

CITY OF



EL DORADO
KANSAS

**COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT**

2014

YEAR ENDED DECEMBER 31, 2014

COMPREHENSIVE ANNUAL FINANCIAL REPORT
of the
CITY OF EL DORADO, KANSAS

for the
Year Ended December 31, 2014

Mayor
Michael Fagg

Commissioner David Chapin
Commissioner Bill Young
Commissioner Nick Badwey
Commissioner Chase Locke

City Manager Herbert E. Llewellyn, Jr.

prepared by
Department of Finance
Tammy Schaffer
Finance Director

CITY OF EL DORADO, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2014

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION:	
Letter of Transmittal	I - XI
Organizational Chart	XII
Government Finance Officers Association Certificate of Achievement	XIII
FINANCIAL SECTION:	
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis – General Fund	19 - 20
Statement of Net Position – Proprietary Funds	21 - 22
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24 - 25
Statement of Net Position – Fiduciary Funds	26
Statement of Changes in Net Position – Fiduciary Funds – Other Postemployment Benefits Plan Trust Fund	27
Notes to Basic Financial Statements	28 - 71

CITY OF EL DORADO, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2014

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Required Supplementary Information:	
Schedule of Funding Progress – Retiree Health Care Benefit Plan Trust	72
Other Supplementary Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	73 - 74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	75 - 76
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Funds Included in General Fund – Budgetary Basis:	
Cemetery	77
External Stores	78
Prairie Trails Restaurant/Golf	79
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary Basis:	
Airport Fund	80
Major Street Improvement Fund	81
Industrial Development Fund	82
Special Parks and Recreation Fund	83
Tourism Tax Fund	84
Economic Development Sales Tax Fund	85
Stormwater Utility Fund	86
Debt Service Fund	87
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	88
Balance Sheet – Discretely Present Component Unit	89
Schedule of Revenues, Expenditures and Changes in Fund Balances – Discretely Presented Component Unit	90
STATISTICAL SECTION:	
Financial Trends:	
Net Position by Component	91
Changes in Net Position	92 - 94

CITY OF EL DORADO, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2014

TABLE OF CONTENTS
(Continued)

	<u>Page</u>
Fund Balances, Governmental Funds	95
Changes in Fund Balances, Governmental Funds	96
Tax Revenues by Source, Governmental Funds	97
Revenue Capacity:	
Property Tax Levies and Collections	98
Assessed Value and Estimated Actual Value of Taxable Property	99
Direct and Overlapping Property Tax Rates	100
Principal Property Taxpayers	101
Debt Capacity:	
Ratios of Outstanding Debt by Type	102
Ratios of General Bonded Debt Outstanding	103
Direct and Overlapping Debt	104
Legal Debt Margin	105
Revenue Bond Coverage – Waterworks System Revenue Bonds	106
Demographic and Economic Information:	
Demographic and Economic Statistics	107
Principal Employers	108
Operating Information:	
Full-time City Government Employees by Function/Program	109
Operating Indicators by Function/Program	110
Capital Asset Statistics by Function/Program	111
OTHER	
Schedule of Findings and Responses	112
Summary Schedule of Prior Year Findings and Responses	113
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	114 - 115

CITY OF



EL DORADO
KANSAS

**INTRODUCTION
SECTION**



EL DORADO

THE FINE ART OF LIVING WELL

June 9, 2015

To the Citizens of El Dorado,
Honorable Mayor and City Commissioners:

The Comprehensive Annual Financial Report of the City of El Dorado, Kansas, for the year ended December 31, 2014, is submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City measured by the financial activity of its various funds. Disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

The management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse, and to warrant that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Independent Audit

State statutes require an annual audit of the books of accounts, financial records and transactions of all administrative departments of the City by Independent Certified Public Accountants selected by the Finance Director. The goal of the independent audit was to provide reasonable assurance that the financial statements for the year ended December 31, 2014, are free of material misstatement. The opinion of Berberich Trahan & Co., P.A. is included in this report.

A CITY OF CHARACTER

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www.eldoks.com

PROFILE OF THE GOVERNMENT

El Dorado is located in south-central Kansas, approximately 16 miles east/northeast of Wichita, Kansas. El Dorado is the county seat of Butler County and has a population of approximately 12,895. The City operates under a Commission-Manager form of government.

The City of El Dorado provides a full range of municipal services. These include police and fire protection, health and sanitation, recreation, library, public improvements, building and zoning, general administrative services, water, wastewater, recycling/solid waste collection, airport and cemetery operations. The financial reporting entity consists of the primary government and a component unit, the Bradford Memorial Library.

Expenditures are authorized by a budget approved by the City Commission as required by State statute. The State statute level of budgetary control (i.e. the level at which expenditures cannot legally exceed the appropriated amount) is established at an individual fund level, but is monitored by department within each fund. The Finance Department continually reviews and approves all significant deviations from budget authorizations. The Kansas cash basis and budget laws require cash be on hand before an expenditure is authorized, that all expenditures be budgeted (unless specifically exempted by statute), and that the budget not exceed anticipated revenues, including carry forward balances. Budget-to-actual comparisons are provided in this report for each individual governmental fund in which an adopted annual operating budget is required by Kansas statute.

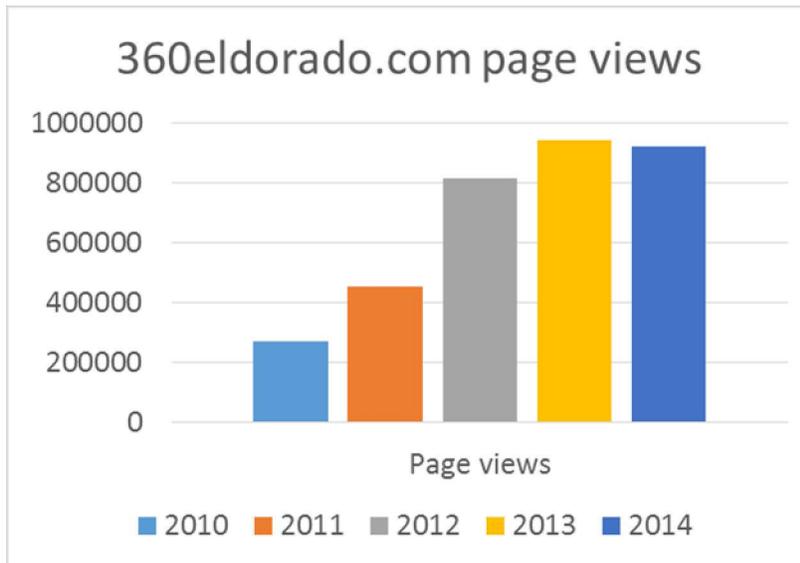
ECONOMIC CONDITION AND OUTLOOK

The City continues to monitor all the economic factors that affect the local economy. The City Commission has demonstrated a strong willingness to participate in projects that will provide a significant economic boost to the community. In early 1992, the City Commission adopted a statement of policies and procedures regarding tax exemptions and incentives specifically for economic development. An amendment to the Constitution of the State of Kansas, approved by the voters in 1989, allows local governmental units the ability to issue tax incentives for economic development, more specifically, tax abatements. The City Commission continued to utilize tax incentives in 2014. All applications are carefully reviewed to determine that the cost benefit analysis justifies the proposed abatement.

El Dorado Inc., an organization comprised of both public and private community leaders, continues to have a very active role in the economic development effort for El Dorado. Contributions to this organization by the private sector are matched dollar-for-dollar by the City up to a maximum equivalency of one mill. The objective of El Dorado Inc. is creating more jobs and enhancing the economic vitality of El Dorado. This organization has had numerous successes, but the board continually discusses the need for additional resources in order to compete with other municipalities in industrial development. During the 2003 sales tax renewal process, the City Commission agreed to the incorporation of an allocation of \$50,000 for economic development/job creation upon a successful local sales tax referendum. The referendum passed overwhelmingly at that time and again during the 2008 & 2013 sales tax renewal process. The allocation of the sales tax monies continued with street maintenance, property tax relief, and the annual allotment for economic development. These economic

development monies provide an additional resource to compete with other entities in attracting new businesses to the community.

