

CITY OF EUDORA, KANSAS
Financial Statements
For the Year Ended December 31, 2011

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CITY OF EUDORA, KANSAS
 Financial Statements
 For the Year Ended December 31, 2011

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

Mayor and City Council
City of Eudora, Kansas

We have audited the accompanying financial statements of the City of Eudora, Kansas (the City), as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1, the City of Eudora, Kansas prepares its financial statements on a basis of accounting prescribed by the State of Kansas which demonstrates compliance with the cash basis and budget laws of the State of Kansas which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of those differences is also described in Note 1.

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Eudora, Kansas, as of December 31, 2011, or the respective changes in financial position for the year then ended.

Also, in our opinion the financial statements referred to above present fairly, in all material respects, the fund cash and unencumbered cash balances of the City of Eudora, Kansas, as of December 31, 2011, and its cash receipts and expenditures by fund, and fund budget to actual comparisons, for the year then ended, taken as a whole, on the prescribed basis of accounting described in Note 1.

June 21, 2012

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CITY OF EUDORA, KANSAS
 Summary of Cash Receipts, Expenditures and Unencumbered Cash
 For the Year Ended December 31, 2011

Funds	Beginning	Prior Year	Cash		Ending	Add:	Ending
	Unencumbered	Cancelled	Receipts	Expenditures	Unencumbered	Outstanding	Cash
	Cash Balance	Encumbrances			Cash Balance	Encumbrances	Balance
						and Accounts	
						Payable	
General	\$ 767,895	\$ -	\$ 2,575,713	\$ 2,396,457	\$ 947,151	\$ 22,667	\$ 969,818
Special Revenue Funds:							
Special Police and Fire Equipment	132,392	-	152,916	175,888	109,420	17,474	126,894
Special Street Maintenance	157,631	-	175,859	236,039	97,451	-	97,451
Capital Improvement	399,938	-	8,635	87,220	321,353	980	322,333
Special Park Fees	41,274	-	1,624	-	42,898	-	42,898
Pond Retention Fees	1,226	-	-	-	1,226	-	1,226
Winchester Road Impact Fees	13,200	-	-	-	13,200	-	13,200
Public Assistance	45	-	433	402	76	-	76
Contingency	16,235	-	-	16,235	-	-	-
Hamlin Scholarship	1,000	-	-	-	1,000	-	1,000
EMS Donation	1,216	-	-	1,216	-	-	-
Equipment Reserve	47,168	-	149,116	90,750	105,534	-	105,534
EMS Response Reimbursement	-	-	-	13	[13]	-	[13]
Energy Management Grant	-	-	63,275	63,124	151	-	151
Efficiency Kansas Loan Program	-	-	13,977	7,989	5,988	-	5,988
Capital Project Fund:							
Public Safety Building	-	-	227,830	219,320	8,510	-	8,510
Debt Service Fund:							
Bond and Interest	85,184	-	461,265	357,545	188,904	-	188,904
Enterprise Funds:							
Water Utility	337,596	-	1,994,181	1,772,751	559,026	5,488	564,514
Water Capital Project	239,623	-	-	239,623	-	-	-
Sewer Utility	643,032	-	1,052,483	891,307	804,208	5,386	809,594
Sewer Capital Project	29,561	-	51,739	81,300	-	-	-
Electric Utility	1,242,348	-	4,386,308	4,559,343	1,069,313	238,582	1,307,895
Refuse Utility	78,672	-	381,692	369,839	90,525	27,925	118,450
Storm Drainage Utility	70,350	-	63,869	57,903	76,316	-	76,316
Utility Reserve Funds	991,666	-	20,736	26,187	986,215	-	986,215
Total Reporting Entity	\$ 5,297,252	\$ -	\$ 11,781,651	\$ 11,650,451	\$ 5,428,452	\$ 318,502	\$ 5,746,954

Composition of Cash:

Kaw Valley Bank	
City of Eudora	
Demand Account	\$ 4,239,767
Time Deposit	1,354,725
Clerk Revolving	2,843
Municipal Court	15,854
Mutual Savings Association	
City of Eudora	
Time Deposit	188,009
Douglas County Bank	
City of Eudora	
Time Deposit	25,000
Deposits in Transit	21,086
Outstanding Checks	[80,511]
Total Cash	5,766,773
Less: Agency Funds (Statement 4)	[19,819]
Total (Excluding Agency Funds)	\$ 5,746,954

