

**CITY OF EUDORA, KANSAS**

**Financial Statements**

**For the Year Ended December 31, 2015**

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CITY OF EUDORA, KANSAS  
Financial Statements  
For the Year Ended December 31, 2015

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## **INDEPENDENT AUDITOR'S REPORT**

Mayor and City Commission  
City of Eudora, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Eudora, Kansas (the City), as of and for the year ended December 31, 2015 and the related notes to the financial statement.

### *Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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

*Adverse Opinion on U.S. Generally Accepted Accounting Principles*

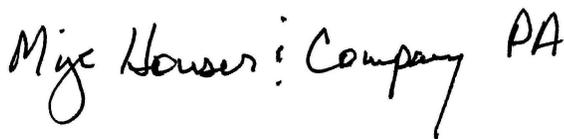
In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City as of December 31, 2015, or changes in financial position and cash flows thereof for the year then ended.

*Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City as of December 31, 2015, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget and summary of regulatory basis receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for additional analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

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

Certified Public Accountants

June 16, 2016  
Lawrence, KS

CITY OF EUDORA, KANSAS  
 Summary Statement of Receipts, Expenditures and Unencumbered Cash  
 Regulatory Basis  
 For the Year Ended December 31, 2015

Funds	Restated Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add: Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 1,401,850	\$ -	\$ 3,135,220	\$ 3,043,318	\$ 1,493,752	\$ 49,177	\$ 1,542,929
Special Purpose Funds:							
Special Street Maintenance	235,952	-	297,687	273,243	260,396	-	260,396
Capital Improvement	27,007	-	1,234,815	1,136,336	125,486	-	125,486
Special Park Fees	47,308	-	7,797	-	55,105	-	55,105
Public Assistance	372	-	402	487	287	-	287
Hamlin Scholarship	1,150	-	-	-	1,150	-	1,150
Equipment Reserve	56,482	-	20,268	46,203	30,547	-	30,547
Energy Management Grant	207	-	-	-	207	-	207
Efficiency Kansas Loan Program	118	-	125	-	243	-	243
Bond and Interest Fund:							
Bond and Interest	132,477	-	501,461	525,026	108,912	-	108,912
Capital Project Fund:							
Water Meter Project Fund	-	-	1,584,201	15,842	1,568,359	-	1,568,359
Business Funds:							
Water Utility	588,286	-	1,010,782	1,221,273	377,795	21,067	398,862
Sewer Utility	924,914	-	983,186	1,251,941	656,159	4,702	660,861
Electric Utility	2,146,113	-	4,548,010	4,542,985	2,151,138	289,730	2,440,868
Refuse Utility	109,943	-	402,942	401,272	111,613	31,207	142,820
Storm Drainage Utility	39,514	-	65,890	33,783	71,621	-	71,621
Total Reporting Entity (Excluding Agency Funds)	<u>\$ 5,711,693</u>	<u>\$ -</u>	<u>\$ 13,792,786</u>	<u>\$ 12,491,709</u>	<u>\$ 7,012,770</u>	<u>\$ 395,883</u>	<u>\$ 7,408,653</u>

Composition of Cash:

Kaw Valley Bank	Demand Account	\$ 4,236,518
	Time Deposit	1,319,725
	Clerk Revolving	2,843
	Municipal Court	19,307
	Total Kaw Valley Bank	<u>5,578,393</u>
Mutual Savings Association	Time Deposit	152,116
	Savings	35,893
	Total Mutual Savings Association	<u>188,009</u>
Central Bank of the Midwest	Time Deposit	109,971
	Total Douglas County Bank	<u>109,971</u>
US Bank	Escrow Account	1,568,359
	Total Douglas County Bank	<u>1,568,359</u>
Total Cash		7,444,732
Less: Agency Funds (Schedule 3)		<u>[36,079]</u>
Total Reporting Entity (Excluding Agency Funds)		<u>\$ 7,408,653</u>

CITY OF EUDORA, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

NOTE 1 - Summary of Significant Accounting Policies

Municipal Financial Reporting Entity

The City of Eudora, Kansas (the City) is a municipal corporation governed by a five-member commission. These financial statements present the City and any related municipal entities for which the City is considered to be financially accountable. The City has no related municipal entities.

