not participate in the handling of cash receipts.

### **Purchase Order and Receiving System**

Currently, the City does not use a purchase order and receiving system. A purchase order system insures that all goods acquired are in accordance with management's authority. It is our recommendation that the City adopt a true purchase order and receiving system.

The first step in the normal purchasing cycle is the specification of products or services needed, quantities needed, and delivery requirements. The basic form on which such needs are specified is the purchase requisition. A purchase order form is then used to place an order with a vendor.

The design of the purchase order must communicate the whole intent of the order as clearly and completely as possible. Once it is accepted by the vendor, it constitutes a binding contract. Therefore, all terms or conditions included on the form should be clearly defined. The purchase order should be a multi-part form. The original is sent to the vendor, if applicable. One copy is retained by the accounting department for their records. A third copy is forwarded to the purchasing department.

A receiving memo is generated by the mail room or department that receives the goods. This form records the quantity and description of items received. This form, along with the packing slip, is forwarded to the purchasing department as notice of receipt with a copy retained by receiving department.

### **Segregation of Duties**

An important aspect of control in any accounting system is segregation of duties. During 2009, one employee performed the bank reconciliation each month and created and entered journal entries, including any line item budget adjustments. The reconciliation and journal entries are not reviewed by another employee. This employee also has access to printed and signed accounts payable checks before they are mailed. We recommend that all bank reconciliations and journal entries be thoroughly reviewed by another employee and that the employees who have access to the signed and printed accounts payable checks not perform incompatible functions.



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

City Commission and Management  
City of Junction City, Kansas  
January 3, 2011  
Page 3

Another employee has the ability to create new vendors in the payables system, enter invoices to be paid, and print signed checks. We recommend that these incompatible duties be segregated to further safeguard the assets of the City.

In addition, one employee enters new employees, performs payroll maintenance, enters and processes payroll and performs a self-review of the completed payroll register. We recommend that these incompatible duties be segregated and/or additional checks and balances be implemented into the payroll process.

### Accounts Payable

The City has a history of miscoding expenditures to incorrect general ledger accounts. We recommend that a purchase order system be implemented as described above and that the appropriate levels of management with knowledge of the chart of accounts review and approve the coding of the expenditures. Accounts payable cutoff is also performed using the date of the invoice. We recommend that payables be recorded based on when the expenditure was incurred (date of service) rather than the date the invoice was prepared. We also recommend that the City reconcile the accounts payable per the general ledger to the subsidiary ledger on a monthly basis.

### Purchasing Cards

The City has an inordinate number of purchasing cards and the purchasing card policy of the City is not being followed on a consistent basis. We noted several instances where supporting receipts were not turned in by the cardholder, purchases were made that exceeded the cardholder's transaction limit, purchases were split into several smaller amounts to circumvent the transaction limit set for the card, and monthly transaction logs were not signed off on as being reviewed by the appropriate supervisor. We recommend that the City enforce the purchasing card policies that have been put in place.

### Budgetary Compliance and Fiscal Responsibility

For the year ended December 31, 2009, actual expenditures and transfers out exceeded budgeted appropriations in the general fund, special highway fund, capital improvement fund, debt service fund, military affairs fund, fire equipment reserve fund, drug & alcohol fund, and law enforcement trust fund. In addition, the special highway fund, capital improvement fund, utility charges fund, and home build USD 475 fund had deficit fund balances at year end. We recommend that the City comply with Kansas statutes in regards to budgetary compliance and fund balance reserves.

\* \* \* \* \*

A significant deficiency is a deficiency, or 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.

City Commission and Management  
City of Junction City, Kansas  
January 3, 2011  
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The City's written response to the material weakness identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the City Commission and management and is not intended to be and should not be used by anyone other than these specified parties.

Finally, we wish to express our appreciation to the City's personnel for their assistance and cooperation during our audit.

Very truly yours,

BERBERICH TRAHAN & CO., P.A.

A handwritten signature in black ink that reads "Karen K. Linn". The signature is written in a cursive style with a large, sweeping "K" and "L".

Karen K. Linn  
Director

KKL:tls



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

To the Honorable Mayor and City Commission of  
City of Junction City, Kansas

We are pleased to present this letter related to our audit of the financial statements of the City of Junction City, Kansas (the City) for the year ended December 31, 2009. Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

**1. The Auditor's Responsibility under Professional Standards**

Our responsibility under auditing standards generally accepted in the United States of America; *Government Auditing Standards* issued by the Comptroller General of the United States; the provisions of the Single Audit Act; OMB Circular A-133; OMB's *Compliance Supplement* and the Kansas Municipal Audit Guide has been described to you in our arrangement letter dated November 23, 2009. We were not engaged to, and did not, audit the financial statements of the aggregate discretely presented component unit opinion unit.

**2. Adoption of, or Change in, Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the City. The City did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period. In the current year, the City adopted the following Governmental Accounting Standards Board (GASB) Statement:

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, establishes standards for the measurement, recognition and display of other postemployment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. The term "other postemployment benefits" refers to postemployment benefits other than pension benefits and includes (a) postemployment healthcare benefits and, (b) other types of postemployment benefits (i.e., postemployment healthcare benefits and, (b) other types of postemployment benefits (i.e., life insurance) if provided separately from a pension.

**3. Significant or Unusual Transactions**

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

**4. Alternative Treatments Discussed with Management**

We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period.

**5. Management's Judgments and Accounting Estimates**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Accounting Estimates."

**6. Audit Adjustments**

Audit adjustments recorded by the City are attached with the representation letter attached to this letter. A number of these audit adjustments were related to prior periods and therefore were recorded as prior period adjustments. See additional discussion of these prior period adjustments in Note 1 to the financial statements.

**7. Disagreements with Management**

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

**8. Consultations with Other Accountants**

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

**9. Significant Issues Discussed with Management**

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

**10. Difficulties Encountered in Performing the Audit**

We did not encounter any difficulties in dealing with management during the audit. However, we encountered difficulties during the audit in the following areas:

- a. A number of receivable balances were not properly recorded in the current year or prior year.
- b. A number of other receivable balances recorded in prior years could not be substantiated or had been uncollectible for a period of time, and therefore were written off.
- c. We identified over \$ 860,000 of unbooked accounts payable at year-end. Also, there were accounts payable balances that have been carried on the books for several years that could not be substantiated and therefore were written off.
- d. A detailed review of historical costs of capital assets had to be performed as we noted that noncapitalizable costs had been included in capital asset values. Also, many capital projects were not properly split between opinion units.
- e. Numerous other balance sheet accounts had not been reconciled therefore additional work was necessary to derive the proper balance and record the necessary adjustments.

**11. Communication of Significant Deficiencies and Material Weakness**

We have separately communicated the significant deficiencies and material weakness identified during our audit of the financial statements, and this communication is included within the compliance section of the City's financial report for the year ended December 31, 2009.

**12. Certain Written Communications Between Management and Our Firm**

Copies of certain written communications between our firm and management of the City are attached to this letter.

This report is intended solely for the information and use of the Mayor and Members of the City Commission, and management and is not intended to be and should not be used by anyone other than the specified parties. We would be pleased to respond to any questions you have regarding this letter. We appreciate the opportunity to be of service to the City.

*Berberich Trahan & Co., P.A.*

January 3, 2011

**City of Junction City, Kansas  
 Summary of Accounting Estimates  
 Year Ended December 31, 2009**

Area	Accounting Policy	Estimation Process	Comments
Net OPEB Obligation	The net OPEB obligation is computed by an independent actuarial firm. The disclosure is based upon numerous assumptions and estimates, including the expected rate of investment return, the interest rate used to determine present value and medical care cost trend rates.	The rate of return is based on historical and general market data.	The estimate appears reasonable.



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

January 3, 2011

To the City Commission and Management  
City of Junction City, Kansas

In planning and performing our audit of the financial statements of the City of Junction City, Kansas (the City) as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the following deficiency in the City's internal control to be a material weakness.

The City's internal controls were not designed and implemented in a manner that provided for the safeguarding of assets, execution of transactions in accordance with management's authorization, and preparation of financial statements in accordance with GAAP. The City did not have a finance director during the year, and the accounting staff of the City did not have an adequate knowledge of GAAP or internal control. The City also had inadequate segregation of duties in several different cycles, and bank reconciliations and journal entries were not reviewed by an employee other than the preparer.

Following are more detailed explanations of what is included in the material weakness described above and recommendations to correct these weaknesses.

#### Audit Adjustments

Many significant adjusting entries were required to correctly state account balances at year end. These adjusting entries were identified through the audit process. This was due to the City having an overall lack of qualified accounting staff including a qualified finance director as well as reconciliations of account balances not being performed by City staff. We recommend that reconciliations of all balance sheet account balances be performed in a timely manner and all necessary adjustments be posted to the general ledger.



### Receivable Reconciliations to the General Ledger

During the course of our audit, we were able to obtain a complete year-end receivable detail but not without an extensive reconciliation process by City personnel. A number of large receivable balances were carried on the books as accounts receivable for many years when they were in fact not collectible or were unsubstantiated. We recommend that receivable balances be reviewed and reconciled on a timely basis and uncollectible amounts be written off the books in a routine and timely fashion.