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

STATEMENT 2

CITY OF EUDORA, KANSAS
 Summary of Expenditures - Actual and Budget
 For the Year Ended December 31, 2011

<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	\$ 2,721,860	\$ -	\$ 2,721,860	\$ 2,396,457	\$ 325,403
Special Revenue Funds:					
Special Police and Fire Equipment	283,717	-	283,717	175,888	107,829
Special Street Maintenance	301,703	-	301,703	236,039	65,664
Debt Service Fund:					
Bond and Interest	521,860	-	521,860	357,545	164,315
Enterprise Funds:					
Water Utility	1,883,584	-	1,883,584	1,772,751	110,833
Sewer Utility	1,272,534	-	1,272,534	891,307	381,227
Electric Utility	4,659,500	-	4,659,500	4,559,343	100,157
Refuse Utility	383,451	-	383,451	369,839	13,612
Storm Drainage Utility	61,341	-	61,341	57,903	3,438

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

CITY OF EUDORA, KANSAS
 General Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 1,679,578	\$ 1,640,321	\$ 39,257
Franchise tax	132,904	184,194	[51,290]
Licenses	16,654	19,000	[2,346]
Recreation and aquatic center fees	260,823	238,000	22,823
Fines and fees	132,373	115,955	16,418
Interest	9,644	10,500	[856]
Use of property	48,171	1,100	47,071
Charges for services	2,505	-	2,505
Transfers in	287,235	306,000	[18,765]
Miscellaneous	<u>5,826</u>	<u>4,290</u>	<u>1,536</u>
Total Cash Receipts	<u>2,575,713</u>	<u>\$ 2,519,360</u>	<u>\$ 56,353</u>
Expenditures and Transfers Subject to Budget			
General Government	335,565	\$ 468,225	\$ 132,660
Planning and Zoning	117,790	319,529	201,739
Streets and Cemetery	382,447	216,197	[166,250]
Fire/EMS Department	129,244	215,524	86,280
Parks	63,162	119,090	55,928
Police Department/Municipal Court	962,639	1,029,570	66,931
Recreation	391,610	339,725	[51,885]
Transfer Out	<u>14,000</u>	<u>14,000</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>2,396,457</u>	<u>\$ 2,721,860</u>	<u>\$ 325,403</u>
Receipts Over [Under] Expenditures	179,256		
Unencumbered Cash, Beginning	<u>767,895</u>		
Unencumbered Cash, Ending	<u>\$ 947,151</u>		

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

STATEMENT 3-2

CITY OF EUDORA, KANSAS
 Special Police and Fire Equipment Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 152,718	\$ 152,520	\$ 198
Use of money and property	<u>198</u>	<u>400</u>	<u>[202]</u>
Total Cash Receipts	<u>152,916</u>	<u>\$ 152,920</u>	<u>\$ [4]</u>
Expenditures and Transfers Subject to Budget			
Contractual services	16,615	\$ 16,562	\$ [53]
Capital outlay	71,663	227,155	155,492
Transfers out	<u>87,610</u>	<u>40,000</u>	<u>[47,610]</u>
Total Expenditures and Transfers Subject to Budget	<u>175,888</u>	<u>\$ 283,717</u>	<u>\$ 107,829</u>
Receipts Over [Under] Expenditures	[22,972]		
Unencumbered Cash, Beginning	<u>132,392</u>		
Unencumbered Cash, Ending	<u>\$ 109,420</u>		

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

CITY OF EUDORA, KANSAS
Special Street Maintenance Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 161,741	\$ 168,830	\$ [7,089]
Intergovernmental	<u>14,118</u>	<u>15,170</u>	<u>[1,052]</u>
Total Cash Receipts	<u>175,859</u>	<u>\$ 184,000</u>	<u>\$ [8,141]</u>
Expenditures and Transfers Subject to Budget			
Personal services	50,400	\$ 63,535	\$ 13,135
Contractual services	-	20,000	20,000
Commodities	185,639	113,668	[71,971]
Capital outlay	<u>-</u>	<u>104,500</u>	<u>104,500</u>
Total Expenditures and Transfers Subject to Budget	<u>236,039</u>	<u>\$ 301,703</u>	<u>\$ 65,664</u>
Receipts Over [Under] Expenditures	[60,180]		
Unencumbered Cash, Beginning	<u>157,631</u>		
Unencumbered Cash, Ending	<u>\$ 97,451</u>		