Basis of Accounting

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

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

Regulatory Basis Fund Types

The following types of funds comprise the financial activities of the City for the year ended December 31, 2015:

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

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

Bond and Interest Fund - used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

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

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

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

CITY OF EUDORA, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget for the year ended December 31, 2015 was not amended.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

A legal operating budget is not required for capital project funds, and the following special purpose funds: Capital Improvement, Special Park Fees, Pond Retention Fees, Winchester Road Impact Fees, Public Assistance, Hamlin Scholarship, Equipment Reserve, Energy Management Grant and Efficiency Kansas Loan Program.

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

NOTE 2 - Deposits

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

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

CITY OF EUDORA, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

NOTE 2 - Deposits (Continued)

As of December 31, 2015, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturity</u>	<u>Rating</u>
		<u>Less than 1 year</u>	
Certificates of Deposit	\$ 1,581,812	\$ 1,581,812	NA
Total fair value	<u>\$ 1,581,812</u>	<u>\$ 1,581,812</u>	

*Concentration of credit risk.* State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The City has no designated "peak periods". All deposits were legally secured at December 31, 2015.

At December 31, 2015, the City's carrying amount of deposits was \$7,444,732 and the bank balance was \$7,501,718. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, \$547,980 was covered by federal depository insurance, \$1,568,359 was held in an escrow account and the balance of \$5,385,379 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

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

NOTE 3 - Defined Benefit Pension Plan

*Plan description* - The City participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.48% for KPERS and 21.36% for KP&F for the fiscal year ended December 31, 2015. Contributions to the pension plan from the City were \$153,113 for KPERS and \$106,344 for KP&F for the year ended December 31, 2015.

CITY OF EUDORA, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

NOTE 3 - Defined Benefit Pension Plan (Continued)

*Net Pension Liability.* At December 31, 2015, the City's proportionate share of the collective net pension liability reported by KPERS was \$1,135,704 and \$772,350 for KP&F. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and non-employer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publically available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

NOTE 4 - Long-Term Debt

*General Obligation Bonds.* The City issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds have been issued for both general government and business activities. These bonds are reported in the business funds if they are expected to be repaid from business fund receipts. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

General Obligation Bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year. General Obligation Bonds currently outstanding are as follows:

Purpose	Issuance Date	Maturity Date	Interest Rate	Original Amount	Balance December 31, 2015
Paid for by taxes:					
General Obligation Improvement Bonds, Series 2012-A	9/1/2012	9/1/2032	2.00-3.00%	\$ 2,840,000	\$ 2,475,000
General Obligation Refunding Bonds, Series 2013-A	2/14/2013	9/1/2026	2.00-2.125%	3,180,000	2,660,000
Paid for by revenues:					
General Obligation Bonds, Series 2010-A	10/1/2010	9/1/2030	3.25-5.00%	300,000	245,000
General Obligation Refunding Bonds, Series 2011-A	8/1/2011	10/1/2017	1.00-1.75%	810,000	225,000
General Obligation Refunding Bonds, Series 2013-B	6/26/2013	9/1/2028	2.00-3.125%	2,290,000	2,040,000
				<u>\$ 9,420,000</u>	<u>\$ 7,645,000</u>

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

Year Ending December 31,	Governmental Funds	Business Funds
2016	\$ 526,926	\$ 375,119
2017	468,626	284,606
2018	471,326	215,194
2019	473,826	211,906
2020	461,126	213,606
2021 - 2025	2,121,131	1,065,781
2026 - 2030	1,160,056	688,844
2031 - 2032	<u>371,050</u>	<u>-</u>
Total principal and interest	6,054,067	3,055,056
Less: Interest	<u>[919,067]</u>	<u>[545,056]</u>
Total principal	<u>\$ 5,135,000</u>	<u>\$ 2,510,000</u>

CITY OF EUDORA, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

NOTE 4 - Long-Term Debt (Continued)

*State Agency Loans.* The City has also obtained a loan from the State of Kansas (KDHE) to finance costs of water and sewer improvements. The loan agreement provides for a maximum principal of \$2,767,450 which includes \$2,098 of capitalized interest and loan service fees. The loan carries a gross interest rate of 2.57% and is payable in semi-annual installments beginning September 1, 2008 and ending March 1, 2028. Beginning September 1, 2014, the semi-annual installments are \$100,701 through March 1, 2028. Prior to September 1, 2014, the semi-annual installments vary between \$32,691 and \$91,455. The note outstanding at year end is as follows:

Purpose	Issuance Date	Maturity Date	Interest Rate	Original Amount	Balance December 31, 2015
Water and Sewer - KDHE loan, 2005	8/2/2005	3/1/2028	2.57%	\$ 2,767,450	\$ 2,141,338

Annual debt service requirements to maturity on the KDHE loan is as follows:

Year Ending December 31,	
2016	\$ 201,402
2017	201,402
2018	201,402
2019	201,402
2020	201,402
2021 - 2025	1,007,012
2026 - 2028	<u>503,506</u>
Total principal, interest, and service fees	2,517,528
Less: Interest and service fees	<u>[376,190]</u>
Total principal	<u>\$ 2,141,338</u>

*Temporary Notes.* A \$950,000 general obligation temporary note was issued on September 29, 2015 for economic development.

Annual debt service requirements to maturity on the temporary note is as follows:

Year Ending December 31,	
2016	\$ 19,713
2017	21,375
2018	21,375
2019	<u>971,375</u>
Total principal and interest	1,033,838
Less: Interest	<u>[83,838]</u>
Total principal	<u>\$ 950,000</u>

CITY OF EUDORA, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

NOTE 4 - Long-Term Debt (Continued)

*Changes in Long-term Debt.* During the year ended December 31, 2015, the following changes occurred in long-term liabilities:

	Balance January 1, 2015	Additions	Retirements	Refunding	Balance December 31, 2015	Interest Paid
Paid for by taxes:						
General obligation debt -						
Governmental funds	\$ 5,540,000	\$ -	\$ 405,000	\$ -	\$ 5,135,000	\$120,026
Temporary notes	-	950,000	-	-	950,000	-
Paid for by revenues:						
General obligation debt -						
Enterprise funds	2,805,000	-	295,000	-	2,510,000	75,081
State agency loans	2,284,915	-	143,577	-	2,141,338	57,806
<b>Totals</b>	<b>\$ 10,629,915</b>	<b>\$ 950,000</b>	<b>\$ 843,577</b>	<b>\$ -</b>	<b>\$ 10,736,338</b>	<b>\$252,913</b>

NOTE 5 - Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation pay benefits. Accumulated vacation carries over to the following year and will be paid upon termination or retirement. This liability for the years ending December 31, 2015 and 2014 totaled \$146,854 and \$115,438, respectively.

NOTE 6 - Risk Management

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

NOTE 7 - Capital Leases of Equipment

The City has entered into lease agreements as lessee for financing the acquisition of equipment.

During the year ended December 31, 2015, the following changes occurred in capital leases:

	Balance January 1, 2015	Additions	Retirements	Balance December 31, 2015	Interest Paid
Capital lease obligations -					
Governmental funds	\$ 8,598	\$ 51,883	\$ 26,826	\$ 33,655	\$ 516
Business funds	117,223	1,584,198	28,026	1,673,395	3,505
<b>Totals</b>	<b>\$ 125,821</b>	<b>\$ 1,636,081</b>	<b>\$ 54,852</b>	<b>\$ 1,707,050</b>	<b>\$ 4,021</b>

CITY OF EUDORA, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

NOTE 7 - Capital Leases of Equipment (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2015, are as follows:

Year Ending December 31,	Governmental Funds	Business Funds
2016	\$ 18,228	\$ 159,171
2017	18,228	159,169
2018	-	159,170
2019	-	127,639
2020	-	127,639
2021-2025	-	638,197
2026-2030	-	638,197
Less: amount representing interest	<u>[2,801]</u>	<u>[335,787]</u>
Present value of minimum lease payments	<u>\$ 33,655</u>	<u>\$ 1,673,395</u>

NOTE 8 - Interfund Transfers

A reconciliation of all transfers for 2015 follows:

	<u>In</u>	<u>Out</u>	<u>Regulatory Authority</u>
General Fund	\$ 459,760	\$ 70,200	KSA 12-825d, 12-1,117, 118 & 119
Special Street Maintenance Fund	50,000	-	KSA 12-1,119
Capital Improvement Fund	189,485	-	KSA 12-825d, 12-1,118
Equipment Reserve Fund	20,200	-	KSA 12-1,117
Water Utility Fund	-	80,000	KSA 12-825d
Sewer Utility Fund	-	264,485	KSA 12-825d
Electric Utility Fund	-	264,760	KSA 12-825d
Refuse Utility Fund	-	40,000	KSA 12-825d
Total	<u>\$ 719,445</u>	<u>\$ 719,445</u>	

NOTE 9 - Other Post Employment Benefits

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

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

CITY OF EUDORA, KANSAS  
Notes to the Financial Statements  
For the Year Ended December 31, 2015

NOTE 10 - Restatements

During 2015, the City elected to close out the Pond Retention Fees Fund and the Winchester Road Impact Fees Fund and move their respective cash balances to the Special Street Maintenance Fund. These changes in presentation resulted in the following restatements to beginning unencumbered cash.

