

CITY OF EUREKA, KANSAS

Statutory Basis Financial Statement
and Independent Auditors' Report
with Supplemental Information

For the Year Ended December 31, 2011

CITY OF EUREKA, KANSAS

December 31, 2011

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JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Eureka, Kansas

We have audited the accompanying financial statement of the City of Eureka, Kansas, as of and for the year ended December 31, 2011, as listed in the table of contents. This financial statement is the responsibility of the City of Eureka, Kansas' management. Our responsibility is to express an opinion on this financial statement based on our audit. The prior year summarized comparative information has been derived from the City's 2010 financial statements and, in our report dated June 27, 2011, we expressed an unqualified opinion on the financial statements of the City of Eureka, Kansas, prepared in accordance with the statutory basis of accounting.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidance in the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 more fully in Note 1, the City has prepared this financial statement in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis 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 statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Eureka, Kansas, as of December 31, 2011, the changes in its financial position, or where applicable, its cash flows for the year then ended.

In our opinion, the financial statement referred above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Eureka, Kansas, as of December 31, 2011, and the aggregate cash receipts and expenditures for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statement. The summary of expenditures-actual and budget, individual fund schedules of cash receipts and expenditures-actual and budget, schedule of cash receipts and cash disbursements-agency funds, and schedule of cash receipts and expenditures-component unit (Schedules 1, 2, 3, and 4 as listed in the table of contents) are presented for analysis and are not a required part of the statutory 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 statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the 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 financial statement as a whole.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

July 2, 2012
Chanute, Kansas

Statement 1

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

Funds	Beginning		Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balances	
	Unencumbered Cash Balance	Cash					December 31, 2011	December 31, 2010
Governmental Type Funds:								
General	\$ 243,718.18	\$ 1,441,870.35	\$ 1,500,203.74	\$ 185,384.79	\$ 108,972.04	\$ 294,356.83	\$ 261,032.08	
Special Revenue Funds:								
Library	3,691.83	79,418.26	83,198.00	(87.91)	-	(87.91)	3,691.83	
Employee Health Benefits	20,918.28	7,230.60	2,174.87	25,974.01	-	25,974.01	20,918.28	
Special Parks and Recreation	622.15	3,832.77	4,337.46	117.46	49.14	166.60	696.71	
Special Highway	38,970.85	73,680.55	92,299.00	20,352.40	1,128.59	21,480.99	40,188.62	
Promotion	1,177.99	6,916.34	5,800.00	2,294.33	-	2,294.33	1,177.99	
Sales Tax Revenue	565,979.61	303,978.22	201,100.00	668,857.83	-	668,857.83	565,979.61	
Community Development Block Grant Project	-	22,307.00	-	22,307.00	-	22,307.00	-	
Debt Service Fund:								
Bond and Interest	56,909.30	77,391.12	79,330.77	54,969.65	-	54,969.65	56,909.30	
Eureka Public Building Commission								
Principal and Interest	437.50	201,100.00	201,532.50	5.00	-	5.00	437.50	
Capital Projects Funds:								
Revolving Loan Improvement	-	11,145.00	20,817.79	(9,672.79)	9,671.67	(1.12)	-	
Street Project Construction	(226,700.95)	226,700.95	-	-	-	-	(226,700.95)	
Proprietary Type Funds:								
Enterprise Funds:								
Water Utility	80,665.61	890,620.47	739,532.52	231,753.56	7,252.98	239,006.54	92,711.75	
Water Revolving Loan	2,191.47	33,360.00	33,202.16	2,349.31	-	2,349.31	2,191.47	
Water Reserve	49,700.00	20,000.00	-	69,700.00	-	69,700.00	49,700.00	
Meter Deposit	4,527.32	14,210.00	12,641.95	6,095.37	74,928.07	81,023.44	79,767.46	
Sewer Utility	83,573.60	335,334.87	365,832.93	53,075.54	3,217.96	56,293.50	89,218.92	
Sewer Revolving Loan	398.34	240,540.00	240,540.08	398.26	-	398.26	398.34	
Sewer Reserve	32,676.99	20,000.00	-	52,676.99	-	52,676.99	32,676.99	
Total Primary Government Component Units:	959,458.07	4,009,636.50	3,582,543.77	1,386,550.80	205,220.45	1,591,771.25	1,070,995.90	
Eureka Carnegie Library	518,149.65	106,915.05	116,220.03	508,844.67	4,168.58	513,013.25	518,149.65	
Total Reporting Entity (Excluding Agency Funds)	\$ 1,477,607.72	\$ 4,116,551.55	\$ 3,698,763.80	\$ 1,895,395.47	\$ 209,389.03	\$ 2,104,784.50	\$ 1,589,145.55	
Composition of Cash:								
	Cash on Hand.....					\$ 400.00	\$ 400.00	
	City Treasurer Checking Account					754,553.26	133,859.62	
	Certificates of Deposit					207,058.01	299,457.22	
	Municipal Investment Pool					683,054.39	682,866.04	
	Total Primary Government					1,645,065.66	1,116,582.88	
	Total Component Unit					513,013.25	518,149.65	
	Total Cash					2,158,078.91	1,634,732.53	
	Agency Funds Per Schedule 3					(53,294.41)	(45,586.98)	
	Total Reporting Entity (Excluding Agency Funds)					\$ 2,104,784.50	\$ 1,589,145.55	

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

CITY OF EUREKA, KANSAS

Notes to Financial Statement
For the Year Ended December 31, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statement and schedules of the City of Eureka, Kansas has been prepared in order to show compliance with the cash basis and budget laws of the State of Kansas. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies follow. Note 1 describes how the City's accounting policies differ from accounting principles generally accepted in the United States of America.

Reporting Entity

The City of Eureka, Kansas (the City) is a municipal corporation governed by a mayor and an elected six member council. These financial statement presents the City of Eureka, Kansas (the primary government), and its component units. The component units are included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Discretely Presented Component Units

Component Units should be included in the city's reporting entity because of the significance of their operational or financial relationships with the city, these component units should be reported separately to emphasize that they are legally separate from the city. Based upon the application of this criterion, the following is a brief review of potential component units.

1. Eureka Carnegie Library
The City of Eureka Carnegie Library Board operates the City's public library. Acquisition or disposition of real property or bond issuances must be approved by the City. Separate financial statements are not prepared by the Library

2. Eureka Public Building Commission
The City of Eureka Public Building Commission was created to oversee the construction of the Eureka swimming pool and library project. Acquisition or disposition of real property or bond issuances must be approved by the City. The City is acting as the fiduciary agent for the Commission. Separate financial statements are not prepared by the Commission.

Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with all related liabilities and residual equities or 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. The various funds are grouped by type in the financial statement. The following types of funds comprise the financial activities of the City of Eureka, Kansas, for the year 2011:

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)
Basis of Presentation - Fund Accounting (Continued)

GOVERNMENTAL FUNDS

General Fund - The General Fund is the principal fund of the City which accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund.

Special Revenue Funds - These funds are used to account for revenues derived from specific taxes, governmental grants or other revenue sources (other than special assessments or major capital projects) which are restricted by law or administrative action to finance particular functions or activities of the City.

Debt Service Fund - The Bond and Interest Fund is used to account for payment of principal and interest on the City's general obligation bonds. Revenues for this purpose are ad valorem property taxes.

Capital Projects Funds - The Capital Project Funds account for capital improvements (except for those financed by proprietary funds) which are financed from the City's general obligation bond issues, special assessment, certain federal grants and other specific receipts.

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the City is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges -- or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), federal grants and other City funds.

FIDUCIARY FUNDS

Trust and Agency Funds - These funds account for assets held by a governmental unit in a trustee capacity or as an agency for individuals, private organizations, other governmental units, and/or other funds. The funds include (a) Expendable Trust Funds, (b) Nonexpendable Trust Funds, and (c) Agency Funds.

Basis of Presentation - Statutory Basis of Accounting

The statutory basis of accounting, as used in preparation of this statutory basis financial statement and schedules, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving the cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

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 statutory basis of accounting.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Departures 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, expenditures, 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 generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the City are not presented in the financial statement. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statement.

Pension Plan

Substantially all full-time City employees are members of the State of Kansas Public Employees Retirement System, which is a multi-employer state-wide pension plan. The City's policy is to fund all pension costs accrued. Such costs to be funded are actuarially determined annually by the State of Kansas.

Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property.

Reimbursed Expenses

K.S.A. 79-2934 provides that reimbursed expenditures, in excess of those budgeted, should be recorded as reductions in expenditures rather than as revenues. In the financial statement and budget comparison schedules presented in this report, reimbursements and refunds are recorded as revenues. The reimbursements are recorded as cash receipts when received by the City Treasurer and are often difficult to identify the exact expenditure which they are reimbursing. In funds showing expenditures in excess of the original adopted budget, reimbursements are added to the adopted budget as budget credits for comparison with the actual expenditures.

Comparative Data

Comparative data for the prior year have been presented in the accompanying financial statement in order to provide an understanding of changes in the City's financial position and operations. However, complete comparative data in each of the statements have not been presented since their inclusion would make the statement unduly complex and difficult to read.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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. Although directory in nature 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 1, of each year.
2. Publication in the local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25, of each year.

The statutes allow for the governing body 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. There were no such budget amendments for this year.

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

A legal operating budget is not required for capital projects funds, fiduciary funds, permanent funds, and the following special revenue funds:

- Promotion Fund
- Activity Center Fund
- Sales Tax Revenue Fund
- Community Development Block Grant

In addition, an operating budget is not required for the Eureka Public Building Commission Principal and Interest Fund, for enterprise principal and interest funds, and enterprise reserve funds.

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Compliance with Kansas Statutes

Statement 1 and Schedule 1 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Statement 1, the City was in apparent violation of K.S.A. 10-1,113. The City has obligated expenditures in excess of available monies in the Library Fund and the Revolving Loan Improvement Fund, however, K.S.A 10-1,116 provides that under certain situations, the fund can end the year with a negative unencumbered cash balance and therefore, exempt from the cash basis laws of the State of Kansas. The Revolving Loan Improvement Fund met the criteria under the statutes and therefore, is not deemed to be in violation of the Kansas cash basis laws. As shown in Schedule 1, the City was in apparent compliance with Kansas budget laws.

3. DEPOSITS AND INVESTMENTS

As of year end, the City has the following investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool		
Overnight Pool	\$ 683,054.39	N/A

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 branch 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.

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.

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. The City’s allocation of investments as of December 31, 2011, is as follows:

<u>Investments</u>	<u>Percentage of Investments</u>
Kansas Investment Pool	100%

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. All deposits were legally secured at December 31, 2011.

At year-end, the City’s carrying amount of deposits was \$961,611.27 and the bank balance was \$998,347.53. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$457,058.01 was covered by FDIC insurance and \$541,289.52 was collateralized with securities held by the pledging financial institutions’ agents in the City’s name and an irrevocable letter of credit with the Federal Home Loan Bank of Topeka.

3. DEPOSITS AND INVESTMENTS (Continued)

At December 31, 2011, the City has invested \$683,054.39 in the State's municipal investment pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas Legislature. State pooled monies may be invested in direct obligation that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities of up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

4. DEFINED BENEFIT PENSION PLAN

Plan Description

The City contributes to 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. KPERS provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S Kansas, Suite 100; Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% or 6% 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 is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rates established by statute for calendar year 2011 was 7.74%. The City's employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009, were \$42,314.37, \$36,389.90, and \$35,302.53, respectively, and equal to the statutory required contribution for the years.

5. LONG-TERM LIABILITIES

Changes in long-term liabilities for the City for the year ended December 31, 2011, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bond: Paid with Tax Levies Series 2009	2.00-3.00%	November 15, 2009	\$ 445,000.00	October 1, 2015	\$ 375,000.00	-	\$ 70,000.00	\$	\$ 305,000.00	\$ 9,237.50
Revolving Loans: Paid with Utility Revenues Kansas Water Pollution Control Series 1993	3.43%	June 22, 1993	3,138,478.01	March 1, 2015	770,271.72	-	182,858.46		587,413.26	24,865.64
Series 2005	2.58%	October 4, 2005	510,204.00	March 1, 2027	402,366.04	11,145.00	22,563.69		390,947.35	10,252.29
Kansas Public Water Supply Loan Series 1999	4.16%	July 1, 1999	450,000.00	August 1, 2020	269,367.33	-	22,225.23		247,142.10	10,976.93
Kansas Transportation Loan Series 2009	4.18%	May 11, 2009	124,881.43	August 1, 2028	47,946.39	66,586.49	5,834.95		108,697.93	3,225.27
Capital Leases: Fire Truck Case 621 E Wheel Loader	5.99%	August 15, 2001	184,199.00	August 15, 2011	23,601.14	-	23,601.14		-	1,413.75
Asphalt Zipper	5.12%	August 28, 2008	98,060.00	October 1, 2013	79,335.97	-	9,220.72		70,115.25	4,930.63
Component Unit Long-Term Debt: Eureka Public Building Commission	3.92%	January 25, 2011	119,861.00	November 1, 2015	-	119,861.00	23,038.24		96,822.76	3,591.49
Revenue Bonds Paid with Sales Tax Pledged from the City Series 2005	3.75%-4.75%	6/1/2005	2,600,000.00	12/1/2025	2,270,000.00	-	100,000.00		2,170,000.00	101,532.50
Total Contractual Indebtedness					4,237,888.59	197,592.49	459,342.43		3,976,138.65	170,026.00
Other Long-Term Liabilities General Accrued Compensated Absences Vacation Pay	N/A	N/A	N/A	N/A	104,214.19			\$ 5,340.93	109,555.12	N/A
Total Long-Term Liabilities					\$ 4,342,102.78	\$ 197,592.49	\$ 459,342.43	\$ 5,340.93	\$ 4,085,693.77	\$ 170,026.00