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

STATEMENT 3-4

CITY OF EUDORA, KANSAS
 Capital Improvement Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2011

Cash Receipts	
Use of money and property	\$ 1,570
Grant revenue	<u>7,065</u>
Total Cash Receipts	<u>8,635</u>
Expenditures and Transfers Subject to Budget	
Capital outlay	71,570
Transfers out	<u>15,650</u>
Total Expenditures and Transfers Subject to Budget	<u>87,220</u>
Receipts Over [Under] Expenditures	[78,585]
Unencumbered Cash, Beginning	<u>399,938</u>
Unencumbered Cash, Ending	<u>\$ 321,353</u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 Special Park Fees Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2011

Cash Receipts	
Impact fees	\$ 600
Taxes	<u> 1,024</u>
Total Cash Receipts	<u> 1,624</u>
Expenditures and Transfers Subject to Budget	
Capital outlay	<u> -</u>
Total Expenditures and Transfers Subject to Budget	<u> -</u>
Receipts Over [Under] Expenditures	1,624
Unencumbered Cash, Beginning	<u> 41,274</u>
Unencumbered Cash, Ending	<u><u> \$ 42,898</u></u>

* This fund is not required to be budgeted.

STATEMENT 3-6

CITY OF EUDORA, KANSAS
Pond Retention Fees Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Year Ended December 31, 2011

Cash Receipts	
Taxes	\$ <u> -</u>
Total Cash Receipts	<u> -</u>
Expenditures and Transfers Subject to Budget	
Capital outlay	<u> -</u>
Total Expenditures and Transfers Subject to Budget	<u> -</u>
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	<u> 1,226</u>
Unencumbered Cash, Ending	<u><u> 1,226</u></u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 Winchester Road Impact Fees Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2011

Cash Receipts	
Miscellaneous	\$ <u> -</u>
Total Cash Receipts	<u> -</u>
Expenditures and Transfers Subject to Budget	
Commodities	<u> -</u>
Total Expenditures and Transfers Subject to Budget	<u> -</u>
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	<u> 13,200</u>
Unencumbered Cash, Ending	<u><u> \$ 13,200</u></u>

* This fund is not required to be budgeted.

STATEMENT 3-8

CITY OF EUDORA, KANSAS
Public Assistance Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Year Ended December 31, 2011

Cash Receipts	
Miscellaneous	<u>\$ 433</u>
Total Cash Receipts	<u>433</u>
Expenditures and Transfers Subject to Budget	
Miscellaneous	<u>402</u>
Total Expenditures and Transfers Subject to Budget	<u>402</u>
Receipts Over [Under] Expenditures	31
Unencumbered Cash, Beginning	<u>45</u>
Unencumbered Cash, Ending	<u><u>\$ 76</u></u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 Contingency Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2011

Cash Receipts	
Miscellaneous	\$ <u> -</u>
Total Cash Receipts	<u> -</u>
Expenditures and Transfers Subject to Budget	
Transfers out	<u> 16,235</u>
Total Expenditures and Transfers Subject to Budget	<u> 16,235</u>
Receipts Over [Under] Expenditures	[16,235]
Unencumbered Cash, Beginning	<u> 16,235</u>
Unencumbered Cash, Ending	<u><u> -</u></u>

* This fund is not required to be budgeted.

STATEMENT 3-10

CITY OF EUDORA, KANSAS
Hamlin Scholarship Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Year Ended December 31, 2011

Cash Receipts	
Donations	\$ <u> -</u>
Total Cash Receipts	<u> -</u>
Expenditures and Transfers Subject to Budget	
Scholarships	<u> -</u>
Total Expenditures and Transfers Subject to Budget	<u> -</u>
Receipts Over [Under] Expenditures	-
Unencumbered Cash, Beginning	<u> 1,000</u>
Unencumbered Cash, Ending	<u><u> 1,000</u></u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 EMS Donation Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2011

Cash Receipts	
Donations	<u>\$ -</u>
Total Cash Receipts	<u>-</u>
Expenditures and Transfers Subject to Budget	
Miscellaneous	<u>1,216</u>
Total Expenditures and Transfers Subject to Budget	<u>1,216</u>
Receipts Over [Under] Expenditures	[1,216]
Unencumbered Cash, Beginning	<u>1,216</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

* This fund is not required to be budgeted.