A Memorandum of Understanding involving the City, El Dorado Inc., Convention and Visitors Bureau, and Chamber of Commerce signed near the end of 2007, allowed the Executive Director of El Dorado Inc. /Convention and Visitors Bureau to focus entirely on economic development and tourism in the community. In the later part of 2013, the City of El Dorado opted under the agreement to assume administration of the Convention and Visitors Bureau allowing El Dorado, Inc. to focus entirely on economic development. Through the end of 2014, one of the key community marketing efforts of El Dorado, Inc. continued to be the maintenance of the www.360eldorado.com web site as the anchor to an ongoing community marketing effort. The web focus in 2014 featured civic organizations and private businesses in a visually appealing and informational format. Utilization of the web information continues to be strong as seen in the chart below. Additionally for the City of El Dorado to achieve a more “user friendly” government format, they launch a free standing City of El Dorado government web site in third quarter 2014. The new site offers a number of enhance capabilities such as utility bill payments on line and provides an attractive format to learn more about city government departments. The site found under eldoks.com hosts a vast amount of city-related information.



There were many positive results of economic development efforts during the 2014 year as reflected in the issuance of over \$3,462,568 in commercial building permits. All but one permit in 2014 is for a commercial additions or remodel but indicates the continued investment in existing businesses and by public organizations in 2014. Permits issued in 2014 are comparable to the average permits issued over the past 15 years. To follow are the highlights of the 2014 year:

In 2009, the City of El Dorado funded infrastructure improvements in the El Dorado Industrial Park by special assessments, a \$750,000 CDBG grant from the Kansas Department of Commerce and a \$1,000,000 Economic Development Administration (EDA) grant. The scope of the project completed in 2010 included extension of a rail spur that serves Barton Solvents and BG Products, as well as construction of a public road and water and sewer extensions to serve the needs of BG Products, Barton Solvents, Pioneer Balloon and 17 acres owned by the City. In early 2014, the CDBG and EDA grants closed with the achievement of sufficient job creation.

In 2011, Barton Solvents, a stocking wholesale distributor of industrial chemicals, oils, surfactants, and plasticizers, completed construction of an office building, warehouse facility and tank farm in the El Dorado Industrial Park. The company reports their total project investment is in excess of \$9,000,000. The El Dorado location is used as their distribution branch serving Kansas and Oklahoma. Rail service on the Union Pacific branch line from Wichita began in early 2012. There is a strong synergy between BG Products and Barton Solvents as Barton Solvents has been the biggest provider of base products to BG Products for over 25 years. In 2014, Barton made additional investment in their facilities and reported a steady employment base.

BG Products began expansion in El Dorado in 2006. The company manufactures automotive chemicals and additives designed to extend the life of vehicles and improve their performance. The products are distributed throughout the United States and in over 50 international markets. In December 2006, the company purchased a 50,000 sq. ft. spec building to be used as a distribution center. In June 2008, BG purchased a 49-acre tract from the City for the purpose of constructing a manufacturing facility that would be served by the Union Pacific Railroad. In 2008, BG sold approximately 19 acres of this parcel to Barton Solvents. In 2009, BG moved their tool and equipment division to a 40,000 sq. ft. building they had previously purchased. During 2010, BG Products worked with process engineers and architects to design a new manufacturing facility to be built in the El Dorado Industrial Park. In December 2010, BG purchased a 5,000 sq. ft. building and land from the City of El Dorado that was adjacent to their parts and equipment facility. In November 2011, the City issued a building permit for \$30,000,000 for the construction of a 168,000 square foot manufacturing plant which was completed in late 2012. During 2013, BG installed numerous processing lines and began moving or hiring employees for the El Dorado manufacturing facility with work continuing into 2014. The facility includes sufficient equipment to produce the majority of the product line currently produced in Wichita and a million gallon tank farm. In 2014, BG Products continued to increase their utilization of their manufacturing facility and reached a sufficient employment level to close the EDA and CDBG grants used for infrastructure to serve their manufacturing facility project.

The footprint created by BG Products and Barton Solvents in this area is visible to the 15,000 + Kansas Turnpike daily travelers, compliments the existing Pioneer Balloon facility and has been a catalyst to additional project interest in the El Dorado community.

In 2005, citizens of the community approved a \$19,140,000 bond issue for improvements at the El Dorado High School. Construction began in 2006 and was completed in 2009. In November 2010, USD 490 voters passed a \$36 million bond issue to build; a new grade school and a new middle school. The new Pre-K through 5th grade school has a 360 student capacity and began construction in 2011 on the site of the existing Skelly Grade School and was completed with attendance at the center beginning in August 2012. The site for a new middle school with a 500 student capacity was selected at 30th street and North Main in late 2011. Construction began in early 2012 and was completed in December 2013 with attendance at the center beginning in January of 2014.

In 2011, Butler Community College (BCC), USD 490 and the City of El Dorado created an educational authority with the intent to build common use facilities. The first project undertaken was a new sports stadium in El Dorado. The 4,000 seat complex on Haverhill Road just east of the BCC main campus was completed in 2012 just in time for football season. In addition to use by BCC football and track, the stadium is used by USD 490 football and track and has the potential to host community and numerous large regional sporting events. The City will promote use of the facility with the help of an Activities Sales and Services Manager in charge of the City Convention and Visitors Bureau. With this

dedicated staffing the City is seeing increased facility use of all City owned and community facilities increasing the visitor numbers and visitor spending in the El Dorado community.

Started in 2011 and completed in early 2013, is a new fire sub-station on West 6th street. The facility is a partnership project between the City of El Dorado and Butler Community College at a cost of \$3,247,304. The building provides a west sub-station for the City of El Dorado fire department and houses the BCC Fire Science program. The facility became operational in mid-2013. The new fire sub-station increases access to fire services, helped to lower the ISO rating for the community and ultimately will lower insurance rates for businesses and individuals.

The City of El Dorado was the recipient of a HUD \$500,000 HOPEVI grant in late 2011 to be used to develop downtown housing. The grant provided funding for two downtown structures with an anticipated investment in both projects of over \$1.8 million. The Gish Building located in the 300 block of south Main features an open concept first floor for a commercial tenant with 5 housing units on the second level and was completed in mid-2013. The second building located in the 100 block of west Central is commonly called the Ellet Opera House. The completed facility features a main floor commercial space and 11 one bedroom apartments that became available for rent on February 1, 2014. The residential rentals in both projects rented quickly supporting the need for additional higher quality rental housing in the El Dorado community.

Another economic driver in 2014 and always is the presence of HollyFrontier El Dorado refinery. With a merger in July 2011, HollyFrontier Corporation became one of the largest independent refiners in the U.S. and their El Dorado facility is the largest of their refinery assets. Although the refinery is located just outside the city limits of El Dorado their employment base and large number of construction contractors has a significant impact on the El Dorado economy on a day to day basis. In 2013, HollyFrontier announced over \$100 million in new capital improvement projects for 2014 and 2015 in addition to their planned turnaround activity. The use of temporary housing, lodging, and purchase of food, goods and services by the construction contractors during capital improvement projects or scheduled maintenance (turnaround) projects make a significant impact on El Dorado sales and bed tax collections. During an eight week period from late September to mid-November construction workers on their projects peaked at 1,600 workers. The impact of workers during this time is estimated by our impact model to generate \$3.6 million in retail sales, \$610,000 in lodging revenue, 41,700 in sales tax and \$30,542 in guest tax revenues.

From HollyFrontier website: HollyFrontier Corporation (NYSE: HFC) is among the largest independent petroleum refiners in the United States with operations throughout the mid-continent, southwestern and Rocky Mountain regions. They produce and market gasoline, diesel, jet fuel, asphalt, heavy products and specialty lubricant products. The Company is headquartered in Dallas, Texas and operates five complex refineries with 443,000 barrels per day of crude oil processing capacity. The El Dorado Refinery is one of the largest refineries in the Plains States and Rocky Mountain region with a crude oil capacity of 135,000 barrels per day.

