

CITY OF EUDORA, KANSAS

Financial Statements

Year ended December 31, 2022

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CITY OF EUDORA, KANSAS
Financial Statements
Year ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Mayor and City Commission
City of Eudora, Kansas

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

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, 2022 and the related notes to the financial statement.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis of Adverse and Unmodified Opinions" section of our report, the accompanying 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, 2022, or the changes in financial position and cash flows thereof for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying 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, 2022, 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.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statement" section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse and unmodified opinions.

Matter Giving Rise to Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed 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.

Responsibilities of Management 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.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 and individual fund schedules of regulatory basis receipts and expenditures-actual and budget, and the schedule of receipts and disbursements-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however, are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2023, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

June 21, 2023

CITY OF EUDORA, KANSAS
Summary Statement of Receipts, Expenditures and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2022

Funds	Beginning	Prior	Receipts	Expenditures	Ending	Add:	Ending
	Unencumbered	Period			Unencumbered	Outstanding	
	Cash Balance	Adjustment			Cash Balance	Encumbrances and Accounts Payable	Balance
General Fund	\$ 2,100,604	\$ -	\$ 5,322,982	\$ 5,093,087	\$ 2,330,499	\$ 60,372	\$ 2,390,871
Special Purpose Funds:							
Special Street Maintenance	158,883	-	575,822	560,284	174,421	-	174,421
Capital Improvement	1,011,552	-	824,102	1,191,731	643,923	-	643,923
Special Park Fees	91,291	-	17,363	9,786	98,868	-	98,868
Public Assistance	242	-	242	484	-	58	58
Equipment Reserve	139,746	-	777,510	791,334	125,922	12,041	137,963
Energy Management Grant	207	-	-	-	207	-	207
Efficiency Kansas Loan Program	531	-	48	-	579	-	579
ARPA	489,189	-	489,189	685,121	293,257	1,500	294,757
STAR Bond Project	-	-	733,800	367,605	366,195	39,175	405,370
TIF	-	-	73,988	-	73,988	-	73,988
Fight Opioid Addiction	-	-	1,571	1,500	71	-	71
MIH Grant	-	-	40,000	-	40,000	-	40,000
Bond and Interest Fund:							
Bond and Interest	348,432	-	537,722	578,940	307,214	-	307,214
Capital Project Fund:							
Nottingham & Church Street Project	1,778,302	-	899,644	880,319	1,797,627	165,356	1,962,983
KDOT 10th Street Sidewalk Grant	22,767	-	576,950	660,749	[61,032]	450	[60,582]
Business Funds:							
Water Utility	718,285	-	1,494,980	1,435,528	777,737	8,985	786,722
Sewer Utility	3,467,757	-	1,442,007	3,548,281	1,361,483	464,026	1,825,509
Electric Utility	2,775,654	-	5,227,982	4,892,906	3,110,730	9,101	3,119,831
Refuse Utility	170,997	-	599,750	593,084	177,663	44,820	222,483
Storm Drainage Utility	160,589	-	136,897	110,871	186,615	-	186,615
Total Reporting Entity (Excluding Agency Funds)	\$ 13,435,028	\$ -	\$ 19,772,549	\$ 21,401,610	\$ 11,805,967	\$ 805,884	\$ 12,611,851

Composition of Cash:

Kaw Valley Bank	Demand Account	\$ 11,021,185
	Time Deposit	1,319,725
	Municipal Court	18,495
	Total Kaw Valley Bank	<u>12,359,405</u>
Mutual Savings Association	Time Deposit	188,009
	Total Mutual Savings Association	<u>188,009</u>
Central Bank of the Midwest	Time Deposit	110,000
	Total Central Bank of the Midwest	<u>110,000</u>
Total Cash		12,657,414
Less: Agency Funds (Schedule 3)		<u>[45,563]</u>
Total Reporting Entity (Excluding Agency Funds)		<u>\$ 12,611,851</u>

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

CITY OF EUDORA, KANSAS
Financial Statements
Year ended December 31, 2022

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 government 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 City 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 City 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, 2022:

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

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

Agency Fund - used to report assets held by the City in a purely custodial capacity (i.e. payroll clearing fund, county treasure tax collection accounts, etc.)