	<u>Street Maintenance Fund</u>	<u>Retention Fees Fund</u>	<u>Road Impact Fees Fund</u>
Unencumbered Cash Balance December 31, 2014	\$ 221,526	\$ 1,226	\$ 13,200
Adjustment to Close Out Funds	<u>14,426</u>	<u>[1,226]</u>	<u>[13,200]</u>
Unencumbered Cash Balance December 31, 2014, Restated	<u>\$ 235,952</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 11 - Subsequent Event

On April 25, 2016, the City entered into a capital lease agreement in the amount of \$26,755 for the purchase of a police vehicle. The lease has an interest rate of 5.50% and the City will be obligated to make annual payments of \$9,400 from May 3, 2016 to May 3, 2018.

CITY OF EUDORA, KANSAS  
 Summary of Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance Positive [Negative]</u>
General Fund	\$ 4,222,459	\$ -	\$ 4,222,459	\$ 3,043,318	\$ 1,179,141
Special Purpose Funds:					
Special Street Maintenance	336,158	-	336,158	273,243	62,915
Bond and Interest Fund:					
Bond and Interest	617,526	-	617,526	525,026	92,500
Business Funds:					
Water Utility	1,626,210	-	1,626,210	1,221,273	404,937
Sewer Utility	1,630,305	-	1,630,305	1,251,941	378,364
Electric Utility	6,664,663	-	6,664,663	4,542,985	2,121,678
Refuse Utility	492,389	-	492,389	401,272	91,117
Storm Drainage Utility	99,705	-	99,705	33,783	65,922

See independent auditor's report on the financial statements.

SCHEDULE 2-1

CITY OF EUDORA, KANSAS  
 General Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes	\$ 1,954,232	\$ 1,911,136	\$ 43,096
Franchise tax	128,955	139,125	[10,170]
Licenses	26,593	-	26,593
Recreation and aquatic center fees	276,280	263,250	13,030
Fines and fees	148,656	157,500	[8,844]
Interest	7,772	10,000	[2,228]
Use of property	40,695	-	40,695
Charges for services	810	-	810
Transfers in	459,760	459,760	-
Grant proceeds	30,527	-	30,527
Miscellaneous	<u>60,940</u>	<u>7,500</u>	<u>53,440</u>
Total Receipts	<u>3,135,220</u>	<u>\$ 2,948,271</u>	<u>\$ 186,949</u>
Expenditures			
General Government	334,326	\$ 1,408,929	\$ 1,074,603
Planning and Zoning	288,078	208,036	[80,042]
Streets and Cemetery	306,438	320,646	14,208
Fire/EMS Department	325,887	326,272	385
Parks	33,926	38,628	4,702
Police Department/Municipal Court	1,143,891	1,207,122	63,231
Recreation	540,572	536,626	[3,946]
Transfer Out	<u>70,200</u>	<u>176,200</u>	<u>106,000</u>
Total Expenditures	<u>3,043,318</u>	<u>\$ 4,222,459</u>	<u>\$ 1,179,141</u>
Receipts Over [Under] Expenditures	91,902		
Unencumbered Cash, Beginning	<u>1,401,850</u>		
Unencumbered Cash, Ending	<u>\$ 1,493,752</u>		

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS  
Special Street Maintenance Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes	\$ 164,399	\$ 160,000	\$ 4,399
Intergovernmental	16,503	16,700	[197]
Federal aid	64,285	-	64,285
Transfers in	50,000	50,000	-
Miscellaneous	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total Receipts	<u>297,687</u>	<u>\$ 226,700</u>	<u>\$ 70,987</u>
Expenditures			
Commodities	<u>273,243</u>	<u>\$ 336,158</u>	<u>\$ 62,915</u>
Total Expenditures	<u>273,243</u>	<u>\$ 336,158</u>	<u>\$ 62,915</u>
Receipts Over [Under] Expenditures	<u>24,444</u>		
Unencumbered Cash, Beginning (as originally stated)	221,526		
Prior period adjustment	<u>14,426</u>		
Unencumbered Cash, Beginning (restated)	<u>235,952</u>		
Unencumbered Cash, Ending	<u>\$ 260,396</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2-3