In 2014, a number of remodeling/addition projects were in the non-profit and public sector. These include improvements to Trinity Episcopal Church, USD 490, Butler Community College, 1st Southern Baptist Church, 1st Christian Church and Flint Hills Services. Bradford Memorial Library began a \$900,000 renovation project in late 2014 with anticipated completion by the middle of 2015. Major improvements to the anchor space of a mostly vacant strip shopping center on North Main by South Central Mental Health in the amount of \$400,000 and the Workforce Alliance of South Central Kansas

in the amount of \$179,900 will hopefully breathe new interest in the remainder of the strip center. The \$2,100,000 completion of a Casey's General Store at 2627 W. Central near Walmart and other newer retail/service businesses has vastly improved a previously unattractive corner. The facility opened in early 2014. In early 2014 Sonic opened its doors to a new \$356,000 facility completed on the site of their previous facility. In 2014, local investors purchased and began renovation of Brewski's a liquor store and bait shop at the corner of Main and 12th (\$50,000 in phase I), acquisition and plans for renovation of the closed bowling alley on Haverhill Rd to be renamed the Grizzly Bowl (\$105,000) and renovation and expansion of an existing building by Walnut River Brewing (\$185,000) to house an expanded brewing and new bottling facility, all projects anticipate completion in early 2015.

In 2013, voters in the USD 375 school district approved a \$37.1 million bond issue to build a new high school in Towanda. The bond issue included funding for a \$3,400,000 addition to the Oil Hill Elementary school in El Dorado. Construction on the project began in late November 2013 and was completed in time for the fall 2014 school opening.

The City of El Dorado and El Dorado, Inc. continue to work together to evaluate the housing needs of the El Dorado community. Simply stated there is a need for new housing and new rental property in the community as well as the challenge to revitalize the existing neighborhoods to provide affordable housing for citizens of all ages, family sizes and income levels.

The 2008 economic downturn continues to have a profound effect on new housing starts in El Dorado. Prior to 2009, the average number of new housing starts exceeded 20 new homes each year. Only five new homes were started in 2012 and four in 2013. One of the other challenges of new construction is available residential building sites. In 2013, developers started the process to plat two new residential subdivisions in El Dorado. Streets, water, sewer and storm water infrastructure will begin in early 2014 on Belmont First Addition with 7 lots in phase I and 8 lots in phase II. Additionally Criss 9th addition completed infrastructure improvements on 21 lots with construction starts on three lots by the end of 2014.

One of the ways the City has continued to invest in new and existing housing has been creation of a Neighborhood Revitalization Program (NRP). Approval for renewal of the program for the following incentives was received by all taxing entities in 2014. New housing is eligible to receive a 95% tax rebate on the increase in assessed valuation up to \$175,000 for 5 years (program extended from 1/1/2015 to 12/31/2019) and homes built prior to 1970 have the opportunity to receive a 95% tax rebate for 10 years on the increase assessed valuation on new infill homes and rehabilitation of existing housing (program approved from 1/1/2015 to 12/31/2019). Another initiative that continued in 2014 was a spec housing incentive program to encourage builders and developers to build spec homes. The program provides for a reimbursement of interest and special assessments if the spec home has not sold within 6 months after receiving a certificate of occupancy. Four homes were utilizing this program at the end of 2014.

With the exception of new housing starts which are improving, the economic drivers within the El Dorado community remain strong. 2012 was a historic year for El Dorado when it comes to commercial investment in real estate and was followed by average commercial investment in 2013 and 2014. The public sector investment in new schools, BG Veteran Sports Complex and the expansion and investment of existing businesses demonstrate the pride and willingness of the community to continue to invest in assets that will serve the community for many years to come and make it more attractive to new and existing residents and businesses.

The capital investment by new industries such as BG Products and Barton Solvents help to increase the real property tax base. The new jobs they create complement the job base of existing companies such as Valmont/Newmark and HollyFrontier to provide more core jobs in the El Dorado community and help to create an environment of growth and prosperity. This in turn helps to support and encourage the retail/service base business growth such as Brewski's, Walnut River Brewing and Grizzly Bowl to invest in new and expansion projects.

El Dorado Main Street continued with its very aggressive and successful purpose of enhancing the downtown identity and heritage. They have been a part of over 146 façade improvement projects, and over 40 million dollars reinvested in our downtown. They continue to work to ensure an economic stability for the heart of El Dorado. This is accomplished through many efforts of design, promotion, organization, and economic revitalization committees. The City funded Main Street in 2014 at a level of \$30,000.

Butler County's unemployment rate rose from 4.1% in 2008 to 8.3% in 2010. This considerable increase is due largely to the close proximity of Wichita, which has been heavily impacted by lay-offs in the aircraft industry. A large percentage of workers in the southwest area of Butler County commute to Wichita to work at the aircraft plants. Since 2011 the unemployment rate has slowly declined with the recall of some of the employees affected by the lay-offs. There have been a few businesses that have decreased in the number of employees, however, some of the effect of these lay-offs has been offset by new jobs created impart through economic development efforts. Also, in El Dorado, there have been several industries that have increased their production and therefore have increased employment status. 2014 remains steady as economy continues to be stable.

El Dorado has continued to be very fortunate to realize minimal negative overall effects by the economic downturn. Property tax collections, the City's largest source of revenue, decreased due to the reduction in the assessed valuation. Sales tax collections increased 4.8% from 2013 to 2014. HollyFrontier, the City's refinery, contributed to the growth by scheduling a large preventive maintenance program which attracted contractors to the community.

El Dorado has a variety of different types of businesses and industries. This diversification has allowed the community as a whole to be somewhat insulated from the economic downturn. Some sectors have been affected more than others, but the overall community is faring well. HollyFrontier, a Fortune 500 company, continues to demonstrate its commitment to its operations in El Dorado. The community has one remaining new-car dealership that has faced pressures related to the ripple effect of problems experienced by automakers, as well as a reduction in sales related to the economic climate in general. There are many governmental offices in the community, including State, Community College, County, City, and School District. Negative impacts are expected as the problems at the State level flow down through the various levels of government. However, lay-offs in some areas have created a positive impact on college employment and enrollment levels, as individuals retrain to be able to work in other areas. El Dorado is also fortunate to have a large water supply with the El Dorado Lake, providing an opportunity to market the community to industries that utilize large volumes of water. The City also has rail-served property located near U.S. 77, K-254, and I-35, making the city appealing to industrial prospects who are interested in rail for transportation of their raw materials and/or final products.

Capital Improvement Plan

The City plans for future capital needs through a six-year Capital Improvement Plan (CIP). This long-range plan is reviewed and updated annually, and subsequently adopted by the City Commission. Input is sought from City Staff, the Planning Commission, and the citizens of the community. The primary funding sources for these improvements are local sales tax, general obligation bonds, revenue bonds, federal and state grants, and the City's annual operating budget.

Major Initiatives

An update of the Airport Master Plan was completed in 2008 by Burns and McDonald and city staff. The Plan prioritizes infrastructure improvements and also addresses economic development at the airport. An Airport Business Plan was also completed and adopted by the City Commission in 2008. The business plan contained many recommendations, including constructing additional T-hangars for multi-engine aircraft, changing the name of the airport to make it easier to locate through internet searches, establish a position for an airport manager and begin the search for a fixed base operator (FBO). The name of the airport was changed in 2009, and a full-time airport manager was hired. The process began in 2009 on the infrastructure improvements outlined in the Airport Master Plan. Design work was initiated in the summer of 2009 on an apron reconstruction project. This project included improvements to the apron, as well as resolution of flooding issues that occurred in the infield area between the apron and one of the runways during intense rainfalls. The City received a grant from the Federal Aviation Administration (FAA) for 95% of the entire project including the design phase. The apron reconstruction project was completed early in 2011. The City was awarded another FAA grant for 2011 that included the reconstruction of Taxiway B and a joint sealing project for Taxiway A. Both of these projects were completed in the fall of 2011. KDOT awarded the City a 50% grant for an Automated Weather Observation System (AWOS) in 2012 and the project was completed in the fall. In 2013, the construction of a 10 unit T hangar capable of holding small twin engine airplanes was completed. Also in 2013, The FAA awarded another Airport Improvement Project (AIP) to construct Taxiway C. This was a 90% federally funded project and was completed in 2014.