5. LONG-TERM LIABILITIES (Continued)

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity is as follows

Principal	Issue	2012	2013	2014	2015	2016	2017-2021	2022-2026	2027 - 2028	Less; Proceeds		Total
										Not Drawn		
General Obligation:												
Series 2009	\$ 75,000.00	\$ 75,000.00	\$ 80,000.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 305,000.00
Revolving Loans:												
Kansas Water Pollution Control												
Series 1993	189,184.29	195,728.95	202,500.02	-	-	-	-	-	-	-	-	587,413.26
Series 2005	22,198.00	22,774.40	23,365.77	23,972.49	24,594.98	132,892.70	5,013.96	151,066.05	(14,931.00) *			390,947.35
Kansas Public Water Supply Loan												
Series 1999	23,271.98	24,250.16	25,269.46	26,331.59	27,438.38	120,580.53	-	-	-	-	-	247,142.10
Kansas Transportation Loan												
Series 2009	4,516.66	4,705.44	4,902.14	5,107.04	5,320.52	30,130.40	17,039.19	36,976.54	-	-	-	108,697.93
Capital Leases:												
Case 621 E Wheel Loader	10,604.08	59,511.17	-	-	-	-	-	-	-	-	-	70,115.25
Asphalt Zipper	22,823.37	23,728.45	24,658.60	25,612.34	-	-	-	-	-	-	-	96,822.76
Component Unit Long-Term Debt:												
Eureka Public Building Commission												
Revenue Bond Series 2005	110,000.00	110,000.00	115,000.00	120,000.00	130,000.00	780,000.00	805,000.00	805,000.00	-	-	-	2,170,000.00
Total Principal Payments	457,598.38	515,698.57	470,695.99	281,023.46	187,353.88	1,063,603.63	22,053.15	993,042.59	(14,931.00)			3,976,138.65
Interest												
General Obligation:												
Series 2009	7,837.50	6,337.50	4,650.00	2,400.00	-	-	-	-	-	-	-	21,225.00
Revolving Loans:												
Kansas Water Pollution Control												
Series 1993	18,539.81	11,995.16	5,224.08	-	-	-	-	-	-	-	-	35,759.05
Series 2005	10,617.97	10,041.57	9,450.20	8,843.48	8,221.00	31,187.16	1,136.48	13,013.85	1,136.48	-	-	92,511.71
Kansas Public Water Supply Loan												
Series 1999	10,091.54	9,113.35	8,094.06	7,031.92	5,925.13	10,551.59	-	-	-	-	-	50,807.59
Kansas Transportation Loan												
Series 2009	4,543.56	4,354.78	4,158.08	3,953.18	3,739.70	15,170.70	1,075.52	8,324.56	-	-	-	45,320.08
Capital Leases:												
Case 621 E Wheel Loader	3,547.27	3,206.82	-	-	-	-	-	-	-	-	-	6,754.09
Asphalt Zipper	3,806.36	2,901.28	1,971.13	1,017.39	-	-	-	-	-	-	-	9,696.16
Component Unit Long-Term Debt:												
Eureka Public Building Commission												
Revenue Bond Series 2005	97,532.50	93,407.50	89,145.00	84,545.00	79,625.00	302,725.00	98,325.00	98,325.00	-	-	-	845,305.00
Total Interest Payments	156,516.51	141,357.96	122,692.55	107,790.97	97,510.83	359,634.45	2,212.00	119,663.41	-	-	-	1,107,378.68
Total Principal and Interest	\$ 614,114.89	\$ 657,056.53	\$ 593,388.54	\$ 388,814.43	\$ 284,864.71	\$ 1,423,238.08	\$ 24,265.15	\$ 1,112,706.00	\$ 1,112,706.00	\$ 24,265.15	\$ (14,931.00)	\$ 5,083,517.33

* Loan is in process-payment schedule has not been established or may change when finalized.

6. CAPITAL LEASES

The City has entered into a capital lease agreement dated August 28, 2008, with Kansas State Bank of Manhattan, for the purchase of a Case Wheel Loader. The total cost was \$98,060.00. The lease requires annual payments of \$14,151.35, including interest at 5.123% per annum, over the next five years, with a balloon payment of \$47,700.00 maturing October 1, 2013. Debt requirements are as follows:

	<u>GENERAL OBLIGATION</u>	
2012		\$ 14,151.35
2013		<u>62,717.99</u>
Total Net Minimum Lease Payments		76,869.34
Less: Imputed Interest		<u>(6,754.09)</u>
Net Present Value		70,115.25
Less: Current Maturities		<u>(10,604.08)</u>
Long-Term Capital Lease Obligations		<u>\$ 59,511.17</u>

The City has entered into a capital lease agreement dated January 25, 2011, with Oklahoma State Bank, for the purchase of an Asphalt Zipper. The total cost was \$119,861.00. The lease requires annual payments of \$26,629.73, including interest at 3.92% per annum, over the next five years, maturing November 1, 2015. Debt requirements are as follows:

	<u>GENERAL OBLIGATION</u>	
2012		\$ 26,629.73
2013		26,629.73
2014		26,629.73
2015		<u>26,629.73</u>
Total Net Minimum Lease Payments		106,518.92
Less: Imputed Interest		<u>(9,696.16)</u>
Net Present Value		96,822.76
Less: Current Maturities		<u>(22,823.37)</u>
Long-Term Capital Lease Obligations		<u>\$ 73,999.39</u>

The City has entered into a capital lease agreement dated June 1, 2005, with Eureka Public Building Commission for the purchase of a new Public Library and a Municipal Aquatic Center. The total cost was \$2,600,000.00. The lease requires annual lease payments equal to the payments the Eureka Public Building Commission is required to pay on the bond as listed in Note 5. Debt requirements are as follows:

	<u>GENERAL OBLIGATION</u>	
2012		\$ 207,532.50
2013		203,407.50
2014		204,145.00
2015		204,545.00
2016		209,625.00
2017-2021		1,082,725.00
2022-2026		<u>903,325.00</u>
Total Net Minimum Lease Payments		3,015,305.00
Less: Interest		<u>(845,305.00)</u>
Net Present Value		2,170,000.00
Less: Current Maturities		<u>(110,000.00)</u>
Long-Term Capital Lease Obligations		<u>\$2,060,000.00</u>

7. COMPENSATED ABSENCES

All full-time employees of the City with six months of employment are eligible for vacation benefits in varying annual amounts. Employees may not carry over more than twenty days of vacation time into the new year of service, as determined by their anniversary date. Unused vacation days will be lost unless a written request for vacation time has been denied by the City Administrator.