STATEMENT 3-12

CITY OF EUDORA, KANSAS
Equipment Reserve Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Year Ended December 31, 2011

Cash Receipts	
Transfers in	\$ 143,870
Miscellaneous	<u>5,246</u>
Total Cash Receipts	<u>149,116</u>
Expenditures and Transfers Subject to Budget	
Capital outlay	<u>90,750</u>
Total Expenditures and Transfers Subject to Budget	<u>90,750</u>
Receipts Over [Under] Expenditures	58,366
Unencumbered Cash, Beginning	<u>47,168</u>
Unencumbered Cash, Ending	<u>\$ 105,534</u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
 EMS Response Reimbursement Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2011

Cash Receipts	
Intergovernmental	\$ <u> -</u>
Total Cash Receipts	<u> -</u>
Expenditures and Transfers Subject to Budget	
Personnel	<u> 13</u>
Total Expenditures and Transfers Subject to Budget	<u> 13</u>
Receipts Over [Under] Expenditures	[13]
Unencumbered Cash, Beginning	<u> -</u>
Unencumbered Cash, Ending	<u><u> \$ [13]</u></u>

* This fund is not required to be budgeted.

STATEMENT 3-14

CITY OF EUDORA, KANSAS
Energy Management Grant Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Year Ended December 31, 2011

Cash Receipts	
Intergovernmental	\$ 63,255
Use of money and property	<u>20</u>
Total Cash Receipts	<u>63,275</u>
Expenditures and Transfers Subject to Budget	
Personnel	62,908
Contractual services	<u>216</u>
Total Expenditures and Transfers Subject to Budget	<u>63,124</u>
Receipts Over [Under] Expenditures	151
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 151</u>

* This fund is not required to be budgeted.

CITY OF EUDORA, KANSAS
Efficiency Kansas Loan Program Fund
Statement of Cash Receipts and Expenditures - Actual*
For the Year Ended December 31, 2011

Cash Receipts	
Intergovernmental	<u>\$ 13,977</u>
Total Cash Receipts	<u>13,977</u>
Expenditures and Transfers Subject to Budget	
Contractual services	<u>7,989</u>
Total Expenditures and Transfers Subject to Budget	<u>7,989</u>
Receipts Over [Under] Expenditures	5,988
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ 5,988</u></u>

* This fund is not required to be budgeted.

STATEMENT 3-16

CITY OF EUDORA, KANSAS
 Public Safety Building Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2011

Cash Receipts	
Intergovernmental	\$ 140,220
Transfers in	<u>87,610</u>
Total Cash Receipts	<u>227,830</u>
Expenditures and Transfers Subject to Budget	
Capital outlay	<u>219,320</u>
Total Expenditures and Transfers Subject to Budget	<u>219,320</u>
Receipts Over [Under] Expenditures	8,510
Unencumbered Cash, Beginning	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 8,510</u>

* This fund is not required to be budgeted.

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

CITY OF EUDORA, KANSAS
 Bond and Interest Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Taxes	\$ 328,265	\$ 327,743	\$ 522
Transfers in	<u>133,000</u>	<u>148,410</u>	<u>[15,410]</u>
Total Cash Receipts	<u>461,265</u>	<u>\$ 476,153</u>	<u>\$ [14,888]</u>
Expenditures and Transfers Subject to Budget			
Debt service	<u>357,545</u>	<u>\$ 521,860</u>	<u>\$ 164,315</u>
Total Expenditures and Transfers Subject to Budget	<u>357,545</u>	<u>\$ 521,860</u>	<u>\$ 164,315</u>
Receipts Over [Under] Expenditures	103,720		
Unencumbered Cash, Beginning	<u>85,184</u>		
Unencumbered Cash, Ending	<u>\$ 188,904</u>		

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

CITY OF EUDORA, KANSAS
 Water Utility Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Charges to customers	\$ 1,042,410	\$ 981,300	\$ 61,110
Licenses and permits	105	105	-
Impact fees	1,125	-	1,125
Bond proceeds	811,315	810,000	1,315
Transfers in	14,191	-	14,191
Miscellaneous	<u>125,035</u>	<u>-</u>	<u>125,035</u>
Total Cash Receipts	<u>1,994,181</u>	<u>\$ 1,791,405</u>	<u>\$ 202,776</u>
Expenditures and Transfers Subject to Budget			
Personnel	311,161	\$ 329,644	\$ 18,483
Contractual services	192,677	185,366	[7,311]
Commodities	139,706	76,200	[63,506]
Capital outlay	24,317	156,389	132,072
Sales tax	3,876	-	[3,876]
Debt service	978,294	1,013,265	34,971
Transfers out	<u>122,720</u>	<u>122,720</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>1,772,751</u>	<u>\$ 1,883,584</u>	<u>\$ 110,833</u>
Receipts Over [Under] Expenditures	221,430		
Unencumbered Cash, Beginning	<u>337,596</u>		
Unencumbered Cash, Ending	<u>\$ 559,026</u>		