The City began looking into the feasibility of wind power early in 2010. A consultant, GBA, was hired to assist in determining the feasibility and the City met with our electrical provider, Westar Energy, to determine whether they were amenable to an interconnect and net metering for a wind turbine. Westar indicated their support for the project and the City proceeded with the feasibility study. GBA's study indicated a very favorable ROI for a 1 MW wind turbine. The Department of Energy volunteered to pay for the next step in the process, an Environmental Assessment, at a cost of about \$52,000. A \$250,000 Department of Energy (DOE) grant was discovered and further investigation found the City was eligible for this assistance. The Kansas Department of Health & Environment also agreed to provide funding and 40 percent principle forgiveness through the State's Revolving Loan Fund Program. This amounted to another \$780,000 in grant money towards the project. Due to federal grant requirements, the City was required to purchase a wind turbine manufactured in the United States. Our design engineer sized the turbine at 1 MW to match our total electrical load and was a requirement of Westar to address concerns with distribution of power. It was therefore determined the only 1 MW wind turbine manufactured in the United States was made by Nordic Wind power. An Interconnect and Purchase Power Agreement (PPA) was signed with Westar by the end of 2011. The design started in 2012 and the project was completed in the fall. Shortly after startup, a blade tip failed during a storm event. Repairs were completed in early March of 2013 and the turbine performed well until a lightning strike in late April. Repairs were made and the turbine was back running in June. The turbine ran until February of 2014.

when it was discovered that the cone bushings needed replaced. These repairs were completed by May 3, 2014. In addition to the bushing repairs, the technicians also completed some precision alignment. The effect of these repairs seemed to have dramatically increased the output of the turbine and over the next week the turbine produced 87,000 kwh's, over ten times any prior one week total. In November of 2014, after six months of the best production since installed, it was discovered that the front bearing in the nacelle was going out. Estimates to repair were \$300,000-\$400,000 due to the fact the nacelle would have to come down to replace the front bearing. The City is now weighing its options to recover its investment.

The City of El Dorado has been making significant investments in maintaining and rehabilitating our water distribution and sewer collection infrastructure. Water Distribution crews replaced 3,294 feet of undersized 2-inch pipe in 2014. Our goal is to replace all 2-inch and smaller pipe in the water distribution system in the next 5 years. It is estimated there is about 8,842 feet of 2-inch or smaller pipe remaining in the water distribution system. The crews also replaced 656 water meters, 13 fire hydrants and installed 2,124 feet of new water mains. Another important goal started in 2012 and continuing to improve on, is to reduce the number of less than 500 gpm fire hydrants, commonly identified as "red" fire hydrants. In 2014, the Water Distribution team made great strides in meeting this goal and eliminated many of the red, low flow hydrants in our system. Looping lines in the system and replacing undersized lines helped us accomplish this goal. In meeting this goal, it also helped the City lower our ISO insurance rating from a 5 to a 3 in 2013, which should in turn lower property insurance rates for everyone in El Dorado.

The Public Utilities Department continues to make progress in battling the deterioration of our nearly 100 year-old sewer system. The new wastewater treatment plant handles the high flow events caused by infiltration and inflow (I & I), but the collection system needs continued investment to keep up with the rate of deterioration. In 2014 we continued the completion of city-wide "vapor rooting", a chemical treatment that kills roots that have intruded into sewer lines causing cracked sewer pipe, infiltration of storm water and even complete failure of sewer lines. In 2014, the Sewer Maintenance crew chemically treated 91,261 feet and flushed 71,695 feet of sewer lines. Prior to 2014, we performed manhole rehabilitation on nearly half of the 1,862 manholes in El Dorado's sewer system. This relining process completely restores old manholes to "like new" condition and eliminates I & I from ground water. We were successful in our CDBG grant application in 2014, with a \$500,000 matching grant awarded to the City of El Dorado. The CDBG project identified was a neighborhood in the southwest part of town with failing and undersized sewer mains. Eight-inch sewer mains are the minimum standard in El Dorado, and this area of town has six-inch sewer mains. Two other projects were also identified as "high priority" and will be funded through the State Revolving Loan Fund. The first is the sewer main draining a large area west of downtown, including Susan B. Allen Hospital. This eight-inch line must be increased to handle normal flows, in addition to infiltration from storm events. The other project is a fourteen-inch exposed sewer collector along Constant Creek, just north of the refinery. It was discovered during a storm event, that large amounts of I & I are entering this fractured and damaged pipe. All of these projects will be bid and completed in 2015. The CDBG matching grant is a great funding mechanism for sewer improvements and allows the money for these projects to go further.

At year-end, the City had \$2,488,947 of sales tax collections. The ordinance states that the first \$600,000 shall be allocated annually for street rehabilitation, the next \$1,350,000 from the tax shall be used annually for property tax reduction, the next \$50,000 to be allocated annually for economic development. The balance is considered to be excess sales tax and is used for the purposes of additional street rehabilitation, additional property tax reduction, and capital expenditures. The amount of excess

sales tax for 2014 was \$297,699. The City Commission received a recommendation from the Sales Tax Advisory Committee on funding certain projects with the excess sales tax. The items approved included \$12,800 for bleachers, \$13,000 for scoreboards, \$6,000 for temp fencing, \$6,000 for swimming pool deck furniture, \$18,500 for gym floor, \$85,000 for Central Park field lighting, \$3,000 for Main Street, \$70,000 for Bradford Memorial Library's renovation project, \$25,000 to build a new Elks Lodge, and property tax reduction of 3.49 mills. This source of revenue continues to be a viable and important source of funding and enhances the quality of life within the community.

AWARDS AND ACKNOWLEDGEMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of El Dorado for its comprehensive annual financial report for the fiscal year ended December 31, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

An award of Financial Reporting Achievement has been awarded to the individual department designated by the government as primarily responsible for preparing the award-winning CAFR. This has been presented to: Tammy Schaffer, Finance Director.

The CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

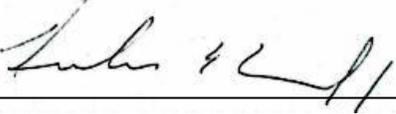
GFOA is a nonprofit professional association serving approximately 17,500 government finance professionals with offices in Chicago, IL, and Washington, D.C.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. A Certificate of Achievement has been awarded to the City of El Dorado for its reports each year since the year ended December 31, 1977.

Acknowledgements

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire City staff, El Dorado Inc., Local Businesses, and Butler County staff. We express our appreciation to the City Commission for their support that has made possible the implementation of innovative concepts in accounting and fiscal management.