Sick leave accrues to all full-time employees at the rate of eight hours of each month worked. Upon termination for any reason, employees will be paid for accumulated sick leave up to 720 hours.

The City determines a liability for compensated absences when the following conditions are met:

1. The City's obligation relating to employees rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated and is material to the financial statements.

In accordance with the above criteria, the City has accrued a liability for vacation and sick leave pay in Footnote 5, Long-Term Liabilities.

8. OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the 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 these financial statements.

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. There is no cost to the City under this program.

9. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The City manages these risks of loss through purchase of various insurance policies.

The City has been unable to obtain workers' compensation insurance at a cost it considers to be economically justifiable. For this reason, the City has joined together with other cities in the State to participate in Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for participating members. The City pays annual premium to KMIT for its workers' compensation insurance coverage. The agreement to participate provides that KMIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KMIT management.

10. ECONOMIC DEPENDENCY

During 2011, the City sold 23.34% of its water produced to Greenwood County Rural Water District No. 1 and 23.73% of its water produced to Greenwood County Rural Water District No. 2.

11. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

<u>PROJECT NAME</u>	<u>AUTHORIZED</u>	<u>EXPENDED THRU 12/31/11</u>	<u>COMPLETION</u>
Community Development			
Block Grant Project	\$ 28,050.00	\$ 28,050.00	Complete
Revolving Loan Improvement	510,204.00	504,945.79	2012
Street Project	284,995.89	284,995.89	Complete

12. OTHER COMMITMENTS

The City entered into a five year purchase agreement as of January 1, 2011 with Waste Connections, Inc. to provide exclusive rights for residential and commercial waste collections for the City of Eureka. After year one Waste Connections, Inc. may adjust rates on an annual basis to reflect the percentage increase in the local Consumer Price Index – All Urban Consumers classified by population of the previous year.

The City has entered into a five year airport manager agreement as of January 1, 2011 with Captain D. Aviation to manage the City’s municipal airport. Under the agreement the City has agreed to pay \$2,000.00 monthly as compensation, with no provisions for increase.

13. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Statutory Authority:</u>	<u>Amount:</u>
Water Utility	General	K.S.A. 12-825d	\$ 250,000.00
Sales Tax	Eureka Public Building Commission Principal and Interest	K.S.A. 12-197	201,100.00
Water Utility	Water Revolving Loan	K.S.A. 12-825d	33,360.00
Water Utility	Water Utility Reserve	K.S.A. 12-825d	20,000.00
Sewer Utility	Sewer Utility Reserve	K.S.A. 12-825d	20,000.00
Sewer Utility	Sewer Revolving Loan	K.S.A. 12-825d	240,540.00

14. SUBSEQUENT EVENTS

The City evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.

SUPPLEMENTAL INFORMATION

Schedule 1

CITY OF EUREKA, KANSAS

Summary of Expenditures - Actual and Budget
(Budgeted Funds Only)

For the Year Ended December 31, 2011

Funds	Total Certified Budget	Qualifying Adjustments for Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
Governmental Type Funds:					
General	\$ 1,631,187.00	\$ 12,304.68	\$ 1,643,491.68	\$ 1,500,203.74	\$ (143,287.94)
Special Revenue Funds:					
Library	86,096.00	9,180.80	95,276.80	83,198.00	(12,078.80)
Employee Health Benefits	44,418.00	-	44,418.00	2,174.87	(42,243.13)
Special Parks and Recreation	6,516.00	-	6,516.00	4,337.46	(2,178.54)
Special Highway	114,681.00	-	114,681.00	92,299.00	(22,382.00)
Promotion	8,636.00	-	8,636.00	5,800.00	(2,836.00)
Sales Tax Revenue	849,440.00	-	849,440.00	201,100.00	(648,340.00)
Debt Service Fund:					
Bond and Interest	138,328.00	-	138,328.00	79,330.77	(58,997.23)
Proprietary Type Funds:					
Enterprise Funds:					
Water Utility	807,866.00	868.00	808,734.00	739,532.52	(69,201.48)
Water Revolving Loan	35,398.00	-	35,398.00	33,202.16	(2,195.84)
Sewer Utility	415,945.00	-	415,945.00	365,832.93	(50,112.07)
Sewer Revolving Loan	240,938.00	-	240,938.00	240,540.08	(397.92)

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
GENERAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Current Year			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 387,602.36	\$ 396,227.89	\$ 413,142.00	\$ (16,914.11)
Delinquent Tax	16,595.57	18,458.71	14,500.00	3,958.71
Motor Vehicle Tax	73,161.98	71,438.88	77,719.00	(6,280.12)
Recreational Vehicle Tax	902.04	935.19	1,047.00	(111.81)
16/20 M Vehicle Tax	973.34	788.40	910.00	(121.60)
Vehicle Rental Excise Tax	1.02	-	1.00	(1.00)
Intergovernmental				
Franchise Tax	170,066.60	169,127.32	167,280.00	1,847.32
Connecting Links	12,384.01	12,384.01	12,392.00	(7.99)
Local Alcoholic Liquor Tax	4,193.98	3,832.77	4,195.00	(362.23)
Occupation Tax	1,350.00	900.00	900.00	-
Special Assessments	624.43	4,200.65	-	4,200.65
FAA Grant	-	129,803.00	115,327.00	14,476.00
Fire Grant	-	-	80,000.00	(80,000.00)
KDOT Grant	-	2,700.00	3,600.00	(900.00)
Licenses and Permits	3,868.00	3,687.00	2,886.00	801.00
Fines and Forfeitures	22,987.70	25,660.01	20,086.00	5,574.01
Charges for Services				
Cemetery	24,450.00	26,150.00	21,730.00	4,420.00
Refuse Collection	30,988.00	30,594.00	29,000.00	1,594.00
Animal Tags, Releases, & Cremations	3,739.50	2,549.00	3,678.00	(1,129.00)
Street Cuts	45.00	140.00	-	140.00
Trash Removal Fees	6,570.00	7,425.00	5,280.00	2,145.00
Use of Money and Property				
Interest Income	5,308.67	852.59	569.00	283.59
Loan Proceeds	-	119,861.00	-	119,861.00
Lake Receipts	121,020.57	132,953.07	134,565.00	(1,611.93)
Rentals	12,687.50	6,270.00	9,286.00	(3,016.00)
Sale of Assets	10,462.73	-	-	-
Other Revenues				
Donations - Foundation	45,000.00	-	-	-
Miscellaneous	8,503.82	12,627.18	9,025.00	3,602.18
Reimbursed Expense	31,579.18	12,304.68	10,000.00	2,304.68
Operating Transfers from				
Water Utility Fund	300,000.00	250,000.00	340,000.00	(90,000.00)
Total Cash Receipts	<u>1,295,066.00</u>	<u>1,441,870.35</u>	<u>\$ 1,477,118.00</u>	<u>\$ (35,247.65)</u>