CITY OF EUDORA, KANSAS
Financial Statements
Year ended December 31, 2022

NOTE 1 - Summary of Significant Accounting Policies

Budgetary Information

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

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

If the City is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The City did hold a revenue neutral rate hearing for this year.

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, 2022 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 schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. 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, Public Assistance, Equipment Reserve, Energy Management Grant, Efficiency Kansas Loan Program, ARPA, STAR Bond Project, TIF, Fight Opioid Addiction, and MIH Grant.

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

NOTE 2 - Deposits and Investments

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. As of December 31, 2022, the City held no such investments.

CITY OF EUDORA, KANSAS
Financial Statements
Year ended December 31, 2022

NOTE 2 - Deposits and Investments (Continued)

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."

At December 31, 2022, the City's carrying amount of deposits was \$12,657,414 and the bank balance was \$12,761,018. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$548,009 was covered by federal depository insurance and \$12,213,009 was collateralized with securities held by the pledging financial institutions' agents in the City's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The City had no investments as of December 31, 2022.

NOTE 3 - Retirement 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 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. 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 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.90% for KPERS and 22.99% for KP&F the fiscal year ended December 31, 2022. Contributions to the pension plan from the City were \$237,066 for KPERS and \$195,429 for KP&F for the year ended December 31, 2022.

Net Pension Liability. At December 31, 2022, the City's proportionate share of the collective net pension liability reported by KPERS was \$2,068,978 and \$2,244,387 for KP&F. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. 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 of KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in these financial statements.

CITY OF EUDORA, KANSAS
Financial Statements
Year ended December 31, 2022

NOTE 3 - Retirement Plan

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 publicly available on the KPERS website at www.kpers.org or can be obtained as described above.

NOTE 4 - Long-Term Debt

Changes in Long-term Debt. During the year ended December 31, 2022, the following changes occurred in long-term liabilities:

<u>Issue</u>	Balance January 1, <u>2022</u>	<u>Additions</u>	<u>Retirements</u>	Balance December 31, <u>2022</u>	Interest <u>Paid</u>
General Obligation Bonds	\$ 6,105,000	\$ -	\$ 775,000	\$ 5,330,000	\$173,620
Temporary notes	8,300,000	-	-	8,300,000	110,252
State agency loans	2,061,260	-	212,130	1,849,130	49,573
Finance Leases	1,345,818	156,602	193,636	1,308,784	35,741
Totals	<u>\$17,812,078</u>	<u>\$ 156,602</u>	<u>\$1,180,766</u>	<u>\$ 16,787,914</u>	<u>\$ 369,186</u>

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 issues 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 not been issued to refund both general obligation and revenue bonds.

General obligation bonds currently outstanding are as follows:

<u>Issue</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	Balance December 31, <u>2022</u>
Paid for by taxes:					
Improvement Bonds, Series 2012-A	9/1/2012	9/1/2032	2.00-3.00%	\$2,840,000	\$ 1,570,000
Refunding Bonds, Series 2013-A	2/14/2013	9/1/2026	2.00-2.125%	3,180,000	935,000
Series 2019-A	9/1/2019	9/1/2039	4.75%	995,000	<u>995,000</u>
Total paid for by taxes					<u>3,500,000</u>
Paid for by revenues:					
Series 2013-B	6/26/2013	9/1/2028	2.00-3.125%	2,290,000	1,035,000
Series 2016-A	9/15/2016	9/1/2031	2.50-2.00%	1,410,000	<u>795,000</u>
Total paid for by revenues					<u>1,830,000</u>
Total General Obligation Bonds					<u>\$ 5,330,000</u>

CITY OF EUDORA, KANSAS
Financial Statements
Year ended December 31, 2022

NOTE 4 - Long-Term Debt (Continued)

The annual debt service requirements to maturity for general obligation bonds are as follows:

Paid for by taxes:				Paid for by utility revenues:			
Year Ending				Year Ending			
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 360,000	\$ 106,589	\$ 466,589	2023	\$ 265,000	\$ 46,306	\$ 311,306
2024	370,000	99,389	469,389	2024	280,000	39,931	319,931
2025	385,000	91,989	476,989	2025	285,000	33,256	318,256
2026	395,000	83,759	478,759	2026	290,000	25,856	315,856
2027	210,000	75,253	285,253	2027	245,000	18,306	263,306
2028 - 2032	1,170,000	269,708	1,439,708	2028 - 2032	465,000	19,781	484,781
2033 - 2037	415,000	107,113	522,113	2033 - 2037	-	-	-
2038 - 2039	195,000	14,013	209,013	2038 - 2039	-	-	-
	<u>\$3,500,000</u>	<u>\$847,813</u>	<u>\$4,347,813</u>		<u>\$1,830,000</u>	<u>\$183,436</u>	<u>\$2,013,436</u>

Temporary Notes. The following table details the City's temporary notes debt at December 31, 2022.

Temporary notes currently outstanding are as follows:

<u>Issue</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance December 31, 2022</u>
Paid for by taxes:					
G.O. Temporary Note Series 2020-A	10/15/2020	9/1/2024	0.50%	\$5,815,000	\$ 5,815,000
G.O. Temporary Note Series 2021-A	7/29/2021	9/1/2023	3.00%	2,485,000	2,485,000
					<u>\$ 8,300,000</u>

The annual debt service requirement to maturity for the temporary notes are as follows:

Paid for by taxes:			
Year Ending			
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,485,000	\$ 103,625	\$2,588,625
2024	5,815,000	29,075	5,844,075
	<u>\$ 8,300,000</u>	<u>\$ 132,700</u>	<u>\$8,432,700</u>

State Agency Loans. The City has also obtained two loans from the State of Kansas (KDHE) to finance costs of water and sewer improvements.

State agency loans currently outstanding are as follows:

<u>Issue</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance December 31, 2022</u>
Wastewater Improvements	8/2/2005	3/1/2028	2.57%	\$2,767,450	\$ 1,026,759
Water Improvements	5/10/2017	2/1/2038	2.33%	1,050,000	822,371
					<u>\$ 1,849,130</u>

CITY OF EUDORA, KANSAS
Financial Statements
Year ended December 31, 2022

NOTE 4 - Long-Term Debt (Continued)

The annual debt service requirements to maturity for the state agency loans are as follows:

Paid for by taxes: Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 217,535	\$ 44,168	\$ 261,703
2024	223,061	38,642	261,703
2025	228,728	32,975	261,703
2026	234,538	27,165	261,703
2027	240,497	21,206	261,703
2028 - 2032	342,888	59,420	402,308
2033 - 2037	273,473	28,127	301,600
2038 - 2039	<u>88,410</u>	<u>2,068</u>	<u>90,478</u>
	<u>\$ 1,849,130</u>	<u>\$ 253,771</u>	<u>\$ 2,102,901</u>

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

Finance leases currently outstanding are as follows:

<u>Issue</u>	<u>Issuance Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>December 31, 2022</u>
Paid for by utility revenues:					
Water Meters	11/20/2015	11/1/2030	2.54%	\$ 1,584,198	\$ 918,654
Loader	2/28/2020	2/28/2023	3.13%	81,186	27,914
Digger	4/1/2020	4/1/2025	3.13%	332,374	205,614
Bucket Truck	3/4/2022	3/4/2026	2.74%	156,602	156,602
					<u>\$ 1,308,784</u>

The annual debt service requirements to maturity for the finance leases are as follows:

Year Ending <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 236,744	\$ 34,502	\$ 271,246
2024	214,651	27,794	242,445
2025	220,661	21,785	242,446
2026	153,890	15,618	169,508
2027	116,048	11,591	127,639
2028 - 2030	<u>366,790</u>	<u>16,129</u>	<u>382,919</u>
	<u>\$ 1,308,784</u>	<u>\$ 127,419</u>	<u>\$ 1,436,203</u>

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 year ending December 31, 2022 totaled \$123,108.