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

CITY OF EUDORA, KANSAS
 Water Capital Project Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2011

Cash Receipts	
Miscellaneous	\$ <u> -</u>
 Total Cash Receipts	 <u> -</u>
 Expenditures and Transfers Subject to Budget	
Capital outlay	225,432
Transfers out	<u>14,191</u>
 Total Expenditures and Transfers Subject to Budget	 <u>239,623</u>
 Receipts Over [Under] Expenditures	 [239,623]
 Unencumbered Cash, Beginning	 <u>239,623</u>
 Unencumbered Cash, Ending	 <u><u> -</u></u>

* These funds are not required to be budgeted.

CITY OF EUDORA, KANSAS
Sewer Utility Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Charges to customers	\$ 965,451	\$ 967,509	\$ [2,058]
Use of money and property	407	800	[393]
Impact fees	5,325	21,300	[15,975]
Transfers in	<u>81,300</u>	<u>-</u>	<u>81,300</u>
Total Cash Receipts	<u>1,052,483</u>	<u>\$ 989,609</u>	<u>\$ 62,874</u>
Expenditures and Transfers Subject to Budget			
Personnel	248,613	\$ 291,535	\$ 42,922
Contractual services	56,026	57,333	1,307
Commodities	110,718	139,200	28,482
Capital outlay	27,157	114,000	86,843
Debt service	448,793	574,166	125,373
Miscellaneous	-	36,300	36,300
Transfers out	<u>-</u>	<u>60,000</u>	<u>60,000</u>
Total Expenditures and Transfers Subject to Budget	<u>891,307</u>	<u>\$ 1,272,534</u>	<u>\$ 381,227</u>
Receipts Over [Under] Expenditures	161,176		
Unencumbered Cash, Beginning	<u>643,032</u>		
Unencumbered Cash, Ending	<u>\$ 804,208</u>		

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

CITY OF EUDORA, KANSAS
 Sewer Capital Project Fund
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2011

Cash Receipts	
Loan proceeds	<u>\$ 51,739</u>
Total Cash Receipts	<u>51,739</u>
Expenditures and Transfers Subject to Budget	
Transfers out	<u>81,300</u>
Total Expenditures and Transfers Subject to Budget	<u>81,300</u>
Receipts Over [Under] Expenditures	[29,561]
Unencumbered Cash, Beginning	<u>29,561</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>

* These funds are not required to be budgeted.

STATEMENT 3-22

CITY OF EUDORA, KANSAS
 Electric Utility Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Charges to customers	\$ 4,379,808	\$ 4,286,766	\$ 93,042
Licenses and permits	6,087	5,500	587
Use of money and property	<u>413</u>	<u>350</u>	<u>63</u>
Total Cash Receipts	<u>4,386,308</u>	<u>\$ 4,292,616</u>	<u>\$ 93,692</u>
Expenditures and Transfers Subject to Budget			
Personnel	583,736	\$ 605,149	\$ 21,413
Contractual services	3,346,556	3,334,833	[11,723]
Commodities	110,583	75,700	[34,883]
Capital outlay	76,217	291,318	215,101
Sales tax	89,751	-	[89,751]
Transfers out	<u>352,500</u>	<u>352,500</u>	<u>-</u>
Total Expenditures and Transfers Subject to Budget	<u>4,559,343</u>	<u>\$ 4,659,500</u>	<u>\$ 100,157</u>
Receipts Over [Under] Expenditures	[173,035]		
Unencumbered Cash, Beginning	<u>1,242,348</u>		
Unencumbered Cash, Ending	<u>\$ 1,069,313</u>		