### Accounts Receivable Adjustments - Segregation of Duties

Adjustments to customer accounts can be and are recorded by employees who take cash payments from customers. One of these employees also performs the bank reconciliation that is not reviewed by another employee. We recommend that the employees with the ability to record adjustments to customer accounts not participate in the handling of cash receipts.

### Purchase Order and Receiving System

Currently, the City does not use a purchase order and receiving system. A purchase order system insures that all goods acquired are in accordance with management's authority. It is our recommendation that the City adopt a true purchase order and receiving system.

The first step in the normal purchasing cycle is the specification of products or services needed, quantities needed, and delivery requirements. The basic form on which such needs are specified is the purchase requisition. A purchase order form is then used to place an order with a vendor.

The design of the purchase order must communicate the whole intent of the order as clearly and completely as possible. Once it is accepted by the vendor, it constitutes a binding contract. Therefore, all terms or conditions included on the form should be clearly defined. The purchase order should be a multi-part form. The original is sent to the vendor, if applicable. One copy is retained by the accounting department for their records. A third copy is forwarded to the purchasing department.

A receiving memo is generated by the mail room or department that receives the goods. This form records the quantity and description of items received. This form, along with the packing slip, is forwarded to the purchasing department as notice of receipt with a copy retained by receiving department.

### Segregation of Duties

An important aspect of control in any accounting system is segregation of duties. During 2009, one employee performed the bank reconciliation each month and created and entered journal entries, including any line item budget adjustments. The reconciliation and journal entries are not reviewed by another employee. This employee also has access to printed and signed accounts payable checks before they are mailed. We recommend that all bank reconciliations and journal entries be thoroughly reviewed by another employee and that the employees who have access to the signed and printed accounts payable checks not perform incompatible functions.



Another employee has the ability to create new vendors in the payables system, enter invoices to be paid, and print signed checks. We recommend that these incompatible duties be segregated to further safeguard the assets of the City.

In addition, one employee enters new employees, performs payroll maintenance, enters and processes payroll and performs a self-review of the completed payroll register. We recommend that these incompatible duties be segregated and/or additional checks and balances be implemented into the payroll process.

#### Accounts Payable

The City has a history of miscoding expenditures to incorrect general ledger accounts. We recommend that a purchase order system be implemented as described above and that the appropriate levels of management with knowledge of the chart of accounts review and approve the coding of the expenditures. Accounts payable cutoff is also performed using the date of the invoice. We recommend that payables be recorded based on when the expenditure was incurred (date of service) rather than the date the invoice was prepared. We also recommend that the City reconcile the accounts payable per the general ledger to the subsidiary ledger on a monthly basis.

#### Purchasing Cards

The City has an inordinate number of purchasing cards and the purchasing card policy of the City is not being followed on a consistent basis. We noted several instances where supporting receipts were not turned in by the cardholder, purchases were made that exceeded the cardholder's transaction limit, purchases were split into several smaller amounts to circumvent the transaction limit set for the card, and monthly transaction logs were not signed off on as being reviewed by the appropriate supervisor. We recommend that the City enforce the purchasing card policies that have been put in place.

#### Budgetary Compliance and Fiscal Responsibility

For the year ended December 31, 2009, actual expenditures and transfers out exceeded budgeted appropriations in the general fund, special highway fund, capital improvement fund, debt service fund, military affairs fund, fire equipment reserve fund, drug & alcohol fund, and law enforcement trust fund. In addition, the special highway fund, capital improvement fund, utility charges fund, and home build USD 475 fund had deficit fund balances at year end. We recommend that the City comply with Kansas statutes in regards to budgetary compliance and fund balance reserves.

\* \* \* \* \*

A significant deficiency is a deficiency, or 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.

City Commission and Management  
City of Junction City, Kansas  
January 3, 2011  
Page 4



BERBERICH TRAHAN & CO., P.A.  
Certified Public Accountants

The City's written response to the material weakness identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the City Commission and management and is not intended to be and should not be used by anyone other than these specified parties.

Finally, we wish to express our appreciation to the City's personnel for their assistance and cooperation during our audit.

Very truly yours,

BERBERICH TRAHAN & CO., P.A.

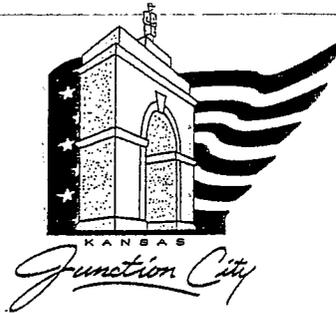
A handwritten signature in black ink that reads "Karen K. Linn". The signature is written in a cursive style with a large, stylized initial "K".

Karen K. Linn  
Director

KKL:tls

**Cheryl S. Beatty**  
**Finance Director**

[cheryl.beatty@jcks.com](mailto:cheryl.beatty@jcks.com)  
[www.junctioncity-ks.gov](http://www.junctioncity-ks.gov)



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Berberich Trahan & Co., P.A.  
3630 SW Burlingame Road  
Topeka, Kansas 66611-2050

In connection with your audit of the basic financial statements of the City of Junction City, Kansas (the City) as of and for the year ended December 31, 2009, we confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We acknowledge that you were not engaged to, and did not, audit the financial statements of the aggregate discretely presented component unit opinion unit.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America.
2. We have identified for you all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, that are component units.
3. We have identified for you all of our funds, governmental functions and identifiable business-type activities.
4. We have properly classified all funds and activities.
5. We have properly determined and reported the major governmental and enterprise funds based on the required quantitative criteria.
6. We are responsible for compliance with laws and regulations applicable to the City including adopting, approving and amending budgets.
7. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts including legal and contractual provisions for reporting specific activities in separate funds.
8. We have made available to you:
  - a. All financial records and related data of all funds and activities, including those of all special funds, programs, departments, projects, activities, etc., in existence at any time during the period covered by your audit.
  - b. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - c. All communications from grantors, lenders, other funding sources or regulatory agencies concerning noncompliance with:
    1. Statutory, regulatory or contractual provisions or requirements.
    2. Financial reporting practices that could have a material effect on the financial statements.

9. We have no knowledge of fraud or suspected fraud affecting the City involving:
  - a. Management or employees who have significant roles in the internal control.
  - b. Others where the fraud could have a material effect on the financial statements.
10. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, analysts, regulators, or others.
12. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the City's ability to record, process, summarize, and report financial data.
13. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
14. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
15. The following have been properly reflected and/or disclosed in the financial statements:
  - a. Related party transactions, including those with component units for which the City is accountable, as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, all of which have been recorded in accordance with the economic substance of the transaction and appropriately classified and reported.
  - b. Guarantees, whether written or oral, under which the City is contingently liable.
  - c. Amounts of contractual obligations for construction and purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.
  - d. Debt issue provisions.
  - e. All leases and material amounts of rental obligations under long-term leases.
  - f. All significant estimates and material concentrations known to management which are required to be disclosed in accordance with the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the financial statement date which could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur which would significantly disrupt normal finances within the next year.
  - g. Authorized but unissued bonds and/or notes.
  - h. Risk financing activities.
  - i. Deposits and investment securities category of custodial credit risk.
  - j. The effect on the financial statements of accounting pronouncements which have been issued, but which we have not yet adopted.
  - k. Security agreements in effect under the Uniform Commercial Code.
  - l. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
  - m. The fair value of investments.

16. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
  - a. To reduce receivables to their estimated net collectible amounts.
  - b. For pension obligations, post-retirement benefits other than pensions and deferred compensation agreements attributable to employee services rendered through December 31, 2009.
  
17. There are no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.
  - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by the Contingencies Topic of the FASB Accounting Standards Codification and/or GASB Statement No. 10.
  - d. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
  - e. Lines of credit or similar arrangements.
  - f. Agreements to repurchase assets previously sold.
  - g. Liabilities which are subordinated in any way to any other actual or possible liabilities.
  - h. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
  - i. Derivative financial instruments.
  - j. Special and extraordinary items.
  - k. Arbitrage rebate liabilities.
  - l. Impairments of capital assets.
  
18. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with the Contingencies Topic of the FASB Accounting Standards Codification and/or GASB Statement No. 10.
  
19. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
  
20. We have satisfactory title to all owned assets.
  
21. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
  
22. Net asset components (invested in capital assets, net of related debt; restricted; and unrestricted) and fund balance reserves and designations are properly classified and, if applicable, approved.

23. Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities and allocations have been made on a reasonable basis.
24. Revenues have been appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments or contributions to permanent fund principal.
25. Capital assets, including infrastructure assets, are properly capitalized, reported and depreciated.
26. Required supplementary information is properly measured and presented.
27. We are responsible for and have reviewed and approved the proposed adjustments to the trial balance identified during the audit, which are included in the adjusting journal entries attachment, and will post all adjustments accordingly. We have reviewed, approved, and are responsible for overseeing the preparation and completion of the basic financial statements and related notes.
28. The restatement of the financial statements as of and for the year ended December 31, 2008 because of the corrections of errors as stated in footnote 1 of the financial statements is appropriate. We agree with the restatement of the previously issued financial statements described in Note 1. In that regard:
  - a. The restatements correct errors in those financial statements.
  - b. We were not aware of the errors when those financial statements were issued.
  - c. We are not aware of any other errors in those financial statements.
  - d. We do not believe it is necessary to recall those financial statements and all users of those financial statements will receive a copy of the current year's financial statements and independent auditors' report.
29. No events or transactions other than those disclosed in the financial statements have occurred subsequent to the financial statement date that would require adjustment to, or disclosure in, the financial statements.
30. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm:

1. We are responsible for:
  - a. Compliance with laws, regulations and provisions of contracts and grant agreements applicable to the City.
  - b. Establishing and maintaining effective internal control over financial reporting.
2. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determinations of financial statement amounts or other financial data significant to audit objectives.

3. We have identified and disclosed to you all violations (and possible violations) of laws, regulations, and provisions of contracts and grant agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
4. We have a process to track the status of audit findings and recommendations.
5. There are no previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken.
6. We have provided you with our views on your reported findings, conclusions and recommendations, as well as our planned corrective action for the report.
7. We have reviewed, approved, and take full responsibility for the financial statements and related notes and acknowledge the auditor's role in the preparation of this information.
8. We have reviewed, approved, and take full responsibility for all adjustments and acknowledge the auditor's role in the preparation of the adjustments.

In connection with your audit of federal awards conducted in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, we confirm:

1. We are responsible for complying, and have complied, with the requirements of Circular A-133.
2. We have prepared the schedule of expenditures of federal awards in accordance with Circular A-133 and have included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance).
3. We are responsible for establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that the City is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on our federal programs.
4. We are responsible for complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of the City's federal programs and have complied, in all material respects, with those requirements, other than as disclosed by you.
5. We have identified and disclosed to you the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
6. We have made available all contracts and grant agreements (including amendments, if any) and any other correspondence that has taken place with federal agencies or pass-through entities related to federal programs.
7. There are no amounts questioned or any known noncompliance with the requirements of federal awards, including those resulting from other audits or program reviews.

8. We have charged costs to federal awards in accordance with applicable cost principles.
9. We have made available to you all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
10. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
11. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
12. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by Circular A-133.
13. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
14. We are not aware of any known noncompliance occurring subsequent to the period for which compliance is audited.
15. We have disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies (including material weaknesses), have occurred subsequent of the date as of which compliance is audited.

Very truly yours,

CITY OF JUNCTION CITY, KANSAS

  
\_\_\_\_\_  
Gerry Vernon, City Manager

Date Signed 1/3/2011

  
\_\_\_\_\_  
Cheryl Beatty, Director of Finance

Date Signed 1-3-2011

**Junction City**

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
1	12/31/2009	TAXES RECEIVABLE	01-1-01-00-0104 01-GF	962,048.56	
1	12/31/2009	FUND BALANCE - UNRESERVED	01-3-01-00-0210 01-GF		1,047,876.65
1	12/31/2009	CITY SALES TAX	01-4-01-00-0321 01-GF	66,563.63	
1	12/31/2009	COUNTY SALES TAX	01-4-01-00-0322 01-GF	19,264.46	
To adjust prior year tax receivable to actual.					
2	12/31/2009	FAA Grant Receivable	25-1-46-00-0199 25-CI		24,730.00
2	12/31/2009	Grant Proceeds - FAA Grants	25-4-46-00-0439 25-CI	24,730.00	
Entry to remove grants receivable at year end.					
3	12/31/2009	Grant Receivable - Self Help Housing	02-1-13-00-0199 02-G	1,424.00	
3	12/31/2009	GRANT PROCEEDS	02-4-13-00-0439 02-G		1,424.00
Entry to increase grants receivable to actual.					
4	12/31/2009	MACHINERY & EQUIPMENT	17-1-35-00-0148 17-RHG	15,360.00	
4	12/31/2009	LEASE PAYABLE	17-2-35-00-0250 17-RHG		15,360.00
To adjust leases payable to actual					
5	12/31/2009	LEASE PURCHASE	26-5-26-00-0885 26-FE		6,206.00
5	12/31/2009	Interest Expense	26-5-26-00-0910 26-FE	6,206.00	
To reclassify interest exp out of principal payments					
6	12/31/2009	STATE WATER LOAN PAYABLE	15-2-10-00-0276 15-W		2,000.00
6	12/31/2009	OTHER SERVICES	15-5-31-00-0749 15-W	2,000.00	
To record loan origination fee as an addition to the outstanding loan payable balance					
7	12/31/2009	TAXES RECEIVABLE	01-1-01-00-0104 01-GF	222,715.13	
7	12/31/2009	FUND BALANCE - UNRESERVED	01-3-01-00-0210 01-GF		236,065.75
7	12/31/2009	FRANCHISE TAX - TELEPHONE	01-4-01-00-0306 01-GF	4,147.36	
7	12/31/2009	FRANCHISE TAX - CABLE TV	01-4-01-00-0307 01-GF		7,321.55
7	12/31/2009	FRANCHISE TAX - ELECTRIC	01-4-01-00-0308 01-GF		13,590.89
7	12/31/2009	FRANCHISE TAX - GAS	01-4-01-00-0309 01-GF	30,115.70	
To adjust franchise fee receivables.					
8	12/31/2009	ACCRUED INTEREST	15-2-00-00-0203 15-W		88,624.00
8	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W	86,925.00	
8	12/31/2009	INTEREST	15-5-31-00-0910 15-W	1,699.00	
To adjust accrued interest payable					
9	12/31/2009	Transfers in	12-5-00-00-9999 12-DS		359,248.00
9	12/31/2009	BONDS	12-5-31-00-0905 12-DS	106,675.00	
9	12/31/2009	INTEREST	12-5-31-00-0910 12-DS	252,573.00	

**Junction City**

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
9	12/31/2009	TRANSFERS OUT	18-5-00-00-9999 18-SW	359,248.00	
9	12/31/2009	BONDS	18-5-18-00-0905 18-SW		106,675.00
9	12/31/2009	INTEREST	18-5-18-00-0910 18-SW		252,573.00
To show transfer from stormwater to debt service for governmental bond payments					
10	12/31/2009	BOND ISSUE COSTS	15-1-00-00-0171 15-W	273,959.00	
10	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W		171,562.00
10	12/31/2009	TRANSFERS IN	15-4-00-00-9999 15-W		118,157.00
10	12/31/2009	AMORTIZATION EXPENSE	15-5-00-00-9998 15-W	15,760.00	
10	12/31/2009	Cost of Issuance - Expense	88-5-00-00-0171 88-CP		118,157.00
10	12/31/2009	Transfers Out	88-5-00-00-9999 88-CP	118,157.00	
To adjust bond issuance costs to actual					
11	12/31/2009	BOND ISSUE COSTS	15-1-00-00-0171 15-W		84,313.00
11	12/31/2009	NOTE REFUNDING	15-2-00-00-0290 15-W	84,313.00	
To properly record the deferred refunding difference					
12	12/31/2009	NOTE REFUNDING	15-2-00-00-0290 15-W		19,390.00
12	12/31/2009	AMORTIZATION EXPENSE	15-5-00-00-9998 15-W	19,390.00	
To record CY amortization on the deferred refunding difference					
13	12/31/2009	Unamortized bond premium	15-2-00-00-0277 15-W		92,737.00
13	12/31/2009	AMORTIZATION EXPENSE	15-5-00-00-9998 15-W		7,056.00
13	12/31/2009	TRANSFERS OUT	15-5-00-00-9999 15-W	99,793.00	
13	12/31/2009	Bond/Note Premium Received	88-4-00-00-0436 88-CP	99,793.00	
13	12/31/2009	Transfers In	88-4-00-00-9999 88-CP		99,793.00
To properly record premium on bonds and related amortization					
14	12/31/2009	ACCOUNTS PAYABLE	01-2-01-00-0200 01-GF		463,319.00
14	12/31/2009	FUND BALANCE - UNRESERVED	01-3-01-00-0210 01-GF	463,319.00	
Prior period adjustment for incorrect debit balance A/P that was rolled forward from the prior year					
15	12/31/2009	ACCUM DEPRECIATION BUILDINGS	15-1-00-00-0166 15-W		8,392.00
15	12/31/2009	ACCUM DEPRECIATION MACHINERY	15-1-00-00-0168 15-W		320,146.00
15	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W	328,538.00	
Prior period adjustment to adjust A/D to actual.					
16	12/31/2009	MACHINERY & EQUIPMENT	15-1-00-00-0148 15-W	26,564,931.00	
16	12/31/2009	ACCUM DEPRECIATION BUILDINGS	15-1-00-00-0166 15-W		440,141.00
16	12/31/2009	ACCUM DEPRECIATION VEHICLES	15-1-00-00-0167 15-W		6,364.00
16	12/31/2009	ACCUM DEPRECIATION MACHINERY	15-1-00-00-0168 15-W		1,256,272.00
16	12/31/2009	ACCUM DEPRECIATION FURN/FIX	15-1-00-00-0169 15-W		127.00
16	12/31/2009	CONTRIBUTED CAPITAL	15-4-00-00-0499 15-W		26,564,931.00
16	12/31/2009	DEPRECIATION EXPENSE	15-5-00-00-0424 15-W	1,702,904.00	