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, for which the City has carried commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

CITY OF EUDORA, KANSAS
 Financial Statements
 Year ended December 31, 2022

NOTE 7 - Interfund Transfers

A reconciliation of transfers for 2022 follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Regulatory Authority</u>
Refuse Utility	General	\$ 40,000	K.S.A. 12-825d
Electric Utility	General	792,000	K.S.A. 12-825d
Water Utility	General	167,000	K.S.A. 12-825d
Sewer Utility	General	167,000	K.S.A. 12-825d
General	Capital Improvement	217,241	K.S.A. 12-1,118
General	STAR Bond Project	90,000	Council motion
General	MIH Grant	40,000	Grant agreement
Storm Drainage Utility	Special Street Maintenance	100,000	K.S.A. 12-1,119
Capital Improvement	Special Street Maintenance	205,000	K.S.A. 12-1,118
Capital Improvement	KDOT 10th Street Sidewalk Grant	552,000	K.S.A. 12-1,118
Sewer Utility	Equipment Reserve	293,333	K.S.A. 12-1,117
Grants	Equipment Reserve	255,000	K.S.A. 12-1,117
Grants	STAR Bond Project	393,800	Council motion
Capital Improvement	STAR Bond Project	250,000	K.S.A. 12-1,118
		<u>\$3,562,374</u>	

NOTE 8 - Promissory Note

On September 28, 2020, the City entered into an agreement with Legacy Restaurant Group, LLC to sell certain real estate located within City limits, the location of which is a portion of the Southwest corner of Church Street and East 15th Street, known as the Nottingham Development for \$520,000. The Promissory Note obtained by Legacy Restaurant Group, LLC carries an interest rate of 4.50% and the balance remaining as of December 31, 2022 is \$286,629.

NOTE 9 - Other Long-Term Obligations from Operations

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

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

Death and Disability Other Post-Employment Benefits. As provided by K.S.A. 74-4927, disabled members in the Kansas Public Employees Retirement System (KPERs) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. The employer contribution rate is set at 1% for the year ended December 31, 2022.

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CITY OF EUDORA, KANSAS
 Summary of Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022

<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	\$ 6,189,970	\$ -	\$ 6,189,970	\$ 5,093,087	\$ [1,096,883]
Special Purpose Funds:					
Special Street Maintenance	705,750	-	705,750	560,284	[145,466]
Bond and Interest Fund:					
Bond and Interest	703,095	-	703,095	578,940	[124,155]
Business Funds:					
Water Utility	1,793,997	-	1,793,997	1,435,528	[358,469]
Sewer Utility	4,225,751	-	4,225,751	3,548,281	[677,470]
Electric Utility	7,574,158	-	7,574,158	4,892,906	[2,681,252]
Refuse Utility	700,464	-	700,464	593,084	[107,380]
Storm Drainage Utility	276,831	-	276,831	110,871	[165,960]

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, 2022

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes	\$ 3,378,432	\$ 3,115,760	\$ 262,672
Franchise tax	133,959	117,000	16,959
Licenses	67,769	77,000	[9,231]
Recreation and aquatic center fees	144,404	98,850	45,554
Fines and fees	114,032	78,750	35,282
Interest	29,451	14,000	15,451
Use of property	129,183	31,300	97,883
Transfers in	1,166,000	1,166,000	-
Miscellaneous	<u>159,752</u>	<u>88,227</u>	<u>71,525</u>
Total Receipts	<u>5,322,982</u>	<u>\$ 4,786,887</u>	<u>\$ 536,095</u>
Expenditures			
General Government	1,116,718	\$ 2,113,093	\$ [996,375]
Planning and Zoning	272,922	357,683	[84,761]
Streets and Cemetery	328,867	451,959	[123,092]
Fire/EMS Department	569,704	560,848	8,856
Police Department/Municipal Court	1,698,471	1,775,034	[76,563]
Recreation	759,164	714,112	45,052
Transfer Out	<u>347,241</u>	<u>217,241</u>	<u>130,000</u>
Total Expenditures	<u>5,093,087</u>	<u>\$ 6,189,970</u>	<u>\$ [1,096,883]</u>
Receipts Over [Under] Expenditures	229,895		
Unencumbered Cash, Beginning	<u>2,100,604</u>		
Unencumbered Cash, Ending	<u>\$ 2,330,499</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, 2022