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

CITY OF EUDORA, KANSAS
 Refuse Utility Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Charges to customers	\$ 380,192	\$ 370,100	\$ 10,092
Miscellaneous	<u>1,500</u>	<u>-</u>	<u>1,500</u>
Total Cash Receipts	<u>381,692</u>	<u>\$ 370,100</u>	<u>\$ 11,592</u>
Expenditures and Transfers Subject to Budget			
Contractual services	339,723	\$ 340,500	\$ 777
Commodities	116	500	384
Capital outlay	-	27,451	27,451
Transfers out	<u>30,000</u>	<u>15,000</u>	<u>[15,000]</u>
Total Expenditures and Transfers Subject to Budget	<u>369,839</u>	<u>\$ 383,451</u>	<u>\$ 13,612</u>
Receipts Over [Under] Expenditures	11,853		
Unencumbered Cash, Beginning	<u>78,672</u>		
Unencumbered Cash, Ending	<u>\$ 90,525</u>		

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

CITY OF EUDORA, KANSAS
 Storm Drainage Utility Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
Cash Receipts			
Charges to customers	\$ 63,869	\$ 48,410	\$ 15,459
Total Cash Receipts	<u>63,869</u>	<u>\$ 48,410</u>	<u>\$ 15,459</u>
Expenditures and Transfers Subject to Budget			
Contractual services	1,168	\$ -	\$ [1,168]
Commodities	19,835	-	[19,835]
Capital outlay	3,900	12,931	9,031
Transfers out	<u>33,000</u>	<u>48,410</u>	<u>15,410</u>
Total Expenditures and Transfers Subject to Budget	<u>57,903</u>	<u>\$ 61,341</u>	<u>\$ 3,438</u>
Receipts Over [Under] Expenditures	5,966		
Unencumbered Cash, Beginning	<u>70,350</u>		
Unencumbered Cash, Ending	<u>\$ 76,316</u>		

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

CITY OF EUDORA, KANSAS
 Utility Reserve Funds
 Statement of Cash Receipts and Expenditures - Actual*
 For the Year Ended December 31, 2011

	<u>Water Reserve</u>	<u>Sewer Reserve</u>	<u>Electric Reserve</u>	<u>Totals</u>
Cash Receipts				
Use of money and property	\$ 146	\$ -	\$ 590	\$ 736
Transfers in	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Total Receipts	<u>20,146</u>	<u>-</u>	<u>590</u>	<u>20,736</u>
Expenditures				
Capital outlay	<u>-</u>	<u>26,187</u>	<u>-</u>	<u>26,187</u>
Total Expenditures	<u>-</u>	<u>26,187</u>	<u>-</u>	<u>26,187</u>
Receipts Over [Under] Expenditures	20,146	[26,187]	590	[5,451]
Unencumbered Cash, Beginning	<u>6,299</u>	<u>159,735</u>	<u>825,632</u>	<u>991,666</u>
Unencumbered Cash, Ending	<u>\$ 26,445</u>	<u>\$ 133,548</u>	<u>\$ 826,222</u>	<u>\$ 986,215</u>

* These funds are not required to be budgeted.

STATEMENT 4

CITY OF EUDORA, KANSAS
Statement of Cash Receipts and Cash Disbursements
Agency Funds
For the Year Ended December 31, 2011

<u>FUNDS</u>	Beginning Cash <u>Balance</u>	Cash <u>Receipts</u>	Cash <u>Disbursements</u>	Ending Cash <u>Balance</u>
Federal withholding tax	\$ 450	\$ -	\$ 450	\$ -
Savings withholding	449	-	449	-
Payroll clearing	8,440	-	5,673	2,767
Clerk revolving fund	1,095	25,596	25,493	1,198
Municipal court bonds fund	<u>11,171</u>	<u>14,673</u>	<u>9,990</u>	<u>15,854</u>
Total Agency Funds	<u>\$ 21,605</u>	<u>\$ 40,269</u>	<u>\$ 42,055</u>	<u>\$ 19,819</u>

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

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The City of Eudora, Kansas (the City) is a municipal corporation governed by a Mayor and a five-member council.

Basis of Accounting

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

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

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

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

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

Fund Descriptions

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

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Fund Descriptions (Continued)

Governmental Fund Types

Governmental funds are those through which most governmental functions of the City are financed.

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

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

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

Capital Project Fund - to account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

Proprietary Fund Types

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

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

Fiduciary Fund Types

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following fund type:

The Agency Funds are used to account for assets that the City holds for others in an agency capacity.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow the city council to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. The 2011 budget was amended for the Water Utility and Electric Utility Funds.

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 1 - Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

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

All legal annual operating budgets are prepared using the Kansas prescribed basis of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, agency funds, and certain special revenue funds.

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 council.