Respectfully submitted,

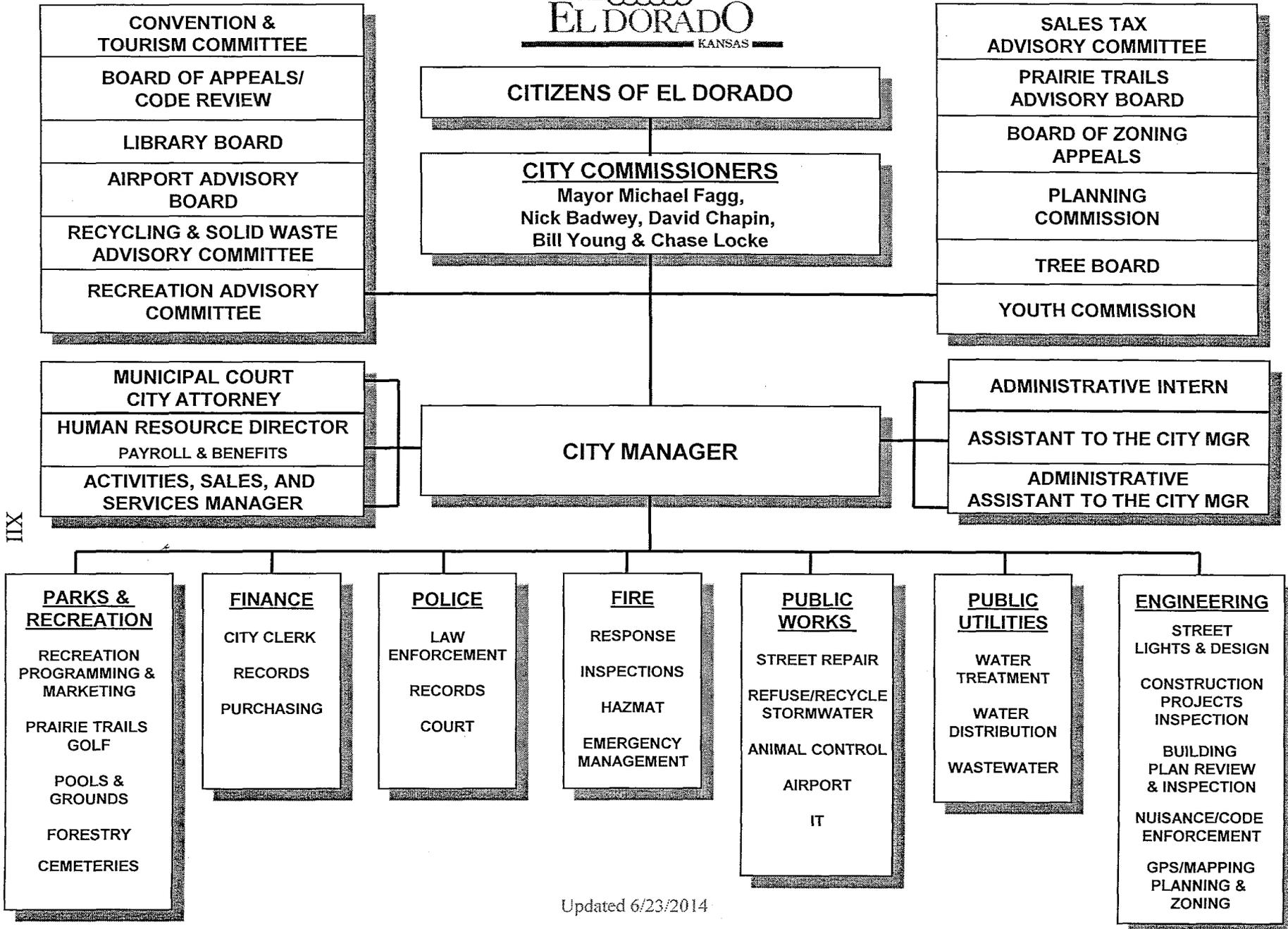


Herbert E. Llewellyn, Jr.
City Manager



Tammy Schaffer
Finance Director

City of
ELDORADO
KANSAS



IIX



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of El Dorado
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

CITY OF



EL DORADO
KANSAS

**FINANCIAL
SECTION**



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

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Commissioners
City of El Dorado, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Dorado, Kansas (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 12 and the Schedule of Funding Progress on page 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and schedules, budgetary comparisons, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Berberich Trahan & Co., P.A.

June 15, 2015
Topeka, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report contains an overview and analysis of the City of El Dorado's financial statements and activities for the fiscal year ended December 31, 2014. The information contained here, as well as the information contained in the letter of transmittal, are intended to provide the reader of the financial statements with an overall picture of the City's financial condition.

OVERVIEW OF THE FINANCIAL STATEMENTS

The basic financial statements of the City include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the basic financial statements and are essential for the reader's understanding. Other supplementary information is also included at the end of this report to provide additional information for the reader.

Users of the report have an opportunity to compare the net assets of the City of El Dorado to other entities using the government-wide financial statements. Those users can address relevant issues and broaden the basis of comparison (year-to-year or government-to-government) to enhance the City's accountability.

Government-Wide Financial Statements

Government-wide financial statements present the results of the City's operations using the accrual basis of accounting, the method used by private sector businesses. These statements focus on the long-term financial picture of the City as a whole.

The Statement of Net Position reports all the City's assets and liabilities and deferred inflows/outflows of resources. Net Position, the difference between assets and liabilities and deferred inflows/outflows of resources, are an important measure of the City's overall financial health. Over time, the increases and decreases in net position can be monitored to determine whether the City's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position (current year's revenues and expenses) are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the Statement of Activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued vacation leave).

The City of El Dorado's Statement of Net Position and Statement of Activities summarize all the Primary Government funds into either governmental activities or business-type activities. Governmental activities include the operations of the City that are generally supported by taxes, such as police, fire, public works, parks, cultural activities, general administration, recreation, cemetery, and industrial development. Business-type activities include water, sewer, refuse, and compressed natural gas utilities, which are self-supporting funds.

The Bradford Memorial Library component unit is also reflected in these statements. Additional information on the component unit may be found in the notes to the financial statements and the financial statements included in the supplementary information.

Fund Financial Statements

A fund is a fiscal entity with a set of self-balancing accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of El Dorado, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more information about the City's most significant funds – not the City as a whole. All of the funds of the City of El Dorado can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The City implemented Governmental Accounting Standards Board (GASB) statement number 54 for fiscal year ending December 31, 2012. GASB 54 changes the way fund balances are presented in the governmental fund financial statements.

Governmental fund financial statements are prepared on the modified accrual basis. Under the modified accrual basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred, with the exception of long-term debt and other similar items which are recorded when due. The focus, therefore, is on the short-term financial picture of the operations reported, rather than the City as a whole. Most of the City's basic operations are reported in the governmental fund financial statements. The information reported in these statements can be compared to the governmental activities information in the government-wide statements. The reconciliation at the end of the fund financial statements details the relationship between the two types of financial statements.

Proprietary funds fall into two categories: enterprise funds and internal service funds. All proprietary funds are prepared on the accrual basis of accounting. Enterprise funds are used to account for business-type activities. Enterprise fund statements present the same information that is in the government-wide statements for business activities, only in greater detail. The City's water, sewer, refuse, and compressed natural gas services are accounted for as enterprise funds. Internal service funds are used to account for the cost of operations shared by various functions of the City. The City uses one internal service fund to account for its data processing activities. In the government-wide statements, the information for the internal service fund is predominantly presented as part of the business-type activities information.

Fiduciary funds are used by the City to account for resources held by the City for the benefit of a third party. Because the resources of these funds are not available for the City's operation, they are not presented in the government-wide financial statements. The City's fiduciary funds include the Sales Tax Fund, Revolving Loan Fund, Neighborhood Revitalization Rebate Fund, and the Payroll Withholding Fund. The fiduciary funds are combined into one column on the fiduciary fund statement. A combining statement can be found in the supplementary information following the notes to the financial statements.

FINANCIAL ANALYSIS OF THE CITY

Net Position

In accordance with GASB Statement No. 34, following are the combined net position of the City of El Dorado as of December 31:

City of El Dorado, Kansas
 Net Position
 As of December 31, 2014
 (with comparative totals for December 31, 2013)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 11,181,396	\$ 17,398,541	\$ 9,061,489	\$ 8,462,882	\$ 20,242,885	\$ 25,861,423
Capital assets	47,638,206	44,794,589	59,977,411	60,190,279	107,615,617	104,984,868
Total assets	<u>58,819,602</u>	<u>62,193,130</u>	<u>69,038,900</u>	<u>68,653,161</u>	<u>127,858,502</u>	<u>130,846,291</u>
Long-term liabilities	13,597,808	16,720,113	61,000,749	60,770,451	74,598,557	77,490,564
Other liabilities	607,060	696,284	353,725	356,810	960,785	1,053,094
Total liabilities	<u>14,204,868</u>	<u>17,416,397</u>	<u>61,354,474</u>	<u>61,127,261</u>	<u>75,559,342</u>	<u>78,543,658</u>
Deferred inflows of resources	<u>3,347,152</u>	<u>3,454,420</u>	<u>-</u>	<u>-</u>	<u>3,347,152</u>	<u>3,454,420</u>
Net position:						
Net invested in capital assets	34,296,398	30,188,763	21,429,958	21,303,503	55,726,356	51,492,266
Restricted	3,629,818	4,215,381	-	-	3,629,818	4,215,381
Unrestricted	3,341,366	6,918,169	(13,745,532)	(13,777,603)	(10,404,166)	(6,859,434)
Total net position	<u>\$ 41,267,582</u>	<u>\$ 41,322,313</u>	<u>\$ 7,684,426</u>	<u>\$ 7,525,900</u>	<u>\$ 48,952,008</u>	<u>\$ 48,848,213</u>

The City has seen a minimal financial upturn, with an increase in net position of \$103,795. The amount is the combination of a decrease in the governmental activities and an increase in the business-type activities. The governmental activities decreased \$54,731, due to the net effect of several items. Current and other assets, which include cash and short-term investments, property tax receivable, special assessment tax receivable, accounts receivable, sales tax receivable, accrued interest receivable, due from other governments, inventories, and due from other funds decreased. The decrease is due to the net effect of several areas: In Cash and Short-term investments, which includes the General fund, Self-Insurance fund, and the Equipment Reserve fund, the General Fund balance was spent down due to the rising costs of operations and the obligation to the City Commission and the Citizens to maintain the standard 47 mills. The Self-Insurance fund decreased due to several large claims throughout the year. The Equipment Reserve fund, increased \$504,502 due to a transfer from the General fund and the Stormwater fund to save for a future purchase of a street sweeper. Another reason for the Equipment Reserve fund increasing was due to the three new developments occurring which has not happened since 2009 which increased our engineering refunds and administrative fees. Capital Assets increased \$2,843,617 in the areas of Improvements other than buildings, Equipment, and Infrastructure.