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
Client prepared entry to record CY additions, contributed capital and depreciation.					
17	12/31/2009	ACCUM DEPRECIATION MACHINERY	23-1-44-00-0168 23-S		1,937.00
17	12/31/2009	ACCUM DEPRECIATION FURN/FIX	23-1-44-00-0169 23-S		5.00
17	12/31/2009	DEPRECIATION	23-5-00-00-0956 23-S	1,942.00	
To record depreciation expense for the Sanitation department.					
18	12/31/2009	ACCUM DEPRECIATION BUILDINGS	17-1-35-00-0166 17-RHG		3,529.00
18	12/31/2009	ACCUM DEPRECIATION MACHINERY	17-1-35-00-0168 17-RHG		76,826.00
18	12/31/2009	DEPRECIATION EXPENSE	17-5-00-00-0956 17-RHG	80,355.00	
To record depreciation for Rolling Meadows Golf Course.					
19	12/31/2009	Land	10-1-00-00-0145 10-FCS		137,117.00
19	12/31/2009	BUILDINGS	10-1-00-00-0146 10-FCS	137,117.00	
To reclass skating rink capital assets between classes					
20	12/31/2009	NOTES RECEIVABLE	52-1-00-00-0140 52-RL	100,000.00	
20	12/31/2009	NOTES RECEIVABLE	52-1-00-00-0140 52-RL		181,331.00
20	12/31/2009	NOTES RECEIVABLE	52-1-00-00-0140 52-RL	390,599.00	
20	12/31/2009	FUND BALANCE - UNRESERVED	52-3-00-00-0210 52-RL		390,599.00
20	12/31/2009	MISCELLANEOUS	52-4-00-00-0421 52-RL	181,331.00	
20	12/31/2009	OTHER PROFESSIONAL	52-5-52-00-0749 52-RL		100,000.00
To adjust prior period and current period revolving loan receivables.					
21	12/31/2009	MISC AR - SPECIAL LOANS	25-1-46-00-0120 25-CI		234,675.00
21	12/31/2009	Bad Debt Expense	25-1-46-00-0900 25-CI	234,675.00	
To write off uncollectible receivable					
22	12/31/2009	INTERFUND PAYABLE	22-2-43-00-0213 22-SH		2,597,668.00
22	12/31/2009	Transfers out	22-5-00-00-0531 22-SH	2,597,668.00	
22	12/31/2009	INTERFUND RECEIVABLE	88-1-00-00-0115 88-CP	2,597,668.00	
22	12/31/2009	Transfers In	88-4-00-00-9999 88-CP		2,597,668.00
CJE to properly record transfer from SH to CP					
23	12/31/2009	LEASE PURCHASE	50-5-00-00-0885 50-LET		1,452.00
23	12/31/2009	Interest expense	50-5-00-00-0910 50-LET	1,452.00	
CJE to reclass interest expense					
24	12/31/2009	INTERFUND PAYABLE	15-2-00-00-0213 15-W	270,000.00	
24	12/31/2009	MISCELLANEOUS	15-4-00-00-0421 15-W		270,000.00
24	12/31/2009	INTERFUND RECEIVABLE	88-1-00-00-0115 88-CP		270,000.00
24	12/31/2009	Other services	88-5-05-00-0749 88-CP	270,000.00	

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
CJE to record amount due to Fund 15 for the cost of water meters					
25	12/31/2009	Due to Other Funds	01-2-00-00-0213 01-GF		494,199.00
25	12/31/2009	Transfers to Other Funds	01-5-01-00-0531 01-GF	345,729.00	
25	12/31/2009	OTHER SERVICES	01-5-03-00-0749 01-GF	148,470.00	
25	12/31/2009	INTERFUND RECEIVABLE	88-1-00-00-0115 88-CP	494,199.00	
25	12/31/2009	OTHER SERVICES	88-5-00-00-0749 88-CP		148,470.00
25	12/31/2009	Transfers Out	88-5-00-00-9999 88-CP		345,729.00
CJE to reclassify activity for cash transfers from Fund 88 to GF and grants					
26	12/31/2009	INTERFUND PAYABLE	22-2-43-00-0213 22-SH		992,658.00
26	12/31/2009	FUND BALANCE - UNRESERVED	22-3-43-00-0210 22-SH	992,658.00	
26	12/31/2009	INTERFUND RECEIVABLE	88-1-00-00-0115 88-CP	992,658.00	
26	12/31/2009	FUND BALANCE - UNRESERVED	88-3-03-00-0210 88-CP		992,658.00
CJE - PPA for interfund payables					
27	12/31/2009	Due to Other Funds	01-2-00-00-0213 01-GF	106,847.00	
27	12/31/2009	TRANSFERS REC'D FROM OTHER FUNDS	01-4-01-00-0431 01-GF		106,847.00
27	12/31/2009	INTERFUND PAYABLE	15-2-00-00-0213 15-W	53,937.00	
27	12/31/2009	TRANSFERS IN	15-4-00-00-9999 15-W		53,937.00
27	12/31/2009	INTERFUND PAYABLE	22-2-43-00-0213 22-SH		357,351.00
27	12/31/2009	Transfers out	22-5-00-00-0531 22-SH	357,351.00	
27	12/31/2009	Interfund payable	25-2-46-00-0213 25-CI		744,085.00
27	12/31/2009	Transfers out	25-5-00-00-0531 25-CI	744,085.00	
27	12/31/2009	INTERFUND RECEIVABLE	88-1-00-00-0115 88-CP	940,652.00	
27	12/31/2009	Transfers In	88-4-00-00-9999 88-CP		940,652.00
CJE to record due to/from's for capital projects					
28	12/31/2009	A/D - improvements	10-1-00-00-0168 10-FCS		31,455.00
28	12/31/2009	FUND BALANCE - UNRESERVED	10-3-10-00-0210 10-FCS		912,188.00
28	12/31/2009	Contributed Capital	10-4-00-00-4999 10-FCS	943,643.00	
CJE for PPA for contributed capital					
29	12/31/2009	ACCUMULATED DEPRECIATION BUILDINGS	10-1-00-00-0166 10-FCS		9,875.00
29	12/31/2009	A/D - improvements	10-1-00-00-0168 10-FCS		31,455.00
29	12/31/2009	DEPRECIATION EXPENSE	10-5-00-00-0424 10-FCS	41,330.00	
CJE to record depreciation for skating rink					
30	12/31/2009	Improvements	18-1-00-00-0148 18-SW	13,561,619.00	
30	12/31/2009	A/D - Improvements	18-1-00-00-0168 18-SW		271,232.00
30	12/31/2009	Contributed capital	18-4-00-00-4999 18-SW		13,561,619.00
30	12/31/2009	Depreciation expense	18-5-00-00-0956 18-SW	271,232.00	
CJE to record stormwater capital asset additions					