CITY OF EUDORA, KANSAS  
 Capital Improvement Fund  
 Schedule of Receipts and Expenditures - Actual\*  
 Regulatory Basis  
 For the Year Ended December 31, 2015

Receipts		
Taxes		\$ 24,091
Use of money and property		1,224
Grant proceeds		58,491
Reimbursements		7,534
Temporary note proceeds		953,990
Transfers in		<u>189,485</u>
 Total Receipts		 <u>1,234,815</u>
 Expenditures		
Capital outlay		<u>1,136,336</u>
 Total Expenditures		 <u>1,136,336</u>
 Receipts Over [Under] Expenditures		 98,479
 Unencumbered Cash, Beginning		 <u>27,007</u>
 Unencumbered Cash, Ending		 <u>\$ 125,486</u>

\* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS  
 Special Park Fees Fund  
 Schedule of Receipts and Expenditures - Actual\*  
 Regulatory Basis  
 For the Year Ended December 31, 2015

Receipts		
Impact fees		\$ 1,950
Taxes		3,810
Use of money and property		189
Miscellaneous		<u>1,848</u>
 Total Receipts		 <u>7,797</u>
 Expenditures		
Transfers out		<u>-</u>
 Total Expenditures		 <u>-</u>
 Receipts Over [Under] Expenditures		 7,797
 Unencumbered Cash, Beginning		 <u>47,308</u>
 Unencumbered Cash, Ending		 <u><u>\$ 55,105</u></u>

\* This fund is not required to be budgeted.

SCHEDULE 2-5

CITY OF EUDORA, KANSAS  
 Pond Retention Fees Fund  
 Schedule of Receipts and Expenditures - Actual\*  
 Regulatory Basis  
 For the Year Ended December 31, 2015

Receipts	
Taxes	\$ <u>          -</u>
Total Receipts	<u>          -</u>
Expenditures	
Capital outlay	<u>          -</u>
Total Expenditures	<u>          -</u>
Receipts Over [Under] Expenditures	<u>          -</u>
Unencumbered Cash, Beginning (as originally stated)	1,226
Prior period adjustment	<u>          [1,226]</u>
Unencumbered Cash, Beginning (restated)	<u>          -</u>
Unencumbered Cash, Ending	<u><u>          -</u></u>

\* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS  
 Winchester Road Impact Fees Fund  
 Schedule of Receipts and Expenditures - Actual\*  
 Regulatory Basis  
 For the Year Ended December 31, 2015

Receipts		
Miscellaneous		\$ <u>          -</u>
Total Receipts		<u>          -</u>
Expenditures		
Commodities		<u>          -</u>
Total Expenditures		<u>          -</u>
Receipts Over [Under] Expenditures		<u>          -</u>
Unencumbered Cash, Beginning (as originally stated)		13,200
Prior period adjustment		<u>      [13,200]</u>
Unencumbered Cash, Beginning (restated)		<u>          -</u>
Unencumbered Cash, Ending		<u><u>          -</u></u>

\* This fund is not required to be budgeted.

SCHEDULE 2-7

CITY OF EUDORA, KANSAS  
Public Assistance Fund  
Schedule of Receipts and Expenditures - Actual\*  
Regulatory Basis  
For the Year Ended December 31, 2015

Receipts	
Miscellaneous	<u>\$ 402</u>
Total Receipts	<u>402</u>
Expenditures	
Miscellaneous	<u>487</u>
Total Expenditures	<u>487</u>
Receipts Over [Under] Expenditures	[85]
Unencumbered Cash, Beginning	<u>372</u>
Unencumbered Cash, Ending	<u>\$ 287</u>

\* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS  
 Hamlin Scholarship Fund  
 Schedule of Receipts and Expenditures - Actual\*  
 Regulatory Basis  
 For the Year Ended December 31, 2015

Receipts			
Donations		\$	-
			-
Total Receipts			-
Expenditures			
Scholarships			-
Total Expenditures			-
Receipts Over [Under] Expenditures			-
Unencumbered Cash, Beginning			1,150
Unencumbered Cash, Ending			\$ 1,150

\* This fund is not required to be budgeted.