The net position of business-type activities increased slightly by \$158,526. Current and other assets, which includes Cash and LPL Financial Investments, increased from a net result of the Water fund increasing and the Sewer fund decreasing in Cash. The Water and Sewer funds raised the rates during 2014, however, the Sewer fund decreased due to the wind turbine's maintenance and repairs and down-time. The Wastewater Sewer Plant purchased a wind turbine in 2011 to supply power to the plant. There were several events that caused the wind turbine to be out of commission which incurred unexpected cost to the Sewer fund. Capital assets not being depreciated consist of Land, Water Storage Space, and Construction in Progress. Construction in Progress had a net decrease of \$620,147 due to the completion of several projects. There are less projects in progress for the Water and Sewer Departments this year; Rural Water District 4 Water Line Towanda Ave. (Boyer-Purity Springs) \$207,214, and Waterline @ Criss 9th \$77,610. Projects completed for the Sewer Department are; Sanitary Sewer Criss 9th \$143,659, capitalized in 2014 and Sanitary Sewer Belmont Heights 3rd Addition-Phase II \$54,758 capitalized in 2014.

Governmental Activities

The table below shows the condensed revenues, expenses and change in net position for 2014 and 2013.

	Governmental Activities	
	2014	2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,210,009	\$ 2,980,412
Operating Grants and Contributions	603,208	592,341
Capital Grants and Contributions	2,422,225	1,103,343
General Revenues:		
Property Taxes	3,830,127	3,806,320
Sales Taxes	2,508,095	2,370,532
Franchise Taxes	1,225,660	1,174,104
Tourism Taxes	172,343	173,221
Investment Earnings	2,774	5,050
Total Revenues	<u>12,974,441</u>	<u>12,205,323</u>
Expenses:		
General Government	2,755,952	2,021,994
Public Safety	3,906,171	3,767,376
Public Works	3,476,247	3,278,271
Health & Sanitation	478,020	392,681
Culture & Recreation	1,476,436	1,297,591
Economic Development	199,198	214,899
Interest on Long-Term Debt	486,109	527,442
Total Expenses	<u>12,778,133</u>	<u>11,500,254</u>
Excess Before Transfers	196,308	705,069
Transfers In (Out)	(251,039)	248,027
Change In Net Position	(54,731)	953,096
Net Position January 1	41,322,313	40,369,217
Net Position December 31	<u>\$ 41,267,582</u>	<u>\$ 41,322,313</u>

The net change in net position decreased \$54,731. There were several revenue sources that decreased in 2014 which included Charges for Services, Tourism Taxes and Investment Earnings. There were two areas in the Charges for Services that contributed to the decrease. The General Government activities due to receiving less specials in 2014 than in 2013 and in the Public Safety activities there were a couple of items that participated in the decrease. Our Prospect Township paid their last payment for fire protection in 2015 instead of 2014. And during this time of tight budgets, the process for reimbursements was changed and the expense was credited back for the amount of revenue received lowering reimbursements. Tourism Taxes decreased only slightly and Investment Earnings decreased in part because of low interest rates and less cash flow in the general/payroll account. There were also several revenue sources that increased in 2014 which included Operating Grants and Contributions, Capital Grants and Contributions, Property Taxes, Sales Tax, and Franchise Taxes. Capital Grants had a significant increase of \$1,318,882 which included Federal and State dollars. These dollars included reimbursements to projects, Federal Exchange, CDBG (Community Development Block Grant), and Purple Wave for the sale of equipment. Sales tax increased with the help of the turn-around, which is a preventive maintenance program for the refinery HollyFrontier. This activity generates opportunity to bring contractors and sales tax growth to the City.

The net change in expenses increased by \$1,277,879. There were increases in General Government, Public Safety, Public Works, Health & Sanitation, and Culture & Recreation. In all areas, there was an average increase in salaries of 3-4 percent. Retirement also contributed to the increase due to KPERS raising the employer rate from 8.84% to 9.48% and KP&F raising the employer rate from 19.92% to 21.36%. With more people partaking in our health care, the amount of health care claims have increased. In Public Works and Health & Sanitation, the maintenance and repair equipment and maintenance and repair other improvements increased due to a new Compressed Natural Gas (CNG) station being built and the conversion of several vehicles. A significant expense in Culture & Recreation was the purchase of golf carts for Prairie Trails Restaurant/Golf.

Business-Type Activities

The table below shows the condensed revenues, expenses and changes in net position for 2014 and 2013.

	Business-Type Activities	
	2014	2013
Revenues:		
Program Revenues:		
Charges for Services	\$ 7,754,984	\$ 7,183,354
Capital Grants and Contributions	61,330	100
Investment Earnings (Loss)	568,181	(120,332)
Total Revenues	<u>8,384,495</u>	<u>7,063,122</u>
Expenses:		
Waterworks System	4,845,259	4,822,852
Sewer System	2,109,698	2,109,889
Refuse	1,522,051	1,273,960
Total Expenses	<u>8,477,008</u>	<u>8,206,701</u>
Excess Before Transfers	(92,513)	(1,143,579)
Transfers In (Out)	251,039	(248,027)
Changes in Net Assets	158,526	(1,391,606)
Net Position January 1	7,525,900	8,917,506
Net Position December 31	<u>\$ 7,684,426</u>	<u>\$ 7,525,900</u>

The Waterworks System, Sewer System, Refuse, and Compressed Natural Gas (CNG) utilities are the business-type activities of the City of El Dorado. Charges for Services, which includes raw water and domestic sales, increased partly because the City of Augusta purchased all their raw water from El Dorado while the city lake was out of service due to repairs to the dam. Domestic Sales contributed to the increase because of a slight rate increase of \$1.22 to \$1.24 and an increase in the readiness to service charge. The City also witnessed rainfall, however, it still required watering to maintain landscaping. The sewer system also increased the rates from \$2.51 to \$2.32 increasing Domestic Sales as well. The City built a CNG station during 2014 and began operations in late fall. The station was built to accommodate the converted vehicles for the City, however, it will be available to the public in the future. The difference in Capital Grants and contributions is due to the LPL Financial investments, held for the lake debt, increasing in value. The main change in expenses was in the refuse fund when recycling ordered new recycle carts. The main cause for the increase in transfers is from the building of the CNG station. There were several transfers from other departments that helped with the cost of the station.

FUND ANALYSIS

There was a net change in fund balance of approximately \$5.8 million in the City's governmental funds as a result of 2014 operations. In the General fund, Sales Tax collections continue to grow each year as the economy improves. HollyFrontier contributed to the growth by scheduling a large preventive maintenance program.

A decrease of \$497,400 occurred in the debt service fund. This resulted from the excess (deficiency) of revenues under expenditures. Property tax decreased slightly, however, special assessments increased slightly leaving a similar revenue amount as prior year. Expenses increased due to more principal and interest paid in the current year with the refinancing of the series 2006 bond and issuing new money in the 2013 bond with the payments starting in 2014.

The net change in the Construction fund is a decrease of \$5,201,627. Expenditures were over revenues by \$5,378,922 due to the completion of several major infrastructure projects. The major projects consisted of projects 354 Paving Atchison (Locust-Cave Springs) & (Atchison-Denver), 358 Curb & Gutter-300 Blk. N Atchison, 370 SW Quadrant Mandatory Sidewalk Rehab, 373 Extend Walnut Valley Dr., 375 Airport T-Hangers Phase 3, 387 Paving 30th –Middle School, 410 Prairie Trails Roof Repair, 411 Prairie Trails Cart Path Back 9, 416 Paving 4th (Boyer to School), and 417 Paving 5th (Boyer to School). Another contributing factor was the principal payment of the Series 2006 refunding amount of \$2,247,732.