NOTE 2 - Deposits

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

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. The City's \$5,826,198 bank balance was fully secured as of December 31, 2011.

The City had no policies in addition to state statutes that would further limit deposit risks.

NOTE 3 - Retirement Plan

Plan Description - The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, *et seq.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas Avenue, Topeka, KS 66603-3803) or by calling 1-800-228-0366.

Funding Policy - K.S.A. 74-4919 establishes the KPERS member-employee contribution rate of up to 6% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The employer rate was 7.74% from January 1 to March 31, 2011, 6.74% from April 1, 2011 to June 30, 2011 and 7.74% from July 1, 2011 to December 31, 2011. The City employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$90,283, \$87,960, and \$83,186, respectively, equal to the required contributions for each year. The KP&F uniform participating employer rate established for fiscal years beginning in 2011 is 14.57%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City's contributions to KP&F for the years ending December 31, 2011, 2010, and 2009 were \$65,778, \$58,189 and \$74,196, respectively, equal to the required contributions for each year.

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2011

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 proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. 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, 2011
Water & Sewer Refunding Bonds, Series 2003-B	12/15/2003	10/1/2013	1.90-3.75%	\$ 200,000	\$ 40,000
General Obligation Bonds, Series 2006-A	1/15/2006	9/1/2020	3.50-4.40%	465,000	310,000
General Obligation Bonds, Series 2006-B	10/1/2006	9/1/2026	3.55-5.00%	4,155,000	3,315,000
General Obligation Bonds, Series 2010-A	10/1/2010	9/1/2030	3.25-5.00%	300,000	290,000
General Obligation Refunding Bonds, Series 2011-A	8/1/2011	10/1/2017	1.00-1.75%	810,000	810,000
				<u>\$ 5,930,000</u>	<u>\$ 4,765,000</u>

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

<u>Year Ending December 31,</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>
2012	\$ 357,445	\$ 194,799
2013	356,875	195,725
2014	357,268	178,200
2015	363,670	181,375
2016	364,530	184,013
2017 - 2021	1,568,385	186,288
2022 - 2026	1,415,455	111,000
2027 - 2030	<u>-</u>	<u>90,000</u>
Total principal and interest	4,783,628	1,321,400
Less: Interest	<u>[1,158,628]</u>	<u>[181,400]</u>
Total principal	<u>\$ 3,625,000</u>	<u>\$ 1,140,000</u>

In August, 2011, the City issued \$810,000 in general obligation refunding bonds with interest ranging from 1.00 to 1.75% to current refund all of the outstanding 2003-A Water & Sewer Refunding Bonds with interest rates ranging from 3.45 to 4.25%. The transaction resulted in an economic gain of \$36,625 and a reduction of \$33,396 in future debt payments.

State Agency Loans. The City has also obtained two loans from the State of Kansas (KDHE) to finance costs of water and sewer improvements. The first loan agreement provides for a maximum principal of \$5,515,000 which includes \$65,776 of capitalized interest and loan service fees. The loan carries a gross interest rate of 3.07% and is payable in semi-annual installments beginning March 1, 2000 and ending September 1, 2019. Beginning September 1, 2008, the semi-annual installments are \$191,971 through September 1, 2019. Prior to September 1, 2008, the semi-annual installments were \$90,500 beginning March 1, 2000 through September 1, 2001, \$177,845 beginning March 1, 2002 through September 1, 2004 and \$194,571 beginning March 1, 2005 through March 1, 2008.

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 4 - Long-Term Debt (Continued)

State Agency Loans (Continued). The second 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 notes outstanding at year end are as follows:

Purpose	Interest Rate	Balance December 31, 2011
Water and Sewer - KDHE loan, 1998-99	3.07%	\$ 2,705,158
Water and Sewer - KDHE loan, 2005	2.57%	<u>2,535,968</u>
		<u>\$ 5,241,126</u>

All proceeds have not been received on the KDHE loans. Annual debt service requirements to maturity on the KDHE loan projected balance are as follows:

<u>Year Ending December 31,</u>	
2012	\$ 485,325
2013	532,325
2014	575,335
2015	585,345
2016	585,345
2017 - 2021	2,158,840
2022 - 2026	1,007,012
2027 - 2028	<u>302,102</u>
Total principal, interest, and service fees	6,231,629
Less: Interest and service fees	<u>[990,503]</u>
Total principal	<u>\$ 5,241,126</u>