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
31	12/31/2009	Special assessments receivable	12-1-00-00-0199 12-DS	43,658,884.00	
31	12/31/2009	Deferred revenue - specials	12-2-00-00-0299 12-DS		43,658,884.00
		CJE to record special assessments receivable			
32	12/31/2009	NOTES RECEIVABLE	01-1-01-00-0140 01-GF		665,268.00
32	12/31/2009	FUND BALANCE - UNRESERVED	01-3-01-00-0210 01-GF	665,268.00	
		To write off uncollectible amount			
33	12/31/2009	Transfers In	25-4-00-00-9999 25-CI		200,000.00
33	12/31/2009	MISCELLANEOUS	25-4-46-00-0421 25-CI	200,000.00	
33	12/31/2009	NOTES RECEIVABLE	88-1-00-00-0140 88-CP	100,000.00	
33	12/31/2009	NOTES RECEIVABLE	88-1-00-00-0140 88-CP		200,000.00
33	12/31/2009	Allowance for Doubtful Accounts	88-1-00-00-0141 88-CP		160,000.00
33	12/31/2009	Bad Debt Expense	88-1-00-00-0900 88-CP	160,000.00	
33	12/31/2009	FUND BALANCE - UNRESERVED	88-3-03-00-0210 88-CP		100,000.00
33	12/31/2009	Transfers Out	88-5-00-00-9999 88-CP	200,000.00	
		To establish allowance for doubtful accounts			
34	12/31/2009	ALLOWANCE FOR UNCOLLECTABLE	15-1-00-00-0108 15-W		172,420.00
34	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W	114,367.00	
34	12/31/2009	Bad Debt Expense	15-3-00-00-0900 15-W	58,053.00	
34	12/31/2009	ALLOWANCE FOR UNCOLLECTABLE	18-1-00-00-0108 18-SW		2,634.00
34	12/31/2009	Bad Debt Expense	18-3-00-00-0900 18-SW	2,634.00	
34	12/31/2009	ALLOWANCE FOR UNCOLLECTABLE	23-1-44-00-0108 23-S		17,949.00
34	12/31/2009	Bad Debt Expense	23-3-00-00-0900 23-S	8,873.00	
34	12/31/2009	FUND BALANCE - UNRESERVED	23-3-44-00-0210 23-S	9,076.00	
		To set up bad debt and adjust allowance on utilities receivable			
35	12/31/2009	ACCOUNTS PAYABLE	01-2-01-00-0200 01-GF		138,349.00
35	12/31/2009	FUND BALANCE - UNRESERVED	01-3-01-00-0210 01-GF	133,028.00	
35	12/31/2009	CONTRACT OPERATIONS	01-5-25-00-0797 01-GF	5,321.00	
35	12/31/2009	ACCOUNTS PAYABLE CLAIM	15-2-00-00-0200 15-W		319,008.00
35	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W	310,034.00	
35	12/31/2009	CONTRACT OPERATIONS	15-5-33-00-0797 15-W	8,542.00	
35	12/31/2009	CONTRACT OPERATIONS	15-5-47-00-0797 15-W	433.00	
35	12/31/2009	ACCOUNTS PAYABLE CLAIM	23-2-00-00-0200 23-S		75,451.00
35	12/31/2009	FUND BALANCE - UNRESERVED	23-3-44-00-0210 23-S	82,247.00	
35	12/31/2009	CONTRACT OPERATIONS	23-5-44-00-0797 23-S		6,797.00
		To record contract operations expense to actual			
36	12/31/2009	ADVALOREM TAX	01-4-01-00-0301 01-GF	28,675.82	
36	12/31/2009	INTERGOVERNMENTAL	01-4-01-00-0401 01-GF		28,675.82
36	12/31/2009	INTERGOVERNMENTAL	12-4-01-00-0401 12-DS		6,838.69
36	12/31/2009	ADVALOREM TAX	12-4-31-00-0301 12-DS	6,838.69	
36	12/31/2009	ADVALOREM TAX	19-4-37-00-0301 19-ED	1,631.73	
36	12/31/2009	INTERGOVERNMENTAL	19-4-37-00-0401 19-ED		1,631.73
36	12/31/2009	INTERGOVERNMENTAL	20-4-01-00-0401 20-L		4,242.94
36	12/31/2009	ADVALOREM TAX	20-4-38-00-0301 20-L	4,242.94	

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
36	12/31/2009	INTERGOVERNMENTAL	30-4-01-00-0401 30-UC		3,718.39
36	12/31/2009	ADVALOREM TAX	30-4-47-00-0301 30-UC	3,718.39	
36	12/31/2009	INTERGOVERNMENTAL	35-4-01-00-0401 35-EB		15,902.16
36	12/31/2009	ADVALOREM TAX	35-4-35-00-0301 35-EB	15,902.16	
To reclass machinery and equipment and tele comm revenue from the county.					
38	12/31/2009	Intergovernmental Receivable	01-1-01-00-0108 01-GF	136,263.00	
38	12/31/2009	INTERGOVERNMENTAL	01-4-18-00-0401 01-GF		136,263.00
To record unbooked receivable					
39	12/31/2009	BAD DEBT EXPENSE	10-1-00-00-0900 10-FCS	16,717.00	
39	12/31/2009	ACCOUNTS RECEIVABLE	10-1-10-00-0107 10-FCS		16,717.00
To write off receivable.					
40	12/31/2009	NOTES RECEIVABLE	88-1-00-00-0140 88-CP		242,701.00
40	12/31/2009	FUND BALANCE - UNRESERVED	88-3-03-00-0210 88-CP	242,701.00	
To record misposted receivable as a PPA					
41	12/31/2009	HOME Grant Receivable	02-1-12-00-0199 02-G	2,929.00	
41	12/31/2009	FUND BALANCE - UNRESERVED	02-3-07-00-0210 02-G		102,557.00
41	12/31/2009	Grant Proceeds - HOME Grant	02-4-12-00-0439 02-G	99,628.00	
To adjust HOME grant to actual					
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	01-2-00-00-0200 01-GF		51,463.00
42	12/31/2009	REP. & MAINT. OF DATA PROCESS.	01-5-02-00-0714 01-GF	20,250.00	
42	12/31/2009	OTHER SERVICES	01-5-03-00-0749 01-GF	31,213.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	02-2-00-00-0200 02-G		51,590.00
42	12/31/2009	Miscellaneous Equipment	02-5-16-00-0835 02-G	51,590.00	
42	12/31/2009	MACHINERY & EQUIPMENT	15-1-00-00-0148 15-W	133,500.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	15-2-00-00-0200 15-W		147,898.00
42	12/31/2009	SALES USE TAX	15-5-34-00-0776 15-W	14,398.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	22-2-00-00-0200 22-SH		5,214.00
42	12/31/2009	ENGINEERING SERVICES	22-5-16-00-0728 22-SH	5,214.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	25-2-00-00-0200 25-CI		2,071.00
42	12/31/2009	ENGINEERING SERVICES	25-5-46-00-0728 25-CI	2,071.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	35-2-00-00-0200 35-EB	82,724.00	
42	12/31/2009	WORKERS COMPENSATION	35-5-35-00-0540 35-EB		82,724.00
42	12/31/2009	COST OF ISSUANCE-Expense	88-1-00-00-0171 88-CP	630.00	
42	12/31/2009	ACCOUNTS PAYABLE CLAIM	88-2-00-00-0200 88-CP		604,780.00
42	12/31/2009	CONTRACTORS AGREEMENT	88-5-03-00-0701 88-CP	228,482.31	
42	12/31/2009	CONTRACTORS AGREEMENT	88-5-72-00-0701 88-CP	375,667.69	
To adjust A/P to actual					
43	12/31/2009	Grants Receivable	02-1-99-00-0199 02-G	51,590.00	
43	12/31/2009	Grant Proceeds	02-4-99-00-0439 02-G		51,590.00

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
(To record grant matching for A/P recorded)					
44	12/31/2009	LEASE PURCHASE	01-5-14-00-0885 01-GF	10,152.00	
44	12/31/2009	Interest Expense	01-5-14-00-0910 01-GF		10,152.00
44	12/31/2009	LEASE PAYABLE-NON CURRENT	15-2-10-00-0250 15-W	15,295.00	
44	12/31/2009	OTHER SERVICES	15-5-33-00-0749 15-W		15,295.00
To adjust leases payable to actual					
45	12/31/2009	MISCELLANEOUS	01-4-01-00-0421 01-GF	10,875.00	
45	12/31/2009	SALE OF FIXED ASSETS	01-4-01-00-0422 01-GF		10,875.00
Reclass proceeds from sales of capital asses					
46	12/31/2009	MACHINERY & EQUIPMENT	15-1-00-00-0148 15-W		66,058,257.00
46	12/31/2009	Infrastructure	15-1-00-00-0150 15-W	62,004,301.00	
46	12/31/2009	ACCUM DEPRECIATION INFRASTRUCTURE	15-1-00-00-0165 15-W		24,519,276.00
46	12/31/2009	ACCUM DEPRECIATION VEHICLES	15-1-00-00-0167 15-W	10,301.00	
46	12/31/2009	ACCUM DEPRECIATION MACHINERY	15-1-00-00-0168 15-W	24,590,198.00	
46	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W		22,506,823.00
46	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W		4,152.00
46	12/31/2009	CONTRIBUTED CAPITAL	15-4-00-00-0499 15-W	26,564,931.00	
46	12/31/2009	DEPRECIATION EXPENSE	15-5-00-00-0424 15-W		81,223.00
To adjust capital assets to actual and record PPA for water/sewer assets classified as governmental assets in the PY					
47	12/31/2009	Improvements	18-1-00-00-0148 18-SW		1,954,524.00
47	12/31/2009	A/D - Improvements	18-1-00-00-0168 18-SW	39,090.00	
47	12/31/2009	FUND BALANCE - UNRESERVED	18-3-18-00-0210 18-SW		11,607,095.00
47	12/31/2009	Contributed capital	18-4-00-00-4999 18-SW	13,561,619.00	
47	12/31/2009	Depreciation expense	18-5-00-00-0956 18-SW		39,090.00
To adjust stormwater assets to actual					
48	12/31/2009	MISCELLANEOUS	01-4-01-00-0421 01-GF		100,516.00
48	12/31/2009	MISC. EQUIPMENT	01-5-23-00-0835 01-GF	100,516.00	
To gross up miscellaneous reimbursement related to software conversion					
49	12/31/2009	Proceeds from Revolving Fund Loans	22-4-43-00-0907 22-SH		102,208.00
49	12/31/2009	INTEREST	22-5-43-00-0910 22-SH	102,208.00	
To record capitalized interest and fees added to principal balance on KDOT loans					
50	12/31/2009	CONSTRUCTION IN PROGRESS	15-1-00-00-0170 15-W		474,348.00
50	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W	474,348.00	
To write-off CIP costs that could not be substantiated					
51	12/31/2009	Infrastructure	15-1-00-00-0150 15-W	270,000.00	