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes	\$ 173,666	\$ 160,000	\$ 13,666
Intergovernmental	92,156	78,500	13,656
Miscellaneous	5,000	2,500	2,500
Transfers in	<u>305,000</u>	<u>305,000</u>	<u>-</u>
 Total Receipts	 <u>575,822</u>	 <u>\$ 546,000</u>	 <u>\$ 29,822</u>
 Expenditures			
Commodities	63,237	\$ 39,331	\$ 23,906
Capital outlay	<u>497,047</u>	<u>666,419</u>	<u>[169,372]</u>
Total Expenditures	<u>560,284</u>	<u>\$ 705,750</u>	<u>\$ [145,466]</u>
 Receipts Over [Under] Expenditures	 15,538		
 Unencumbered Cash, Beginning	 <u>158,883</u>		
 Unencumbered Cash, Ending	 <u>\$ 174,421</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, 2022

Receipts		
Taxes		\$ 438,577
Interest		1,344
Intergovernmental		166,940
Transfers in		<u>217,241</u>
 Total Receipts		 <u>824,102</u>
 Expenditures		
Capital outlay		184,731
Transfers out		<u>1,007,000</u>
 Total Expenditures		 <u>1,191,731</u>
 Receipts Over [Under] Expenditures		 [367,629]
 Unencumbered Cash, Beginning		 <u>1,011,552</u>
 Unencumbered Cash, Ending		 <u>\$ 643,923</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, 2022

Receipts		
Impact fees		\$ 4,000
Taxes		13,266
Miscellaneous		<u>97</u>
 Total Receipts		 <u>17,363</u>
 Expenditures		
Capital outlay		<u>9,786</u>
 Total Expenditures		 <u>9,786</u>
 Receipts Over [Under] Expenditures		 7,577
 Unencumbered Cash, Beginning		 <u>91,291</u>
 Unencumbered Cash, Ending		 <u>\$ 98,868</u>

* This fund is not required to be budgeted.

SCHEDULE 2-5

CITY OF EUDORA, KANSAS
Public Assistance Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2022

Receipts	
Miscellaneous	<u>\$ 242</u>
Total Receipts	<u>242</u>
Expenditures	
Miscellaneous	<u>484</u>
Total Expenditures	<u>484</u>
Receipts Over [Under] Expenditures	[242]
Unencumbered Cash, Beginning	<u>242</u>
Unencumbered Cash, Ending	<u>\$ -</u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 Equipment Reserve Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2022

Receipts	
Miscellaneous	\$ 72,575
Lease proceeds	156,602
Transfers in	<u>548,333</u>
Total Receipts	<u>777,510</u>
Expenditures	
Capital outlay	<u>791,334</u>
Total Expenditures	<u>791,334</u>
Receipts Over [Under] Expenditures	[13,824]
Unencumbered Cash, Beginning	<u>139,746</u>
Unencumbered Cash, Ending	<u>\$ 125,922</u>

* This fund is not required to be budgeted.

SCHEDULE 2-7

CITY OF EUDORA, KANSAS
Energy Management Grant Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2022

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

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 Efficiency Kansas Loan Program Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2022

Receipts		
Intergovernmental		<u>\$ 48</u>
Total Receipts		<u>48</u>
Expenditures		
Loan payments		<u>-</u>
Total Expenditures		<u>-</u>
Receipts Over [Under] Expenditures		48
Unencumbered Cash, Beginning		<u>531</u>
Unencumbered Cash, Ending		<u>\$ 579</u>

* This fund is not required to be budgeted.

SCHEDULE 2-9

CITY OF EUDORA, KANSAS
 ARPA Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2022

Receipts		
Grants		<u>\$ 489,189</u>
 Total Receipts		 <u>489,189</u>
 Expenditures		
Capital outlay		36,321
Transfers out		<u>648,800</u>
 Total Expenditures		 <u>685,121</u>
 Receipts Over [Under] Expenditures		 [195,932]
 Unencumbered Cash, Beginning		 <u>489,189</u>
 Unencumbered Cash, Ending		 <u>\$ 293,257</u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 STAR Bond Project Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2022

Receipts		
Transfers in		<u>\$ 733,800</u>
Total Receipts		<u>733,800</u>
Expenditures		
Contractual		<u>367,605</u>
Total Expenditures		<u>367,605</u>
Receipts Over [Under] Expenditures		366,195
Unencumbered Cash, Beginning		<u>-</u>
Unencumbered Cash, Ending		<u>\$ 366,195</u>

* This fund is not required to be budgeted.