Changes in Long-term Debt. During the year ended December 31, 2011, the following changes occurred in long-term liabilities:

	Balance January 1, 2011	Additions	Retirements	Balance December 31, 2011
General obligation debt - Governmental funds	\$ 3,830,000	\$ -	\$ 205,000	\$ 3,625,000
General obligation debt - Enterprise funds	1,260,000	810,000	930,000	1,140,000
State agency loans	<u>5,483,694</u>	<u>51,738</u>	<u>294,306</u>	<u>5,241,126</u>
Totals	<u>\$ 10,573,694</u>	<u>\$ 861,738</u>	<u>\$ 1,429,306</u>	<u>\$ 10,006,126</u>

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2011

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, 2011 and 2010 totaled \$115,923 and \$99,148, respectively.

NOTE 6 - 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, 2011, the following changes occurred in capital leases:

	<u>Balance</u> January 1, 2011	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> December 31, 2011
Capital lease obligations - Governmental funds	\$ 7,783	\$ 23,613	\$ 16,117	\$ 15,279
Capital lease obligations - Enterprise funds	<u>11,827</u>	<u>-</u>	<u>11,827</u>	<u>-</u>
Totals	<u>\$ 19,610</u>	<u>\$ 23,613</u>	<u>\$ 27,944</u>	<u>\$ 15,279</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2011, are as follows:

<u>Year Ending</u> December 31,	<u>Governmental</u> <u>Funds</u>
2012	\$ 8,334
2013	<u>8,334</u>
Total principal and interest	16,668
Less: amount representing interest	<u>[1,389]</u>
Present value of minimum lease payments	<u>\$ 15,279</u>

NOTE 7 - 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.

CITY OF EUDORA, KANSAS
Notes to the Financial Statements
For the Year Ended December 31, 2011

NOTE 8 - Interfund Transfers

A reconciliation of all transfers for 2011 follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 287,235	\$ 14,000
Special Police and Fire Equipment Fund	-	87,610
Capital Improvement Fund	-	15,650
Public Safety Building Fund	87,610	-
Contingency Fund	-	16,235
Equipment Reserve Fund	143,870	-
Bond and Interest Fund	133,000	-
Water Utility Fund	14,191	122,720
Water Capital Project Fund	-	14,191
Sewer Utility Fund	81,300	-
Sewer Capital Project Fund	-	81,300
Electric Utility Fund	-	352,500
Refuse Utility Fund	-	30,000
Storm Drainage Utility Fund	-	33,000
Utility Reserve Funds	<u>20,000</u>	<u>-</u>
Total	<u>\$ 767,206</u>	<u>\$ 767,206</u>

NOTE 9 - Contingencies - Lawsuits

On September 27, 2007, the Rural Water District No. 4, Douglas County, Kansas filed a lawsuit against the City alleging federal statutory violations stemming from the annexation of properties which the water district claims to have been protected under 7 U.S.C. Sec. 1926(b). In addition to declaratory and injunctive relief, the lawsuit sought damages of \$170,000 plus attorney's fees. The damage portion of the case was tried by a jury in May of 2009 and the jury returned a verdict in favor of Rural Water District No. 4 in the amount of \$23,503. Judgment was not entered because there remained claims for declaratory relief, injunctive relief and attorney fees. Briefing on these issues has been submitted to the Court but no ruling has been received. As part of these briefings, the plaintiff claimed attorney fees and litigation expenses in excess of \$700,000 at the time of the filing. The District Court entered an injunctive order on September 2, 2009 and Notice of Appeal was filed on September 30, 2009. The City's appellate brief was filed on February 22, 2010 and oral argument occurred on November 17, 2010. The Tenth Circuit Court of Appeals has reversed and remanded in an opinion dated September 26, 2011. Both parties moved for summary judgment which was denied by the District Court on June 26, 2012. The plaintiff petitioned the Tenth Circuit for permission to take an interlocutory appeal on June 29, 2012. No conclusion has been formed as to whether an unfavorable outcome in this matter is either probable or remote, or as to whether a loss of a particular amount or within a particular range is probable.

As of the audit date, the City was indebted to its attorneys for legal fees and disbursements for which statements had been rendered in the aggregate amount of \$2,160.

NOTE 10 - Statutory Violations

The EMS Response Reimbursement Fund had a deficit unencumbered cash balance of \$13 at December 31, 2011, which is a violation of K.S.A. 10-1113.