SCHEDULE 2-9

CITY OF EUDORA, KANSAS  
 Equipment Reserve Fund  
 Schedule of Receipts and Expenditures - Actual\*  
 Regulatory Basis  
 For the Year Ended December 31, 2015

Receipts		
Transfers in	\$	20,200
Use of money and property		<u>68</u>
Total Receipts		<u>20,268</u>
Expenditures		
Capital outlay		<u>46,203</u>
Total Expenditures		<u>46,203</u>
Receipts Over [Under] Expenditures		[25,935]
Unencumbered Cash, Beginning		<u>56,482</u>
Unencumbered Cash, Ending	\$	<u>30,547</u>

\* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS  
 Energy Management Grant Fund  
 Schedule of Receipts and Expenditures - Actual\*  
 Regulatory Basis  
 For the Year Ended December 31, 2015

Receipts		
Intergovernmental		\$ <u>          -</u>
Total Receipts		<u>          -</u>
Expenditures		
Personnel		<u>          -</u>
Total Expenditures		<u>          -</u>
Receipts Over [Under] Expenditures		-
Unencumbered Cash, Beginning		<u>          207</u>
Unencumbered Cash, Ending		<u>\$        207</u>

\* This fund is not required to be budgeted.

SCHEDULE 2-11

CITY OF EUDORA, KANSAS  
Efficiency Kansas Loan Program Fund  
Schedule of Receipts and Expenditures - Actual\*  
Regulatory Basis  
For the Year Ended December 31, 2015

Receipts	
Intergovernmental	<u>\$ 125</u>
Total Receipts	<u>125</u>
Expenditures	
Loan payments	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over [Under] Expenditures	125
Unencumbered Cash, Beginning	<u>118</u>
Unencumbered Cash, Ending	<u>\$ 243</u>

\* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS  
 Bond and Interest Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes	\$ 501,461	\$ 489,280	\$ 12,181
Total Receipts	<u>501,461</u>	<u>\$ 489,280</u>	<u>\$ 12,181</u>
Expenditures			
Debt service	<u>525,026</u>	<u>\$ 617,526</u>	<u>\$ 92,500</u>
Total Expenditures	<u>525,026</u>	<u>\$ 617,526</u>	<u>\$ 92,500</u>
Receipts Over [Under] Expenditures	[23,565]		
Unencumbered Cash, Beginning	<u>132,477</u>		
Unencumbered Cash, Ending	<u>\$ 108,912</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2-13

CITY OF EUDORA, KANSAS  
 Water Meter Project Fund  
 Schedule of Receipts and Expenditures - Actual\*  
 Regulatory Basis  
 For the Year Ended December 31, 2015

Receipts		
Lease proceeds		\$ 1,584,198
Interest		<u>3</u>
Total Receipts		<u>1,584,201</u>
Expenditures		
Capital outlay		<u>15,842</u>
Total Expenditures		<u>15,842</u>
Receipts Over [Under] Expenditures		1,568,359
Unencumbered Cash, Beginning		<u>-</u>
Unencumbered Cash, Ending		<u>\$ 1,568,359</u>

\* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS  
Water Utility Fund  
Schedule of Receipts and Expenditures - Actual and Budget  
Regulatory Basis  
For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 1,000,595	\$ 1,035,150	\$ [34,555]
Licenses and permits	7,600	600	7,000
Impact fees	2,000	-	2,000
Use of money and property	242	149	93
Miscellaneous	<u>345</u>	<u>-</u>	<u>345</u>
Total Receipts	<u>1,010,782</u>	<u>\$ 1,035,899</u>	<u>\$ [25,117]</u>
Expenditures			
Personnel	437,847	\$ 478,831	\$ 40,984
Contractual services	301,138	171,779	[129,359]
Commodities	195,625	198,248	2,623
Capital outlay	19,686	501,408	481,722
Sales tax	5,602	14,569	8,967
Debt service	181,375	181,375	-
Transfers out	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Total Expenditures	<u>1,221,273</u>	<u>\$ 1,626,210</u>	<u>\$ 404,937</u>
Receipts Over [Under] Expenditures	[210,491]		
Unencumbered Cash, Beginning	<u>588,286</u>		
Unencumbered Cash, Ending	<u>\$ 377,795</u>		