Junction City

Year End: December 31, 2009

Adjusting journal entries

Date: 1/1/2009 To 12/31/2009

Number	Date	Name	Account No	Debit	Credit
51	12/31/2009	Infrastructure	15-1-00-00-0150 15-W	653,970.00	
51	12/31/2009	FUND BALANCE - UNRESERVED	15-3-00-00-0210 15-W		653,970.00
51	12/31/2009	CONTRIBUTED CAPITAL	15-4-00-00-0499 15-W		270,000.00
51	12/31/2009	Improvements	18-1-00-00-0148 18-SW		
51	12/31/2009	Construction in progress	18-1-00-00-0149 18-SW	243,652.00	
51	12/31/2009	FUND BALANCE - UNRESERVED	18-3-18-00-0210 18-SW		78,917.00
51	12/31/2009	Contributed capital	18-4-00-00-4999 18-SW		164,735.00

To move capital projects from  
governmental activities to water/sewer and stormwater

234,714,562.57 234,714,562.57

Net Income (Loss) 53,049,684.00

3c

**City of Junction City**

**City Commission**

**Agenda Memo**

January 12, 2011

From: Tricia Gowen, Public Services Director  
To: Mayor and Commissioners  
Subject: December 2010 Payroll

---

**Objective:** The consideration and approval of Payroll #24, #25, and #26 for the month of December 2010.

**Explanation of Issue:** The payrolls for December 2010 were calculated as follows:

Payroll #24	\$220,030.45	December 3, 2010
Payroll #25	\$202,208.75	December 17, 2010
Payroll #26	\$212,012.23	December 31, 2010

**Alternatives:** It appears that the City Commission has the following alternatives concerning the issues at hand. The Commission December:

Approve, disapprove or table the December 2010 Payroll request.

**Recommendation:** City Staff recommends that the City Commission approve the December 2010 Payroll.

**Enclosures:**

1. Payroll Check Register December 3, 2010 (Payroll #24)
2. Payroll Check Register December 17, 2010 (Payroll #25)
3. Payroll Check Register December 31, 2010 (Payroll #26)

\*\*\* REGISTER TOTALS \*\*\*

REGULAR CHECKS:		
DIRECT DEPOSIT REGULAR CHECKS:	193	219,692.61
MANUAL CHECKS:		
PRINTED MANUAL CHECKS:		
DIRECT DEPOSIT MANUAL CHECKS:	1	337.84
VOIDED CHECKS:		
NON CHECKS:		
		-----
TOTAL CHECKS:	194	220,030.45

\*\*\* NO ERRORS FOUND \*\*\*

\*\* END OF REPORT \*\*

\*\*\* REGISTER TOTALS \*\*\*

REGULAR CHECKS:		
DIRECT DEPOSIT REGULAR CHECKS:	190	202,208.75
MANUAL CHECKS:		
PRINTED MANUAL CHECKS:		
DIRECT DEPOSIT MANUAL CHECKS:		
VOIDED CHECKS:		
NON CHECKS:		
		-----
TOTAL CHECKS:	190	202,208.75

\*\*\* NO ERRORS FOUND \*\*\*

\*\* END OF REPORT \*\*

\*\*\* REGISTER TOTALS \*\*\*

REGULAR CHECKS:		
DIRECT DEPOSIT REGULAR CHECKS:	187	212,012.23
MANUAL CHECKS:		
PRINTED MANUAL CHECKS:		
DIRECT DEPOSIT MANUAL CHECKS:		
VOIDED CHECKS:		
NON CHECKS:		
		-----
TOTAL CHECKS:	187	212,012.23

\*\*\* NO ERRORS FOUND \*\*\*

\*\* END OF REPORT \*\*

3d

## City of Junction City

### City Commission

### Agenda Memo

January 18, 2011

**From:** Public Works Department  
**To:** Gerry Vernon, City Manager and the City Commissioners  
**Subject:** **TRF 0109 – Project Completion**

---

**Objective:** The consideration and approval to execute KDOT Form TRF 3, the Certificate of Borrower Upon Completion form.

**Explanation of Issue:** TRF 0109 is a loan for Rucker Road, Whitney Rd to US-77. The Commissioners approved TRF 0109 December 2, 2008 in the amount of \$4,071,463.00. This project was completed November of 2009. All costs relating to this project have been reimbursed by this loan. No more disbursements will be requested. KDOT will need to final this loan in order to give the City an accurate Amortization Schedule. KDOT is requesting the Certificate of Borrower Upon Completion form to be executed in order to close the loan. Documents with the exact loan amount and amortization schedule will be sent at a later date.

**Budget Impact:** There is no budget impact at this time.

**Alternatives:** It appears that the City Commission has the following alternatives concerning the issues at hand. The Commission may:

1. Approve to execute KDOT Form TRF 3.
2. Disapprove KDOT Form TRF 3.
3. Modify the request.
4. Table the request.

**Recommendation:** Staff recommends the Commission approve to execute KDOT Form TRF 3, the Certificate of Borrower Upon Completion form.

**Enclosures:** KDOT Form TRF 3

KDOT FORM TRF 3

City of Junction City, Kansas, TRF Project No. TR 0109

**CERTIFICATE OF BORROWER UPON PROJECT COMPLETION**

(To be completed and submitted to the Secretary in accordance with "KDOT FORM TRF 1" attached to that certain Loan Agreement Dated 12/2/08 between the City of Junction City, Kansas and the Kansas Department of Transportation)

The City of Junction City, Kansas (the "Borrower"), herewith certifies in connection with that certain Loan Agreement dated 12/2/08 (the "Agreement"), appertaining to what is referred to in said Agreement as "TRF Project No. TR 0109" (the "Project"), as follows:

(a) That the Project is open to unrestricted travel, and the written statement of the Borrower's Licensed Engineer, on file in the office of the undersigned Borrower's Clerk, indicates that, at the time of the Project's design, its plans, specifications therefor, and any permitted revisions thereto:

(1) All followed the then-existing generally recognized and prevailing engineering standards; and

(2) Were in compliance with the applicable federal and State laws and regulations.

(b) That its inspector for the Project, as defined at K.A.R. 36-40-1(i), states the Project was constructed in reasonable conformity with its plans, specifications, and any permitted revisions, at each of the following times:

(1) At the time when the Project was opened to unrestricted travel; and

(2) at the time of the final acceptance by Borrower of the Project.

(c) That the statement of the Borrower's inspector referred to in paragraph (b) above is attached hereto as an exhibit and is incorporated into this certificate by reference.

IN WITNESS WHEREOF, the Borrower has caused this Certificate to be executed, sealed and delivered effective as of \_\_\_\_\_, 200\_\_.

CITY OF JUNCTION CITY, KANSAS  
"Borrower"

[Seal]

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Clerk

8a

**City of Junction City  
City Commission  
Agenda Memo**

January 18, 2011 Meeting

**From:** Cheryl S. Beatty, Finance Director  
**To:** City Commissioners  
**Subject:** Fireworks Stand Leases

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**Objective:** Consideration and approval of lease of city owned land for purpose of the sale of fireworks.

**Explanation of Issue:** The City Commission authorized the sale of fireworks within the city limits at end of 2010. Big Daddy Fireworks, LLC has proposed the lease of land from the city for two fireworks stands at \$3,000 per lease. Attached are the lease agreements for the following sites:

1. 10<sup>th</sup> & Washington, Lots 4-10
2. Parking lot on northeast corner of 6<sup>th</sup> Street & Franklin Street.

**Budget Impact:** This income was not budgeted. Therefore, it would mean an increase in city general fund revenue.

**Alternatives:** It appears that the City Commission has the following alternatives concerning the issues at hand. The Commission may:

1. Approve the proposed lease agreements.
2. Disapprove the proposed lease agreements.
3. Modify the proposed lease agreements as stated above.
4. Table the request.

**Recommendation:** Staff recommends the approval of the lease agreements. After inquiry, it was determined that Big Daddy is offering above market value for the lease of these properties.

**Suggested Motion:**

Commissioner \_\_\_\_\_ moved to approve the lease agreements as proposed from Big Daddy Fireworks, LLC.

Commissioner \_\_\_\_\_ seconded the motion.

**Enclosures:** Two lease agreements.

# LEASE

This Lease is made and entered on this 18 day of January, 2011, between the City of Junction City, Kansas herein referred to as "Lessor," and Big Daddy Fireworks, LLC, a corporation organized and existing under the laws of the State of Kansas, whose principle place of business is 30 Arapaho, Inman, KS 67502, herein referred to as "Lessee"

Section 1. **Leased Premises.** Lessor leases to lessee, the following real property pursuant to the conditions contained herein, to-wit:

Address- Lots 4-10, Junction Cit Plat consisting of 917 & 921 Washington and 113, 115, 125 East 10<sup>th</sup> and adjoining Lot 5 that has no assigned address.