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
GENERAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Current Year			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Expenditures and Transfers				
Subject to Budget				
General Administration				
Personal Services	\$ 177,863.87	\$ 183,890.30	\$ 195,376.00	\$ (11,485.70)
Contractual Services	87,907.09	88,767.25	105,000.00	(16,232.75)
Commodities	17,675.58	19,469.91	18,000.00	1,469.91
Capital Outlay	16,097.11	18,861.69	17,500.00	1,361.69
Street and Alley Department				
Personal Services	184,137.77	203,580.45	242,132.00	(38,551.55)
Contractual Services	11,663.14	12,719.55	16,000.00	(3,280.45)
Commodities	53,305.31	80,388.02	60,000.00	20,388.02
Capital Outlay	89,500.64	147,087.87	113,934.00	33,153.87
Community Building Department				
Personal Services	1,637.52	1,771.88	1,245.00	526.88
Contractual Services	7,634.90	7,766.27	8,000.00	(233.73)
Commodities	1,126.15	379.71	1,500.00	(1,120.29)
Capital Outlay	1,432.06	390.00	2,500.00	(2,110.00)
Lakes and Park Department				
Personal Services	44,623.84	46,324.16	49,645.00	(3,320.84)
Contractual Services	15,522.88	15,977.60	17,500.00	(1,522.40)
Commodities	9,490.58	9,602.52	14,500.00	(4,897.48)
Capital Outlay	15,000.47	19,306.53	20,000.00	(693.47)
Fire Department				
Personal Services	33,205.01	35,373.05	37,615.00	(2,241.95)
Contractual Services	12,555.34	11,574.30	14,000.00	(2,425.70)
Commodities	16,599.62	11,233.74	21,000.00	(9,766.26)
Capital Outlay	9,899.18	10,846.29	115,015.00	(104,168.71)
Industrial Development Department				
Capital Outlay	-	976.86	10,000.00	(9,023.14)
Police Department				
Contractual Services	221,000.04	221,000.04	221,000.00	0.04
Cemetery Department				
Personal Services	49,586.68	45,945.57	58,322.00	(12,376.43)
Contractual Services	963.50	923.58	1,000.00	(76.42)
Commodities	6,937.63	5,180.68	8,000.00	(2,819.32)
Capital Outlay	-	7,178.24	9,500.00	(2,321.76)
Animal Control Department				
Personal Services	31,189.05	27,735.74	37,006.00	(9,270.26)
Contractual Services	4,780.30	3,513.03	5,500.00	(1,986.97)
Commodities	2,989.45	2,645.55	5,500.00	(2,854.45)
Capital Outlay	1,363.83	1,688.54	2,000.00	(311.46)

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
GENERAL FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year		Current Year		Variance - Over (Under)
	Actual	Actual	Actual	Budget	
Expenditures and Transfers (Continued)					
Subject to Budget					
Airport Department					
Personal Services	\$ 5,803.88	\$ -	\$ -	\$ -	-
Contractual Services	40,500.80	40,430.34	43,500.00		(3,069.66)
Commodities	3,269.71	1,578.78	4,000.00		(2,421.22)
Capital Outlay	3,944.84	140,454.32	127,397.00		13,057.32
Engineering					
Contractual Services	9,600.00	182.00	20,000.00		(19,818.00)
Library Department					
Appropriations to Library	2,686.00	-	8,000.00		(8,000.00)
Debt Service					
Principal	76,024.86	61,695.05	-		61,695.05
Interest	9,036.43	13,161.14	-		13,161.14
Neighborhood Revitalization	511.18	603.19	-		603.19
Total Certified Budget			1,631,187.00		(130,983.26)
Adjustments for Qualified Budget Credits					
Reimbursed Expense			12,304.68		(12,304.68)
Total Expenditures and Transfers Subject to Budget	1,277,066.24	1,500,203.74	\$ 1,643,491.68		\$ (143,287.94)
Receipts Over(Under) Expenditures	17,999.76	(58,333.39)			
Unencumbered Cash, Beginning	225,718.42	243,718.18			
Unencumbered Cash, Ending	\$ 243,718.18	\$ 185,384.79			

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
LIBRARY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 56,430.74	\$ 56,949.80	\$ 59,380.00	\$ (2,430.20)
Delinquent Tax	2,444.41	2,669.58	1,880.00	789.58
Motor Vehicle Tax	10,497.64	10,369.22	11,316.00	(946.78)
Recreational Vehicle Tax	129.38	135.63	153.00	(17.37)
16M and 20M Truck Tax	139.18	113.23	132.00	(18.77)
Vehicle Rental Excise Tax	0.15	-	-	-
Other Revenues				
Reimbursed Expense	8,542.92	9,180.80	7,000.00	2,180.80
Total Cash Receipts	78,184.42	79,418.26	\$ 79,861.00	\$ (442.74)
Expenditures and Transfers				
Subject to Budget				
Culture and Recreation:				
Personal Services	5,814.16	9,117.34	\$ 6,128.00	\$ 2,989.34
Contractual Services	3,071.00	66.84	3,500.00	(3,433.16)
Appropriation to Library Board	73,000.00	74,000.00	76,394.00	(2,394.00)
Neighborhood Revitalization	74.42	13.82	74.00	(60.18)
Total Certified Budget			86,096.00	(2,898.00)
Adjustments for Qualified Budget Credits				
Reimbursed Expenses			9,180.80	(9,180.80)
Total Expenditures and Transfers				
Subject to Budget	81,959.58	83,198.00	\$ 95,276.80	\$ (12,078.80)
Receipts Over(Under) Expenditures	(3,775.16)	(3,779.74)		
Unencumbered Cash, Beginning	7,466.99	3,691.83		
Unencumbered Cash, Ending	\$ 3,691.83	\$ (87.91)		