SCHEDULE 2-11

CITY OF EUDORA, KANSAS
TIF Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2022

Receipts	
Taxes	<u>\$ 73,988</u>
Total Receipts	<u>73,988</u>
Expenditures	
Contractual	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over [Under] Expenditures	73,988
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 73,988</u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 Fight Opioid Addiction Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2022

Receipts		
Intergovernmental		<u>\$ 1,571</u>
Total Receipts		<u>1,571</u>
Expenditures		
Contractual		<u>1,500</u>
Total Expenditures		<u>1,500</u>
Receipts Over [Under] Expenditures		71
Unencumbered Cash, Beginning		<u>-</u>
Unencumbered Cash, Ending		<u>\$ 71</u>

* This fund is not required to be budgeted.

SCHEDULE 2-13

CITY OF EUDORA, KANSAS
MIH Grant Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2022

Receipts	
Transfers in	<u>\$ 40,000</u>
Total Receipts	<u>40,000</u>
Expenditures	
Contractual	<u>-</u>
Total Expenditures	<u>-</u>
Receipts Over [Under] Expenditures	40,000
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 40,000</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, 2022

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Taxes	\$ 537,722	\$ 448,647	\$ 89,075
Total Receipts	<u>537,722</u>	<u>\$ 448,647</u>	<u>\$ 89,075</u>
Expenditures			
Debt service	578,940	\$ 541,666	\$ 37,274
Reserves	<u>-</u>	<u>161,429</u>	<u>[161,429]</u>
Total Expenditures	<u>578,940</u>	<u>\$ 703,095</u>	<u>\$ [124,155]</u>
Receipts Over [Under] Expenditures	[41,218]		
Unencumbered Cash, Beginning	<u>348,432</u>		
Unencumbered Cash, Ending	<u>\$ 307,214</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2-15

CITY OF EUDORA, KANSAS
Nottingham & Church Street Project Fund
Schedule of Receipts and Expenditures - Actual*
Regulatory Basis
For the Year Ended December 31, 2022

Receipts	
Sale of properties	\$ 99,939
Intergovernmental	<u>799,705</u>
Total Receipts	<u>899,644</u>
Expenditures	
Contractual	150,517
Capital outlay	<u>729,802</u>
Total Expenditures	<u>880,319</u>
Receipts Over [Under] Expenditures	19,325
Unencumbered Cash, Beginning	<u>1,778,302</u>
Unencumbered Cash, Ending	<u>\$ 1,797,627</u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 KDOT 10th Street Sidewalk Grant Fund
 Schedule of Receipts and Expenditures - Actual*
 Regulatory Basis
 For the Year Ended December 31, 2022

Receipts	
Intergovernmental	\$ 24,750
Miscellaneous	200
Transfers in	<u>552,000</u>
 Total Receipts	 <u>576,950</u>
 Expenditures	
Contractual	53,749
Capital outlay	<u>607,000</u>
 Total Expenditures	 <u>660,749</u>
 Receipts Over [Under] Expenditures	 [83,799]
 Unencumbered Cash, Beginning	 <u>22,767</u>
 Unencumbered Cash, Ending	 <u>\$ [61,032]</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, 2022

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 1,480,455	\$ 1,350,892	\$ 129,563
Licenses and permits	4,423	3,130	1,293
Impact fees	10,000	-	10,000
Use of money and property	<u>102</u>	<u>112</u>	<u>[10]</u>
 Total Receipts	 <u>1,494,980</u>	 <u>\$ 1,354,134</u>	 <u>\$ 140,846</u>
 Expenditures			
Personnel	340,811	\$ 430,589	\$ [89,778]
Contractual	255,549	251,191	4,358
Commodities	169,712	169,862	[150]
Capital outlay	323,974	581,232	[257,258]
Sales tax	11,082	9,750	1,332
Debt service	167,400	184,373	[16,973]
Transfers out	<u>167,000</u>	<u>167,000</u>	<u>-</u>
 Total Expenditures	 <u>1,435,528</u>	 <u>\$ 1,793,997</u>	 <u>\$ [358,469]</u>
 Receipts Over [Under] Expenditures	 59,452		
 Unencumbered Cash, Beginning	 <u>718,285</u>		
 Unencumbered Cash, Ending	 <u>\$ 777,737</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, 2022