City,State,Zip - Junction City, Kansas 66441

Section 2. **Term.** The term of this Lease shall be from June 20, 2011 to July 8, 2011.

Section 3. **Rent.** It is agreed that Lessee shall pay rent to the lessor pursuant to the following.\*\*     \$3,000    

Section 4. **Use of Premises.** Lessee shall use the demised premises exclusively for the purpose of, and limited to the sale of fireworks to the general public. Lessee shall comply with all he laws, ordinances, rules and statutes appropriated governmental authorities affecting the sale of fireworks upon the demised premises during the term of the lease.

Section 5. **Utilities.** Lessor shall not provide utility connections.

Section 6. **Taxes.** Lessor shall be solely responsible for all real estate taxes, levied with respect to the premises and any special assessments relating to such premises.

Section 7. **Indemnification.** Lessee agrees to indemnify, defend and hold Lessor, its elected and appointed officials, employees, agents, boards, commissions, representatives, and attorneys, harmless from and against any claims, damages, demands, costs, penalties, suits, fines, legal and investigation fees and expenses arising or related to any claim or action for injury, liability, or damage to any person, the environment, or the demised premises from Lessee's occupancy or use of the demised premises or from any breach on the part of Lessee of any conditions of this Lease, or from any act or omission of Lessee, its agents, contractors, employees, or invitees in or about the demised premises, except those arising out of the sole negligence or willful misconduct of Lessor, its officers, agents and employees. This indemnification of Lessor by Lessee includes, without limitation, costs incurred in connection

with any investigation of site conditions or any cleanup, remedial actions, removal or restoration work required or conducted by any federal, state, or local governmental agency or political subdivision because of Hazardous Materials (as defined in Section 16 below) caused by Lessee to be present on, under, or about the demised premises. Lessee's indemnity obligations as set forth in this Section 7 shall survive the expiration or termination of this Lease.

Section 8. **As Is.** Lessee agrees to take the demised premises in its present condition, "AS IS" and without any improvements or modifications required on the part of Lessor, except as provided in Section 5. Lessor makes no representation or warranty, express or implied in fact or by law, to Lessee as to the condition of the demised premises or the fitness of the demised premises for its intended use by Lessee.

Section 9. **Insurance.** Lessee shall carry insurance against claims for personal injury or death or property damage occurring in or about the demised premises with any limits that may reasonably be requested by Lessor, but not less than One Million Dollars (\$1,000,000) in the event of bodily injury or death of one person and not less than Two Million Dollars (\$2,000,000) in the event of bodily injury or death to any number of persons in any one accident and broad form property damage coverage of not less than One Million Dollars (\$1,000,000). All policies of insurance shall name Lessor as an additional insured by means of an endorsement which states that Lessee's insurance coverage is primary to all other coverage Lessor may have. Each policy shall also contain a waiver of subrogation rights in favor of Lessor and provide that Lessor be given at least thirty days' notice before any termination, cancellation or material modification of the policy. Certificates of Insurance, acceptable to Lessor, evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Lessor prior to the Possession Date. Upon request, Lessee shall provide Lessor copies of any policy required under this Agreement, including all endorsements thereto.

Section 10. **Default.** In the event of a breach by Lessee of any of the terms of this Lease, all rights of Lessee hereunder shall cease and terminate, and in addition to all other rights Lessor may have at law or in equity, Lessor may re-enter the demised premises and take possession thereof without notice and may remove any and all persons and property therefrom, and may also cancel and terminate this Lease; upon any such cancellation, all rights of Lessee in and to the demised premises shall cease and terminate.

Section 11. **Binding Effect.** This Lease is personal to the Lessee and Lessee agrees not to sublease, assign, sell, transfer, encumber, pledge or otherwise hypothecate any part of the Lease without the prior written consent of the Lessor, which consent may be withheld in the Lessor's sole and absolute discretion. Any purported assignment or sublease by Lessee of this Lease shall be void ab initio and a basis for immediate termination of this Lease. In the event that the Lessor shall provide such prior written consent to an assignment or sublease by Lessee, any such assignment or sublease shall not relieve Lessee of its obligations under this Lease. The covenants and conditions herein contained shall apply to and bind the heirs, legal

representatives, and permitted assigns of the parties hereto and covenants are to be construed as conditions of the Lease.

Section 12. **Right to Enter.** Lessor shall have the right to enter the demised premises to inspect the premises at reasonable times during Lessee's regular business hours, or at any time in case of emergency, to determine whether Lessee has complied with and is complying with the terms and conditions of this Lease. Lessor shall also have the right to enter the demised premises to cure any material breach that remains uncured by Lessee after reasonable notice and opportunity to cure. In addition, Lessor shall have the right to enter the demised premises at any time to respond to any emergency. Nothing in this Section shall be construed to be a limitation or restriction on the exercise of the Lessor's police power.

Section 13. **Governing Laws.** The terms of this Lease shall be interpreted under the laws of the State of Kansas.

Section 14. **Notices.** All notices required herein by or between the parties hereto shall be either hand delivered or deposited in the United States mail, postage prepaid, to the parties at their respective addresses shown below.

Section 15. **Attorney's Fees.** If any party named herein brings an action to enforce the terms hereof or to declare its rights hereunder, the prevailing party in any such action, on trial and appeal, shall be entitled to recover its costs and reasonable attorney's fees.

Section 16. **Amendments.** No provision of this Lease may be amended or modified except by an agreement in writing executed by both parties hereto.

Section 17. **Sole Agreement.** This Lease constitutes the sole agreement between the Lessor and the Lessee with respect to the demised premises.

IN WITNESS WHEREOF, the parties have executed the Lease the day and year written above.

**LANDLORD:**

**TENANT:**

**City Of Junction City, Kansas**  
700 North Jefferson  
Junction City, KS 66441

**Big Daddy Fireworks, L.L.C.**  
30 Arapaho  
Inman, KS 67502

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Phone # 620-728-9494

ATTEST:

\_\_\_\_\_  
Tyler Ficken, City Clerk

# LEASE

This Lease is made and entered on this 18 day of January, 2011, between the City of Junction City, Kansas herein referred to as "Lessor," and Big Daddy Fireworks, LLC, a corporation organized and existing under the laws of the State of Kansas, whose principle place of business is 30 Arapaho, Inman, KS 67502, herein referred to as "Lessee"

Section 1. **Leased Premises.** Lessor leases to lessee, the following real property pursuant to the conditions contained herein, to-wit:

Address- Parking Lot on NE corner of 6<sup>th</sup> St. and Franklin St.  
City, State, Zip - Junction City, KS 66441

Section 2. **Term.** The term of this Lease shall be from June 20, 2011 to July 8, 2011.

Section 3. **Rent.** It is agreed that Lessee shall pay rent to the lessor pursuant to the following.     \$3,000    

Section 4. **Use of Premises.** Lessee shall use the demised premises exclusively for the purpose of, and limited to the sale of fireworks to the general public. Lessee shall comply with all the laws, ordinances, rules and statutes appropriated governmental authorities affecting the sale of fireworks upon the demised premises during the term of the lease.

Section 5. **Utilities.** Lessor shall not provide utility connections.

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restoration work required or conducted by any federal, state, or local governmental agency or political subdivision because of Hazardous Materials (as defined in Section 16 below) caused by Lessee to be present on, under, or about the demised premises. Lessee's indemnity obligations as set forth in this Section 7 shall survive the expiration or termination of this Lease.

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Section 9. **Insurance.** Lessee shall carry insurance against claims for personal injury or death or property damage occurring in or about the demised premises with any limits that may reasonably be requested by Lessor, but not less than One Million Dollars (\$1,000,000) in the event of bodily injury or death of one person and not less than Two Million Dollars (\$2,000,000) in the event of bodily injury or death to any number of persons in any one accident and broad form property damage coverage of not less than One Million Dollars (\$1,000,000). All policies of insurance shall name Lessor as an additional insured by means of an endorsement which states that Lessee's insurance coverage is primary to all other coverage Lessor may have. Each policy shall also contain a waiver of subrogation rights in favor of Lessor and provide that Lessor be given at least thirty days' notice before any termination, cancellation or material modification of the policy. Certificates of Insurance, acceptable to Lessor, evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Lessor prior to the Possession Date. Upon request, Lessee shall provide Lessor copies of any policy required under this Agreement, including all endorsements thereto.

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IN WITNESS WHEREOF, the parties have executed the Lease the day and year written above.

**LANDLORD:**

**TENANT:**

**City Of Junction City, Kansas**  
700 North Jefferson  
Junction City, KS 66441

**Big Daddy Fireworks, L.L.C.**  
30 Arapaho  
Inman, KS 67502

By: \_\_\_\_\_  
Mayor

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

Phone # 620-728-9494

ATTEST:

\_\_\_\_\_  
Tyler Ficken, City Clerk

8b

**CITY OF JUNCTION CITY**

**CITY COMMISSION**

**AGENDA MEMO**

Meeting Date: January 18, 2011

**From:** Katie Logan, Lathrop & Gage LLP City Attorney

**Dated:** January 13, 2011

**Subject:** Mutual Confidentiality Agreement  
Capgemini, APAC Customer Services, Inc., Spirit of '76 and City  
of Junction City

**Discussion:**

Capgemini is in discussion with APAC Customer Services, Inc. about a sublease or assignment of the Capgemini real estate lease to APAC.