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
EMPLOYEE HEALTH BENEFITS FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Charges for Services				
Internal Service Fee	\$ -	\$ 7,230.60	\$ 10,500.00	\$ (3,269.40)
Total Cash Receipts	-	7,230.60	\$ 10,500.00	\$ (3,269.40)
Expenditures and Transfers				
Subject to Budget				
General Government				
Personal Services	2,500.00	2,174.87	\$ 44,418.00	\$ (42,243.13)
Total Expenditures and Transfers				
Subject to Budget	2,500.00	2,174.87	\$ 44,418.00	\$ (42,243.13)
Receipts Over(Under) Expenditures	(2,500.00)	5,055.73		
Unencumbered Cash, Beginning	23,418.28	20,918.28		
Unencumbered Cash, Ending	\$ 20,918.28	\$ 25,974.01		

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
SPECIAL PARKS AND RECREATION FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Current Year			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Intergovernmental				
Local Alcoholic Liquor Tax	\$ 4,193.96	\$ 3,832.77	\$ 4,195.00	\$ (362.23)
Other Revenues				
Reimbursed Expense	1,146.18	-	1,150.00	(1,150.00)
Total Cash Receipts	<u>5,340.14</u>	<u>3,832.77</u>	<u>\$ 5,345.00</u>	<u>\$ (1,512.23)</u>
Expenditures and Transfers				
Subject to Budget				
Culture and Recreation				
Contractual Services	641.31	657.23	\$ 2,000.00	\$ (1,342.77)
Commodities	3,000.00	2,680.23	3,000.00	(319.77)
Capital Outlay	1,099.00	1,000.00	1,516.00	(516.00)
Total Expenditures and Transfers				
Subject to Budget	<u>4,740.31</u>	<u>4,337.46</u>	<u>\$ 6,516.00</u>	<u>\$ (2,178.54)</u>
Receipts Over(Under) Expenditures	599.83	(504.69)		
Unencumbered Cash, Beginning	<u>22.32</u>	<u>622.15</u>		
Unencumbered Cash, Ending	<u>\$ 622.15</u>	<u>\$ 117.46</u>		

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
SPECIAL HIGHWAY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Highway Fuel Tax	\$ 67,690.17	\$ 66,757.55	\$ 70,980.00	\$ (4,222.45)
Other Revenues				
Reimbursed Expense	-	6,923.00	-	6,923.00
Total Cash Receipts	67,690.17	73,680.55	\$ 70,980.00	\$ 2,700.55
Expenditures and Transfers				
Subject to Budget				
Street				
Personal Services	57,709.36	64,121.76	\$ 56,179.00	\$ (7,942.76)
Commodities	-	28,177.24	58,502.00	30,324.76
Total Expenditures and Transfers	57,709.36	92,299.00	\$ 114,681.00	\$ 22,382.00
Receipts Over(Under) Expenditures	9,980.81	(18,618.45)		
Unencumbered Cash, Beginning	28,990.04	38,970.85		
Unencumbered Cash, Ending	<u>\$ 38,970.85</u>	<u>\$ 20,352.40</u>		

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
PROMOTION FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental				
Transient Guest Tax	\$ 6,682.94	\$ 6,916.34	\$ 8,000.00	\$ (1,083.66)
Total Cash Receipts	<u>6,682.94</u>	<u>6,916.34</u>	<u>\$ 8,000.00</u>	<u>\$ (1,083.66)</u>
Expenditures and Transfers				
Subject to Budget				
Economic Development				
Convention Expense	5,500.00	4,640.00	\$ 6,909.00	\$ (2,269.00)
Tourism Expense	1,000.00	1,160.00	1,727.00	(567.00)
Total Expenditures and Transfers				
Subject to Budget	<u>6,500.00</u>	<u>5,800.00</u>	<u>\$ 8,636.00</u>	<u>\$ (2,836.00)</u>
Receipts Over(Under) Expenditures	182.94	1,116.34		
Unencumbered Cash, Beginning	<u>995.05</u>	<u>1,177.99</u>		
Unencumbered Cash, Ending	<u>\$ 1,177.99</u>	<u>\$ 2,294.33</u>		

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
SALES TAX REVENUE FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Sales Tax	\$ 290,348.35	\$ 303,738.78	\$ 287,000.00	\$ 16,738.78
Use of Money and Property				
Interest Income	1,095.64	239.44	1,050.00	(810.56)
Total Cash Receipts	291,443.99	303,978.22	\$ 288,050.00	\$ 15,928.22
Expenditures and Transfers				
Subject to Budget				
General Government				
Cash Basis Reserve	-	-	\$ 647,907.00	\$ (647,907.00)
Operating Transfers to				
Eureka Public Building Commission				
Principal and Interest Fund	195,000.00	201,100.00	201,533.00	(433.00)
Total Expenditures and Transfers	195,000.00	201,100.00	\$ 849,440.00	\$ (648,340.00)
Receipts Over(Under) Expenditures	96,443.99	102,878.22		
Unencumbered Cash, Beginning	469,535.62	565,979.61		
Unencumbered Cash, Ending	<u>\$ 565,979.61</u>	<u>\$ 668,857.83</u>		

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
COMMUNITY DEVELOPMENT BLOCK GRANT PROJECT FUND
 Schedule of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
Federal Grant	\$ 6,250.00	\$ 21,800.00
Other Revenues		
Reimbursed Expense	-	507.00
Total Cash Receipts	<u>6,250.00</u>	<u>22,307.00</u>
Expenditures and Transfers		
Capital Projects		
Capital Outlay	<u>6,250.00</u>	<u>-</u>
Total Expenditures and Transfers	<u>6,250.00</u>	<u>-</u>
Receipts Over(Under) Expenditures	-	22,307.00
Unencumbered Cash, Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 22,307.00</u>