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 1,320,960	\$ 1,266,750	\$ 54,210
Use of money and property	1,055	675	380
Impact fees	71,000	3,500	67,500
Miscellaneous	<u>48,992</u>	<u>-</u>	<u>48,992</u>
Total Receipts	<u>1,442,007</u>	<u>\$ 1,270,925</u>	<u>\$ 171,082</u>
Expenditures			
Personnel	177,684	\$ 196,135	\$ [18,451]
Contractual	464,000	409,236	54,764
Commodities	89,048	85,725	3,323
Capital outlay	2,165,928	668,312	1,497,616
Debt service	191,156	399,739	[208,583]
Transfers out	460,333	167,000	293,333
Miscellaneous	132	-	132
Reserve funds not subject to budget	<u>-</u>	<u>2,299,604</u>	<u>[2,299,604]</u>
Total Expenditures	<u>3,548,281</u>	<u>\$ 4,225,751</u>	<u>\$ [677,470]</u>
Receipts Over [Under] Expenditures	[2,106,274]		
Unencumbered Cash, Beginning	<u>3,467,757</u>		
Unencumbered Cash, Ending	<u>\$ 1,361,483</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2-19

CITY OF EUDORA, KANSAS
 Electric Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 5,202,211	\$ 5,097,953	\$ 104,258
Licenses and permits	17,940	9,500	8,440
Use of money and property	<u>7,831</u>	<u>17,000</u>	<u>[9,169]</u>
Total Receipts	<u>5,227,982</u>	<u>\$ 5,124,453</u>	<u>\$ 103,529</u>
Expenditures			
Personnel	542,722	\$ 742,266	\$ [199,544]
Contractual	3,052,435	3,305,044	[252,609]
Commodities	66,466	136,855	[70,389]
Capital outlay	191,958	2,210,000	[2,018,042]
Sales tax	175,050	151,102	23,948
Debt service	72,275	236,891	[164,616]
Transfers out	<u>792,000</u>	<u>792,000</u>	<u>-</u>
Total Expenditures	<u>4,892,906</u>	<u>\$ 7,574,158</u>	<u>\$ [2,681,252]</u>
Receipts Over [Under] Expenditures	335,076		
Unencumbered Cash, Beginning	<u>2,775,654</u>		
Unencumbered Cash, Ending	<u>\$ 3,110,730</u>		

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS
 Refuse Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Receipts			
Charges to customers	\$ 599,750	\$ 537,850	\$ 61,900
Total Receipts	<u>599,750</u>	<u>\$ 537,850</u>	<u>\$ 61,900</u>
Expenditures			
Contractual	552,576	\$ 495,200	\$ 57,376
Capital outlay	508	165,264	[164,756]
Transfers out	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total Expenditures	<u>593,084</u>	<u>\$ 700,464</u>	<u>\$ [107,380]</u>
Receipts Over [Under] Expenditures	6,666		
Unencumbered Cash, Beginning	<u>170,997</u>		
Unencumbered Cash, Ending	<u>\$ 177,663</u>		

See independent auditor's report on the financial statements.

SCHEDULE 2-21

CITY OF EUDORA, KANSAS
 Storm Drainage Utility Fund
 Schedule of Receipts and Expenditures - Actual and Budget
 Regulatory Basis
 For the Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	<u>Variance Positive [Negative]</u>
Receipts			
Charges to customers	\$ 136,897	\$ 130,000	\$ 6,897
 Total Receipts	 <u>136,897</u>	 <u>\$ 130,000</u>	 <u>\$ 6,897</u>
Expenditures			
Capital outlay	-	\$ 136,831	\$ [136,831]
Commodities	10,871	40,000	[29,129]
Transfers out	<u>100,000</u>	<u>100,000</u>	<u>-</u>
 Total Expenditures	 <u>110,871</u>	 <u>\$ 276,831</u>	 <u>\$ [165,960]</u>
 Receipts Over [Under] Expenditures	 26,026		
 Unencumbered Cash, Beginning	 <u>160,589</u>		
 Unencumbered Cash, Ending	 <u>\$ 186,615</u>		