APAC has been shown the building and has had some discussions with the Kansas Department of Commerce.

Any sublease or assignment will require the consent of both Spirit of '76 and the City.

As part of the due diligence in considering approval of either a sublease or an assignment, Spirit and the City should obtain information from APAC, which may include nonpublic confidential information which would be considered a trade secret under Kansas law. Such information does not have to be disclosed under the Kansas Open Records Act.

The proposed agreement would allow APAC to provide such trade secret information to Spirit and the City without concern that Spirit or the City will make such information public.

The agreement only covers Confidential Information which would be considered a trade secret under KORA. I have explained to Capgemini and will explain to APAC, that in each case I can make a determination in advance whether information would be subject to the trade secret exemption under KORA.

The agreement is reasonable, is subject to KORA, and has been approved by the Spirit of '76 Board at its January 13, 2011 meeting.

Possible Motion:

I move to approve the Mutual Confidentiality Agreement between Capgemini America, Inc., APAC Customer Services, Inc., Spirit of '76 and the City.

Attachment: Mutual Confidentiality Agreement [note City signature block to be added]

## MUTUAL CONFIDENTIALITY AGREEMENT

This Mutual Confidentiality Agreement (this "Agreement") is made this \_\_\_\_ day of January, 2011, by and between Capgemini America, Inc., a corporation organized under the laws of the state of New Jersey with offices located at 623 Fifth Avenue, 33<sup>rd</sup> Floor, New York, NY 10022 ("Capgemini"), APAC Customer Services, Inc., an Illinois corporation with its principal office located at 2201 Waukegan Road, Suite 300, Bannockburn, IL 60015 ("APAC"), and Sprit of 76, Inc., a Kansas non-profit corporation, with its principal office located at 700 N. Jefferson, P.O. Box 287, Junction City, KS 66441, and the City of Junction City, Kansas (collectively, "City").

Capgemini, APAC and City desire to work together to advance and facilitate discussions and negotiations relating to potential business transactions between them; and

In order to facilitate such discussions and negotiations, it may be necessary or desirable for each party to disclose to the other parties certain confidential and proprietary material, information, data and other communications concerning the party's past, current, future and proposed or potential pricing, products services, operations, business forecasts, procurement requirements, plans, strategies, technologies and other information relevant to their respective businesses and to the Project (as defined below); and

Capgemini, APAC and City wish to define and agree upon terms and conditions governing the confidentiality of material for the purpose of maintaining the confidential business and technical information of the parties which each receives, prior to and from time to time hereafter, from the other during the course of discussions between them relating to the Project. Acknowledging the receipt of good and adequate consideration and intending to be legally bound, the parties agree as follows:

### 1. Definitions.

- (a) "Confidential Information" means information (including information belonging to any third party, including without limitation any affiliate, subsidiary or parent company of the Disclosing Party) related to the subject matter of the Project or the business of the Disclosing Party, which (i) derives economic value, actual or potential, from not being generally known to or readily ascertainable by other persons who can obtain economic value from the disclosure or use of the information, and (ii) is the subject of efforts by the Disclosing Party or owner of the third party Confidential Information that are reasonable under the circumstances to maintain the secrecy of the information, and (iii) is identified by either party as "Confidential" and/or "Proprietary" and clearly labeled as Confidential or Proprietary at the time of disclosure, or (iv) disclosed initially in non-written form and identified as Confidential or Proprietary at the time of disclosure, and, within ten (10) days following the initial disclosure is memorialized in writing and designated as Confidential or Proprietary in a written form delivered to the receiving party, or which, under all of the circumstances, ought reasonably be treated as confidential and/or proprietary, including the terms and conditions of this Agreement.
- (b) "Disclosing Party" is the party disclosing Confidential Information.
- (c) "Receiving Party" is the party receiving Confidential Information.
- (d) "Project" is the potential lease by APAC from Capgemini of certain property located in Junction City, Kansas.

2. Each party acknowledges that it has been informed of the confidential and proprietary nature of the other's Confidential Information. The Receiving Party shall not disclose the Confidential Information of the Disclosing Party except to employees or subcontractors who have a reasonable need to know the Confidential Information. The Receiving Party shall use the same degree of care

as it uses to protect the confidentiality of its own Confidential Information of like nature, but no less than a reasonable degree of care, to maintain in confidence the Confidential Information of the Disclosing Party. No use of any Confidential Information shall be made by the Receiving Party except as reasonably necessary in connection with the Project.

3. Confidential Information shall not include any information that:
  - (a) is at the time of disclosure, or thereafter becomes, through a source other than the Receiving Party, publicly known; or
  - (b) is subsequently learned from a third party that does not impose an obligation of confidentiality on the Receiving Party; or
  - (c) was known to the Receiving Party at the time of disclosure;
  - (d) is developed independently by the Receiving Party; or
  - (e) is received independently from a third party free to disclose such information to the Receiving Party.
4. This Agreement shall continue in force until the earlier of December 31, 2012 or its termination by either party upon five days' prior written notice. The obligations set forth herein shall survive the expiration or termination of this Agreement for a period of three (3) years from the date of the last disclosure of Confidential Information hereunder.
5. Because of the unique and proprietary nature of the Confidential or Proprietary Information, each party acknowledges that the breach of any obligation under this Agreement may cause or threaten irreparable harm to the non-breaching party. Accordingly, the parties agree that, in such event, any remedy at law for a breach including monetary remedies may be inadequate, and therefore the Disclosing Party shall be entitled to seek equitable relief to protect its interests, including but not limited to preliminary and permanent injunctive relief as well as monetary damages or any other legal remedy, which remedies shall be cumulative with and not exclusive of any other remedy or remedies. The requirement of this Section 5 will survive any termination of this Agreement.
6. All Confidential Information transmitted hereunder shall be and remain the property of the Disclosing Party, and all such information and any copies thereof shall be promptly returned to the Disclosing Party upon written request, or destroyed at the Receiving Party's option. Upon receipt of such request of the Disclosing Party, the Receiving Party shall also erase or destroy all Confidential Information of the other party or parties received from time to time hereafter in any computer memory or data storage apparatus. The Receiving Party may retain copies of the Confidential Information for its use in connection with the prosecution or defense of any dispute arising from this Agreement, management and/or archival purposes.
7. This Agreement is the entire agreement between the parties relating to the subject matter hereof and supersedes all prior agreements, written or oral, between the parties with respect to the subject matter hereof. This Agreement may be modified only by a writing signed by all parties. Neither this Agreement nor any right granted hereunder shall be assignable or otherwise transferable. If any term or provision of this Agreement shall be found to be illegal or unenforceable, then, notwithstanding that term, all other terms of this Agreement shall remain in full force and effect.

8. Disclosure of Confidential Information shall be permitted to the extent demanded by subpoena or other validly issued administrative or judicial process, including as required under the Kansas Open Record Act; provided that the Receiving Party shall promptly notify the Disclosing Party and tender to it, if it so elects, the defense of such demand. If requested by the Disclosing Party, the Receiving Party shall cooperate (at the expense of the Disclosing Party) in the defense of the demand. In addition, disclosure of Confidential Information shall be permitted to the extent disclosure is reasonably necessary in connection with any dispute, claim or action among the parties.
9. Nothing contained in this Agreement, nor any exchange of information hereunder, shall grant or confer upon any party any right, license or authority in or to the information exchanged.
10. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without reference to its choice of law principles.
11. Nothing contained in this Agreement shall be construed as obligating any party to disclose any particular information to the other party or to compel the parties to enter into any contractual relationship.
12. No term or provision of this Agreement shall be deemed waived, and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any party to or waiver of a breach by the other, whether express or implied, shall not constitute a consent to, waiver of or excuse for any other, different or subsequent breach.
13. Each party acknowledges that it has full power and authority to enter into and perform this Agreement, and that the individual executing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement. EACH PARTY FURTHER ACKNOWLEDGES THAT IT HAS READ THIS NON-DISCLOSURE AGREEMENT, UNDERSTANDS IT, AND AGREES TO BE BOUND BY IT.

This Agreement may be executed in separate counterparts, which together shall constitute a single instrument. This Agreement may be executed by facsimile or electronic signature, and any such facsimile or electronic signature by any party hereto shall be deemed to be an original signature and shall be binding on such party to the same extent as if such facsimile or electronic signature were an original signature

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first set forth above.

**APAC Customer Services, Inc.**

**Capgemini America, Inc.**

BY: \_\_\_\_\_  
Name:  
Title:

BY: \_\_\_\_\_  
Name:  
Title:

PL   
EXECUTION VERSION  
Office of General Counsel  
January 10, 2011

**Spirit of 76, Inc.**

BY: \_\_\_\_\_  
Name:  
Title:

Rev 051909