The change in net position in the business-type activities increased \$158,526. Due to the swings in the bond market in 2013, the interest rates created an unrealized loss in the Lake Debt Reserve investments creating a loss in Investment Earnings of \$120,332. In the current year, there is a gain of \$568,181 which is the main reason for the decrease in the total non-operating revenues (expense). The change in transfers also participated in the change in net position. In the past, the City's software system would not allow posting of adjusting journal entries (AJE's) to projects without messing up the project accounting. The City purchased new software that allows posting AJE's in the 13th month. The change in transfers is the adjusting of fund balance from prior years.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget was not amended. The budgeted amount of revenue exceeded the actual amount of the budget by \$40,938. Ad Valorem tax was the only tax revenue reported lower than budgeted. The actual amount of Franchise fees exceeded the budgeted amount by \$11,728 mainly due to Gas Service and Westar. Charges for services reflect a negative variance based on a couple of reasons; Our Prospect Township paid their last payment for fire protection in 2015 instead of 2014, and the north main spray park has become very popular during the summer months, therefore, swimming pool admissions and rentals are lower.

The Prairie Trails Restaurant/Golf fund, which is included in the financials of the general fund, was amended. The City Commission voted to pay cash for the new golf carts purchased instead of financing. This was part of the increased amount of transfer in of \$266,542.

Expenditures were \$4,726,961 less than budgeted. Administration expenditures reflect a positive variance due to an intern position was vacant all year. Public Safety expenditures were less than expected mainly due to reduced personnel costs in the police department and vacant positions. A large portion of the positive variance is due to the contingency reserve that is budgeted in Special Projects to finance unforeseen expenditures or an unanticipated decline in revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The total amount invested in capital assets during 2014, net of current year depreciation, was \$7,239,960. The additions to Governmental Activities include Buildings, Improvements other than buildings, Infrastructure, and Machinery and Equipment. Additions to Buildings include the Turf for the McDonald Stadium \$220,694, the heating and air conditioning unit replaced at the Civic Center \$21,279, and the purchase of the Community Market Building \$73,258. The additions to Improvements other than buildings include Industrial Park Improvements-Rail Spur \$1,009,290, Lake Softball Complex \$205,148, Cart Path Back 9 at Prairie Trails Golf \$72,752, Sidewalks on 6th Street (Metcalf-Orchard) \$65,608, Sidewalks-South Haverhill (Central-Towanda) \$19,933, Sidewalks-N Main (McCollum-New Middle School) \$52,034, and the new Compressed Natural Gas Station \$130,893. Additions to Infrastructure include; Paving 30th to New Middle School \$415,545, Paving 4th & 5th (Boyer – School) \$806,720, Paving Belmont Heights 3rd Addition-Phase I \$202,411, Paving Criss 9th \$437,317, and Paving Belmont Heights 3rd Addition-Phase II \$266,672. The additions to Machinery and Equipment include; For the Recreation Department a 2009 John Deere Mower \$8,500, and a 2014 John Deere Front Mount Mower \$17,319 for the Recreation Division and a 2014 John Deere Commercial Ztrak Mower \$7,856 for the Parks Division. For the Public Works Department a Caterpillar Backhoe \$10,000 for the Stormwater Division and a 2012 Peterbilt Dump Truck \$125,000 for the Public Works Division. For the Administration Department a Jacobsen Rotary Mower \$44,839, a Jacobsen SLF Mower \$34,869, and a Hustler Mower \$19,880 for the Prairie Trails Division. For the Fire Department a Commercial Laundry Extractor for the Fire Sub-Station \$8,922, a 2015 Ford F-350 \$56,558, and a Sutphen Class a Pumper Apparatus \$444,354. For the Police Department (3) 2015 Chevy Impalas were acquired totaling \$66,738.

The additions to Business-Type Activities include Buildings, Improvements other than buildings, and Machinery and equipment. There were no additions to Buildings for 2014. Improvements other than buildings include; 4200 Gallon Sodium Permanganate Bulk Tank \$13,450, Waterlines to New Middle School \$465,351, and Rural Water District #4 Waterlines Towanda Ave. \$207,214 for the Water Department. For the Sewer Department; Sanitary Sewer to New middle School \$136,874, Sanitary Sewer Belmont Heights 3rd Addition-Phase I \$54,439, Sanitary Sewer Criss 9th \$143,659, and Sanitary Sewer Belmont Heights 3rd Addition-Phase II \$54,758. Machinery and Equipment include; 2013 Backhoe Loader \$82,002, 2014 Bobcat Compact \$51,428, 2014 Bobcat Compact Track Loader \$42,308, 2014 Bobcat Landscape Rake \$5,317, Hand Held Meter Reading Devices \$10,300, Fans for Water Distribution Building \$11,000, and (2) 2014 GMC Sierras totaling \$46,805, for the Water Department. For the Sewer Department; 2014 Vac-Con Unit Sewer Flush Truck \$351,772, and 2012 John Deere Wheel Loader \$99,700. For the Refuse Department a 2007 Freightliner Packer \$11,637.

Additional information about the City's capital assets can be found in Note 5 of the Notes to the Financial Statements.

Debt Administration

The City did not issue bonds in 2014. The capacity of the City to issue additional general obligation debt decreased in 2014 from \$19,235,083 to \$19,070,368. The ratio of net bonded debt to estimated actual value and the net bonded debt per capita are useful indicators of the City's debt position. The ratio of net bonded debt to estimated actual value decreased from 3.46% in 2013 to 2.86% in 2014, and the net bonded debt per capita decreased from \$1,461 in 2013 to \$1,163 in 2014.

Additional information about the City's long-term debt can be found in Note 7 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In 2015 (2016 budget), the mill levy is anticipated to remain the same level as 2014. The City Commission and City staff are very cognizant of the impact the nation's economy has on the citizens of El Dorado and are working very diligently to keep the expenditures at a low level.

The City will maintain the same level of services and fund the same outside agencies in 2015. Sales tax will continue to be a significant revenue source for the City. The property tax would currently be approximately 29 mills higher to fund the City's operations without the local sales tax. The City continues to improve its infrastructure through the street maintenance program, funded by sales tax monies.

OTHER POTENTIALLY SIGNIFICANT MATTERS

The following significant facts were known by management as of the date of the independent auditor's report:

- In 2010, city staff met with the Kansas Water Office and former Governor, Mike Hayden to discuss the concept of selling additional water from El Dorado Lake. Subsequent to that meeting, the Kansas Water Office (KWO) directed staff hydrologist, Andy Entz to conduct reservoir modeling to determine the yield of El Dorado Lake. The preliminary results from the KWO's study indicated a significant quantity of water was not currently being utilized from El Dorado Lake. The City commission first met and discussed a feasibility study for additional water sales in July of 2011. Black & Veatch Consulting Engineers were hired to conduct a two phase study. The first phase not to exceed \$75,000, was completed in January of 2012. Phase I of the study determined the yield of the lake to insure we have plenty of water to sell in a responsible manner. The second phase, not to exceed \$184,700, looks at the cost of water treatment and delivery options in order to establish a final estimate of cost per thousand gallons. The study determined, based on 57 years of climate data, El Dorado could sell an additional allocation of 20 million gallons per day (mgd) 83% of the time without significantly impacting lake levels. During a drought of record, the lake could supply the City's current customer demand of 10 mgd, as well as an additional 10 mgd of drought aid, without running out of water. In the most recent drought that lasted about 2 ½ years, with about 24 inches of precipitation for both 2011 and 2012, El Dorado Lake remained within 4.5 feet of conservation pool. In April of 2013, the City of Wichita asked about purchasing water and the City Commission is currently considering options as discussions continue with the City of Wichita. El Dorado Lake continues to be an important regional water supply that is currently underutilized. The drought has prompted increased activity in regional water supply planning and we expect this planning to continue independent of drought conditions.
- The City of El Dorado is looking into housing needs within our community along with El Dorado Inc. An Ad Hoc committee was formed and has sent recommendations to the City Commission. As a result the City has seen two recent subdivisions platted and infrastructure is currently being installed. This will add an additional 50 buildable lots to the City of El Dorado. Along with single family residential the City has worked with a number of multiple family developers and we see some large scale multifamily developments on the horizon.