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
BOND AND INTEREST FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Current Year			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Taxes and Shared Revenue				
Ad Valorem Property Tax	\$ 67,985.05	\$ 61,271.92	\$ 63,882.00	\$ (2,610.08)
Delinquent Tax	2,941.78	3,328.72	2,269.00	1,059.72
Motor Vehicle Tax	12,629.46	12,490.77	13,633.00	(1,142.23)
Recreational Vehicle Tax	155.60	163.37	184.00	(20.63)
16M and 20M Truck Tax	166.98	136.34	160.00	(23.66)
Vehicle Rental Excise Tax	0.17	-	-	-
Total Cash Receipts	<u>83,879.04</u>	<u>77,391.12</u>	<u>\$ 80,128.00</u>	<u>\$ (2,736.88)</u>
Expenditures and Transfers				
Subject to Budget				
Debt Service				
Principal	70,000.00	70,000.00	\$ 70,000.00	\$ -
Interest	9,337.37	9,237.50	9,238.00	(0.50)
Debt Issuance Costs	4,249.00	-	-	-
Cash Basis Reserve	-	-	59,000.00	(59,000.00)
Neighborhood Revitalization	89.66	93.27	90.00	3.27
Total Expenditures and Transfers Subject to Budget	<u>83,676.03</u>	<u>79,330.77</u>	<u>\$ 138,328.00</u>	<u>\$ (58,997.23)</u>
Receipts Over(Under) Expenditures	203.01	(1,939.65)		
Unencumbered Cash, Beginning	<u>56,706.29</u>	<u>56,909.30</u>		
Unencumbered Cash, Ending	<u>\$ 56,909.30</u>	<u>\$ 54,969.65</u>		

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
EUREKA PUBLIC BUILDING COMMISSION PRINCIPAL AND INTEREST FUND
 Schedule of Cash Receipts and Expenditures - Actual
 For the Year Ended December 31, 2011
 (With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers from Sales Tax Revenue Fund	\$ 195,000.00	\$ 201,100.00
Total Cash Receipts	<u>195,000.00</u>	<u>201,100.00</u>
Expenditures and Transfers		
Debt Service		
Principal	90,000.00	100,000.00
Interest	<u>105,132.50</u>	<u>101,532.50</u>
Total Expenditures and Transfers	<u>195,132.50</u>	<u>201,532.50</u>
Receipts Over(Under) Expenditures	(132.50)	(432.50)
Unencumbered Cash, Beginning	<u>570.00</u>	<u>437.50</u>
Unencumbered Cash, Ending	<u>\$ 437.50</u>	<u>\$ 5.00</u>

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
REVOLVING LOAN IMPROVEMENT FUND

Schedule of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Use of Money and Property		
Loan Proceeds	\$ 0.30	\$ 11,145.00
Total Cash Receipts	0.30	11,145.00
Expenditures and Transfers		
Capital Projects		
Capital Outlay	-	20,817.79
Total Expenditures and Transfers	-	20,817.79
Receipts Over(Under) Expenditures	0.30	(9,672.79)
Unencumbered Cash, Beginning	(0.30)	-
Unencumbered Cash, Ending	\$ -	\$ (9,672.79)

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
STREET PROJECT CONSTRUCTION FUND

Schedule of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
KDOT Grants	\$ -	\$ 160,114.46
Use of Money and Property		
Loan Proceeds	36,340.00	66,586.49
Total Cash Receipts	36,340.00	226,700.95
Expenditures and Transfers		
Capital Projects		
Capital Outlay	263,040.95	-
Total Expenditures and Transfers	263,040.95	-
Receipts Over(Under) Expenditures	(226,700.95)	226,700.95
Unencumbered Cash, Beginning	-	(226,700.95)
Unencumbered Cash, Ending	\$ (226,700.95)	\$ -

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
WATER UTILITY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Current Year			
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Taxes and Shared Revenues				
Delinquent Tax	\$ -	\$ 55.81	\$ -	\$ 55.81
Operating Revenues				
Water Sales	733,283.62	866,770.10	750,000.00	116,770.10
Penalties	8,905.86	9,405.80	9,700.00	(294.20)
Connections	13,995.90	13,040.00	8,450.00	4,590.00
Use of Money and Property				
Interest Income	1,068.05	371.41	960.00	(588.59)
Other Revenues				
Miscellaneous	100.00	109.35	100.00	9.35
Reimbursed Expense	2,323.89	868.00	-	868.00
Total Cash Receipts	<u>759,677.32</u>	<u>890,620.47</u>	<u>\$ 769,210.00</u>	<u>\$ 121,410.47</u>
Expenditures and Transfers				
Subject to Budget				
Operating Expenditures				
Personal Services	188,756.98	211,075.04	\$ 203,457.00	\$ 7,618.04
Contractual Services	54,585.63	58,966.45	59,500.00	(533.55)
Commodities	98,836.27	101,767.50	100,000.00	1,767.50
Capital Outlay	40,495.58	64,363.53	51,545.00	12,818.53
Operating Transfers to:				
Water Revolving Loan Fund	33,360.00	33,360.00	33,364.00	(4.00)
Water Utility Reserve Fund	20,000.00	20,000.00	20,000.00	-
General Fund	300,000.00	250,000.00	340,000.00	(90,000.00)
Total Certified Budget			<u>807,866.00</u>	<u>(68,333.48)</u>
Adjustments for Qualified Budget Credits				
Reimbursed Expenses			868.00	(868.00)
Total Expenditures and Transfers Subject to Budget	<u>736,034.46</u>	<u>739,532.52</u>	<u>\$ 808,734.00</u>	<u>\$ (69,201.48)</u>
Receipts Over(Under) Expenditures	23,642.86	151,087.95		
Unencumbered Cash, Beginning	<u>57,022.75</u>	<u>80,665.61</u>		
Unencumbered Cash, Ending	<u>\$ 80,665.61</u>	<u>\$ 231,753.56</u>		

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
WATER REVOLVING LOAN FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers from Water Utility Fund	\$ 33,360.00	\$ 33,360.00	\$ 33,364.00	\$ (4.00)
Total Cash Receipts	<u>33,360.00</u>	<u>33,360.00</u>	<u>\$ 33,364.00</u>	<u>\$ (4.00)</u>
Expenditures and Transfers Subject to Budget				
Debt Service				
Principal	21,328.73	22,225.23	\$ 22,333.00	\$ (107.77)
Interest	11,873.43	10,976.93	11,031.00	(54.07)
Cash Basis Reserve	-	-	2,034.00	(2,034.00)
Total Expenditures and Transfers Subject to Budget	<u>33,202.16</u>	<u>33,202.16</u>	<u>\$ 35,398.00</u>	<u>\$ (2,195.84)</u>
Receipts Over(Under) Expenditures	157.84	157.84		
Unencumbered Cash, Beginning	<u>2,033.63</u>	<u>2,191.47</u>		
Unencumbered Cash, Ending	<u>\$ 2,191.47</u>	<u>\$ 2,349.31</u>		

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
WATER RESERVE FUND

Schedule of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers from Water Utility Fund	\$ 20,000.00	\$ 20,000.00
Total Cash Receipts	20,000.00	20,000.00
Expenditures and Transfers		
Capital Improvements Capital Outlay	-	-
Total Expenditures and Transfers	-	-
Receipts Over(Under) Expenditures	20,000.00	20,000.00
Unencumbered Cash, Beginning	29,700.00	49,700.00
Unencumbered Cash, Ending	\$ 49,700.00	\$ 69,700.00