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS  
 Sewer Utility Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 955,724	\$ 986,990	\$ [31,266]
Use of money and property	1,977	200	1,777
Impact fees	14,200	-	14,200
Miscellaneous	<u>11,285</u>	<u>-</u>	<u>11,285</u>
Total Receipts	<u>983,186</u>	<u>\$ 987,190</u>	<u>\$ [4,004]</u>
Expenditures			
Personnel	386,546	\$ 383,857	\$ [2,689]
Contractual services	114,502	104,650	[9,852]
Commodities	53,000	97,750	44,750
Capital outlay	43,319	578,959	535,640
Debt service	390,089	390,089	-
Transfers out	<u>264,485</u>	<u>75,000</u>	<u>[189,485]</u>
Total Expenditures	<u>1,251,941</u>	<u>\$ 1,630,305</u>	<u>\$ 378,364</u>
Receipts Over [Under] Expenditures	[268,755]		
Unencumbered Cash, Beginning	<u>924,914</u>		
Unencumbered Cash, Ending	<u>\$ 656,159</u>		

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS  
 Electric Utility Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 4,537,450	\$ 4,562,737	\$ [25,287]
Licenses and permits	5,853	4,000	1,853
Use of money and property	4,707	1,000	3,707
Miscellaneous	<u>-</u>	<u>500</u>	<u>[500]</u>
Total Receipts	<u>4,548,010</u>	<u>\$ 4,568,237</u>	<u>\$ [20,227]</u>
Expenditures			
Personnel	670,405	\$ 724,931	\$ 54,526
Contractual services	3,236,763	3,271,342	34,579
Commodities	76,801	94,200	17,399
Capital outlay	185,466	2,202,430	2,016,964
Sales tax	108,790	107,000	[1,790]
Transfers out	<u>264,760</u>	<u>264,760</u>	<u>-</u>
Total Expenditures	<u>4,542,985</u>	<u>\$ 6,664,663</u>	<u>\$ 2,121,678</u>
Receipts Over [Under] Expenditures	5,025		
Unencumbered Cash, Beginning	<u>2,146,113</u>		
Unencumbered Cash, Ending	<u>\$ 2,151,138</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2-17

CITY OF EUDORA, KANSAS  
 Refuse Utility Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 402,942	\$ 387,950	\$ 14,992
Total Receipts	<u>402,942</u>	<u>\$ 387,950</u>	<u>\$ 14,992</u>
Expenditures			
Contractual services	361,272	\$ 344,500	\$ [16,772]
Commodities	-	5,250	5,250
Capital outlay	-	102,639	102,639
Transfers out	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total Expenditures	<u>401,272</u>	<u>\$ 492,389</u>	<u>\$ 91,117</u>
Receipts Over [Under] Expenditures	1,670		
Unencumbered Cash, Beginning	<u>109,943</u>		
Unencumbered Cash, Ending	<u>\$ 111,613</u>		

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS  
 Storm Drainage Utility Fund  
 Schedule of Receipts and Expenditures - Actual and Budget  
 Regulatory Basis  
 For the Year Ended December 31, 2015

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 65,890	\$ 63,000	\$ 2,890
Total Receipts	<u>65,890</u>	<u>\$ 63,000</u>	<u>\$ 2,890</u>
Expenditures			
Commodities	<u>33,783</u>	<u>\$ 99,705</u>	<u>\$ 65,922</u>
Total Expenditures	<u>33,783</u>	<u>\$ 99,705</u>	<u>\$ 65,922</u>
Receipts Over [Under] Expenditures	32,107		
Unencumbered Cash, Beginning	<u>39,514</u>		
Unencumbered Cash, Ending	<u>\$ 71,621</u>		

See independent auditor's report on the financial statements.

SCHEDULE 3

CITY OF EUDORA, KANSAS  
 Summary of Receipts and Disbursements  
 Agency Funds  
 Regulatory Basis  
 For the Year Ended December 31, 2015

<u>FUNDS</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Payroll clearing	\$ 13,282	\$ 647	\$ -	\$ 13,929
Clerk revolving fund	1,198	1,645	-	2,843
Municipal court bonds fund	<u>25,525</u>	<u>11,600</u>	<u>17,818</u>	<u>19,307</u>
 Total Agency Funds	 <u>\$ 40,005</u>	 <u>\$ 13,892</u>	 <u>\$ 17,818</u>	 <u>\$ 36,079</u>

See independent auditor's report on the financial statements.