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS
 Summary of Receipts and Disbursements
 Agency Funds
 Regulatory Basis
 For the Year Ended December 31, 2022

<u>FUNDS</u>	Beginning Cash <u>Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	Ending Cash <u>Balance</u>
Payroll clearing	\$ 13,863	\$ -	\$ 708	\$ 13,155
FSA fund	9,118	4,795	-	13,913
Municipal court bonds fund	18,495	-	-	18,495
CDBG	<u>-</u>	<u>158,989</u>	<u>158,989</u>	<u>-</u>
Total Agency Funds	<u>\$ 41,476</u>	<u>\$ 163,784</u>	<u>\$ 159,697</u>	<u>\$ 45,563</u>

See independent auditor's report on the financial statements.

CITY OF EUDORA, KANSAS
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	<u>Expenditures</u>
<u>U.S. Department of Justice</u>		
Passed Through Crime Victims Compensation Board: Equitable Sharing Program	16.922	\$ <u>300</u>
Total U.S. Department of Justice		<u>300</u>
<u>U.S. Department of the Treasury</u>		
Passed Through Kansas Governor's Office: Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>658,926</u>
Total U.S. Department of the Treasury		<u>658,926</u>
<u>U.S. Department of Housing and Urban Development</u>		
Passed Through Kansas Department of Commerce: Community Development Block Grant	14.228	<u>158,989</u>
Total U.S. Department of Housing and Urban Development		<u>158,989</u>
Total Expenditures of Federal Awards		<u>\$ 818,215</u>

The accompanying notes are an integral part of this schedule.

CITY OF EUDORA, KANSAS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

1. Organization

The City of Eudora, Kansas, (the City), is the recipient of several federal awards. All federal awards received directly from federal agencies as well as those awards that are passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

2. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the Kansas regulatory basis of accounting which includes cash disbursements, accounts payable and encumbrances. The information presented in this schedule is in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The City elected not to use the 10% de minimis indirect cost rate.

3. Local Government Contributions

Local cost sharing is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the City's grant programs for economy and efficiency and program results that may result in disallowed costs to the City. However, management does not believe such audits would result in any disallowed costs that would be material to the City's financial position as of December 31, 2022.

5. Outstanding Loans

The City did not have any outstanding loans under any federal grants as of December 31, 2022.

6. Pass Through Numbers

Pass through numbers have not been assigned to pass through grants on the Schedule of Expenditures of Federal Awards.

CITY OF EUDORA, KANSAS
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

	Unmodified (Regulatory Basis)		Adverse (GAAP)	
Type of auditor's report issued:				
Internal control over financial reporting:				
Material weakness(es) identified?	_____ Yes	_____ X	_____ No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ X	_____ None reported	
Noncompliance material to financial statements noted?	_____ Yes	_____ X	_____ No	

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	_____ Yes	_____ X	_____ No	
Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____ Yes	_____ X	_____ None reported	
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Uniform Guidance?	_____ Yes	_____ X	_____ No	

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	_____ Yes	_____ X	_____ No
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CITY OF EUDORA, KANSAS
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended December 31, 2022

Section II - Financial Statement Findings

Current Year Findings

None Noted.

Prior Year Findings

None Noted.

Section III - Federal Award Findings and Questioned Costs

Current Year Findings

None Noted.

Prior Year Findings

None Noted.

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

Mayor and City Commission
City of Eudora, Kansas

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the financial statements of the City of Eudora, Kansas (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 21, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

June 21, 2023

AUDITING ACCOUNTING CONSULTING

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Mayor and City Council
City of Eudora, Kansas

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Eudora, Kansas (the City), with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirement referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grants agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion of the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgement and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Example Entity's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies, and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Report on Internal Control Over Compliance

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

Our consideration of the internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in the internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the City as of and for the year ended December 31, 2022, and have issued our report thereon dated June 21, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Gordon CPA LLC

Certified Public Accountant
Lawrence, Kansas

June 21, 2023