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
METER DEPOSIT FUND

Schedule of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Use of Money and Property		
Interest Income	\$ 283.81	\$ -
Other Revenues		
Meter Deposits	13,411.00	14,210.00
	<u>13,694.81</u>	<u>14,210.00</u>
Total Cash Receipts	<u>13,694.81</u>	<u>14,210.00</u>
Expenditures and Transfers		
Utility Services		
Deposit Refunds	12,632.03	12,641.95
	<u>12,632.03</u>	<u>12,641.95</u>
Total Expenditures and Transfers	<u>12,632.03</u>	<u>12,641.95</u>
Receipts Over(Under) Expenditures	1,062.78	1,568.05
Unencumbered Cash, Beginning	3,464.54	4,527.32
	<u>3,464.54</u>	<u>4,527.32</u>
Unencumbered Cash, Ending	<u>\$ 4,527.32</u>	<u>\$ 6,095.37</u>

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
SEWER UTILITY FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Current Year			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Operating Revenues				
Sewer Charges	\$ 320,984.95	\$ 327,247.73	\$ 332,000.00	\$ (4,752.27)
Penalties	6,789.93	6,907.04	7,400.00	(492.96)
Connecting Fees	180.00	330.00	250.00	80.00
Use of Money and Property				
Interest Income	425.82	295.80	450.00	(154.20)
Other Revenues				
Reimbursed Expense	126.94	123.30	-	123.30
Miscellaneous	554.00	431.00	100.00	331.00
Total Cash Receipts	<u>329,061.64</u>	<u>335,334.87</u>	<u>\$ 340,200.00</u>	<u>\$ (4,865.13)</u>
Expenditures and Transfers				
Subject to Budget				
Operating Expenditures				
General and Administrative				
Personal Services	41,917.32	42,087.23	\$ 48,217.00	\$ (6,129.77)
Contractual Services	33,605.72	25,864.06	42,500.00	(16,635.94)
Commodities	7,465.89	9,035.28	10,000.00	(964.72)
Capital Outlay	11,726.37	28,306.36	54,688.00	(26,381.64)
Operating Transfers to:				
Sewer Utility Reserve Fund	20,000.00	20,000.00	20,000.00	-
Sewer Revolving Loan Fund	240,540.00	240,540.00	240,540.00	-
Total Expenditures and Transfers Subject to Budget	<u>355,255.30</u>	<u>365,832.93</u>	<u>\$ 415,945.00</u>	<u>\$ (50,112.07)</u>
Receipts Over(Under) Expenditures	(26,193.66)	(30,498.06)		
Unencumbered Cash, Beginning	<u>109,767.26</u>	<u>83,573.60</u>		
Unencumbered Cash, Ending	<u>\$ 83,573.60</u>	<u>\$ 53,075.54</u>		

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
SEWER REVOLVING LOAN FUND

Schedule of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended December 31, 2011
(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year		Variance - Over (Under)
		Actual	Budget	
Cash Receipts				
Operating Transfers from Sewer Utility Fund	\$ 240,540.00	\$ 240,540.00	\$ 240,540.00	\$ -
Total Cash Receipts	240,540.00	240,540.00	\$ 240,540.00	\$ -
Expenditures and Transfers Subject to Budget				
Debt Service				
Principal	198,752.32	205,422.15	204,494.00	928.15
Interest	41,787.76	35,117.93	36,046.00	(928.07)
Cash Basis Reserve	-	-	398.00	(398.00)
Total Expenditures and Transfers Subject to Budget	240,540.08	240,540.08	\$ 240,938.00	\$ (397.92)
Receipts Over(Under) Expenditures	(0.08)	(0.08)		
Unencumbered Cash, Beginning	398.42	398.34		
Unencumbered Cash, Ending	<u>\$ 398.34</u>	<u>\$ 398.26</u>		

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
SEWER RESERVE FUND

Schedule of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Operating Transfers from Sewer Utility Fund	\$ 20,000.00	\$ 20,000.00
Total Cash Receipts	<u>20,000.00</u>	<u>20,000.00</u>
Expenditures and Transfers		
Capital Improvements		
Capital Outlay	<u>18,773.01</u>	<u>-</u>
Total Expenditures and Transfers	<u>18,773.01</u>	<u>-</u>
Receipts Over(Under) Expenditures	1,226.99	20,000.00
Unencumbered Cash, Beginning	<u>31,450.00</u>	<u>32,676.99</u>
Unencumbered Cash, Ending	<u>\$ 32,676.99</u>	<u>\$ 52,676.99</u>

See accompanying independent auditors' report

**CITY OF EUREKA, KANSAS
AGENCY FUNDS**

Schedule of Cash Receipts and Cash Disbursements
For the Year Ended December 31, 2011

	Beginning Cash Balances	Cash Receipts	Cash Disbursements	Ending Cash Balances
Refuse Collections	\$ 45,586.98	\$ 219,643.84	\$ 211,936.41	\$ 53,294.41
Total Agency Funds	<u>\$ 45,586.98</u>	<u>\$ 219,643.84</u>	<u>\$ 211,936.41</u>	<u>\$ 53,294.41</u>

See accompanying independent auditors' report

CITY OF EUREKA, KANSAS
EUREKA CARNEGIE LIBRARY

Schedule of Cash Receipts and Expenditures - Actual
For the Year Ended December 31, 2011

(With Comparative Actual Totals for the Prior Year Ended December 31, 2010)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental		
City of Eureka	\$ 75,686.00	\$ 74,000.00
SEK Library Association	10,088.35	9,085.00
State Aid	1,437.00	1,220.00
Use of Money and Property		
Investment Income	10,303.24	8,381.83
Charges for Services		
Fines and General	5,208.52	8,687.17
Other Revenues		
Donations	11,814.10	5,541.05
Total Cash Receipts	<u>114,537.21</u>	<u>106,915.05</u>
Expenditures and Transfers		
Culture and Recreation		
Personal Services	65,199.17	68,039.26
Contractual Services	20,936.92	32,364.32
Commodities	17,503.02	15,816.45
Total Expenditures and Transfers	<u>103,639.11</u>	<u>116,220.03</u>
Receipts Over(Under)Expenditures	10,898.10	(9,304.98)
Unencumbered Cash, Beginning	<u>507,251.55</u>	<u>518,149.65</u>
Unencumbered Cash, Ending	<u>\$ 518,149.65</u>	<u>\$ 508,844.67</u>

See accompanying independent auditors' report