REQUESTS FOR INFORMATION

The financial report is intended to give the reader a general overview of the City's finances. Questions about information contained in this report or requests for additional information should be directed to the Director of Finance, City of El Dorado, 220 East First, El Dorado, KS, 67042.

BASIC FINANCIAL STATEMENTS

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION

December 31, 2014

	Primary Government			Component
	Governmental Activities	Business-Type Activities	Total	Unit Library
Assets:				
Cash and investments	\$ 1,758,448	\$ 6,785,622	\$ 8,544,070	\$ 383,656
Receivables, net of allowance for uncollectibles:				
Taxes	6,939,492	-	6,939,492	397,325
Accounts	344,063	305,764	649,827	240
Accrued interest	19,557	-	19,557	-
Due from other governments	15,317	600	15,917	-
Internal balances	(981,124)	981,124	-	-
Inventories	85,643	189,270	274,913	-
Restricted cash and investments	-	799,109	799,109	320,828
Investment in joint venture	3,000,000	-	3,000,000	-
Capital assets, net of accumulated depreciation (where applicable):				
Land	4,787,270	751,376	5,538,646	-
Buildings	8,439,891	11,198,441	19,638,332	521,559
Improvements other than buildings	8,136,912	12,692,942	20,829,854	-
Infrastructure	20,453,925	-	20,453,925	-
Water storage space	-	28,951,577	28,951,577	-
Machinery and equipment	2,098,790	5,363,097	7,461,887	62,312
Construction in progress	3,721,418	1,019,978	4,741,396	291,624
Total assets	58,819,602	69,038,900	127,858,502	1,977,544
Liabilities:				
Accounts payable and other current liabilities	558,596	274,427	833,023	152,278
Accrued interest payable	48,464	79,298	127,762	-
Noncurrent liabilities:				
Due within one year	1,511,811	1,123,716	2,635,527	42,024
Due in more than one year	12,085,997	59,877,033	71,963,030	3,536
Total liabilities	14,204,868	61,354,474	75,559,342	197,838
Deferred inflows of resources:				
Deferred revenue - property taxes	3,347,152	-	3,347,152	397,325
Net position:				
Net investment in capital assets	34,296,398	21,429,958	55,726,356	875,495
Restricted for:				
Debt service	3,191,790	-	3,191,790	-
Public safety	24,322	-	24,322	-
Public works	274,666	-	274,666	-
Economic development	42,582	-	42,582	-
Culture and recreation	40,479	-	40,479	-
Other purposes	55,979	-	55,979	185,979
Unrestricted	3,341,366	(13,745,532)	(10,404,166)	320,907
Total net position	\$ 41,267,582	\$ 7,684,426	\$ 48,952,008	\$ 1,382,381

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2014

Functions/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Library
					Governmental Activities	Business-Type Activities	Total	
Government activities:								
General government	\$ 2,755,952	\$ 633,957	\$ 60,863	\$ -	\$ (2,061,132)	\$ -	\$ (2,061,132)	\$ -
Public safety	3,906,171	613,069	17,000	1,153,062	(2,123,040)	-	(2,123,040)	-
Public works	3,476,247	227,672	492,649	913,402	(1,842,524)	-	(1,842,524)	-
Health and sanitation	478,020	118,383	681	355,761	(3,195)	-	(3,195)	-
Culture and recreation	1,476,436	616,928	32,015	-	(827,493)	-	(827,493)	-
Economic development	199,198	-	-	-	(199,198)	-	(199,198)	-
Interest on long-term debt	486,109	-	-	-	(486,109)	-	(486,109)	-
Total governmental activities	12,778,133	2,210,009	603,208	2,422,225	(7,542,691)	-	(7,542,691)	-
Business-type activities:								
Waterworks System	4,845,259	4,253,360	-	61,330	-	(530,569)	(530,569)	-
Sewer System	2,109,698	2,096,994	-	-	-	(12,704)	(12,704)	-
Refuse	1,522,051	1,404,573	-	-	-	(117,478)	(117,478)	-
Compressed Natural Gas	-	57	-	-	-	57	57	-
Total business-type activities	8,477,008	7,754,984	-	61,330	-	(660,694)	(660,694)	-
Total primary government	\$ 21,255,141	\$ 9,964,993	\$ 603,208	\$ 2,483,555	(7,542,691)	(660,694)	(8,203,385)	-
Component unit:								
Bradford Memorial Library	\$ 383,958	\$ 38,904	\$ 44,580	\$ -	-	-	-	(300,474)
General revenues:								
Property taxes					3,830,127	-	3,830,127	456,195
Sales taxes					2,508,095	-	2,508,095	-
Franchise taxes					1,225,660	-	1,225,660	-
Tourism taxes					172,343	-	172,343	-
Unrestricted investment earnings					2,774	568,181	570,955	25,001
Transfers					(251,039)	251,039	-	-
Total general revenues and transfers					7,487,960	819,220	8,307,180	481,196
Change in net position					(54,731)	158,526	103,795	180,722
Net position, beginning of year					41,322,313	7,525,900	48,848,213	1,201,659
Net position, end of year					\$ 41,267,582	\$ 7,684,426	\$ 48,952,008	\$ 1,382,381

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2014

	General	Debt Service	Construction	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 219,607	\$ 88,835	\$ -	\$ 1,450,006	\$ 1,758,448
Restricted cash and investments	-	-	-	-	-
Receivables (net of allowance for uncollectibles):					
Property tax	2,411,903	854,265	-	80,984	3,347,152
Special assessment tax	-	2,909,798	-	241,621	3,151,419
Sales tax	440,921	-	-	-	440,921
Accounts	136,126	-	32,184	175,753	344,063
Interest	19,557	-	-	-	19,557
Due from other governments	93	-	-	15,522	15,615
Due from other funds	3,450,732	-	-	-	3,450,732
Inventories	85,643	-	-	-	85,643
Total assets	\$ 6,764,582	\$ 3,852,898	\$ 32,184	\$ 1,963,886	\$ 12,613,550
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable	\$ 227,207	\$ -	\$ 113,650	\$ 25,176	\$ 366,033
Accrued payroll	167,013	-	-	25,550	192,563
Due to other governments	-	-	-	298	298
Due to other funds	-	-	3,450,732	-	3,450,732
Advances from other funds	-	-	-	1,014,036	1,014,036
Total liabilities	394,220	-	3,564,382	1,065,060	5,023,662
Deferred inflows of resources:					
Unavailable revenue - property taxes	2,411,903	854,265	-	80,984	3,347,152
Unavailable revenue - special assessments	-	2,909,798	-	241,621	3,151,419
Total deferred inflows of resources	2,411,903	3,764,063	-	322,605	6,498,571
Fund balances:					
Nonspendable:					
Inventories	85,643	-	-	-	85,643
Restricted:					
Police operations	-	-	-	24,322	24,322
Tourism	-	-	-	55,979	55,979
Industrial development	-	-	-	42,582	42,582
Park improvements	-	-	-	40,479	40,479
Stormwater systems	-	-	-	274,666	274,666
Debt service	-	88,835	-	-	88,835
Committed:					
Public safety equipment	-	-	-	3,409	3,409
Business development	-	-	-	176,031	176,031
Assigned					
Airport improvements	-	-	-	58,320	58,320
Street improvements	-	-	-	181,074	181,074
Industrial development	-	-	-	27,748	27,748
Park improvements	-	-	-	2,125	2,125
Police equipment	-	-	-	33,412	33,412
Self-insurance reserve	571,895	-	-	-	571,895
Unassigned	3,300,921	-	(3,532,198)	(343,926)	(575,203)
Total fund balances	3,958,459	88,835	(3,532,198)	576,221	1,091,317
Total liabilities, deferred inflows of resources, and fund balances	\$ 6,764,582	\$ 3,852,898	\$ 32,184	\$ 1,963,886	\$ 12,613,550

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2014

Total fund balance in Governmental Fund Balance Sheet	\$ 1,091,317
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	47,638,206
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	3,151,419
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	3,000,000
Internal service funds are used by management to charge the costs of information technology to individual funds. This adjustment reflects the consolidation of internal service fund activities related to governmental activities.	32,912
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(13,646,272)
Net position of governmental activities	<u>\$ 41,267,582</u>

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended December 31, 2014

	General	Debt Service	Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 2,947,978	\$ 762,497	\$ -	\$ 119,652	\$ 3,830,127
Sales	2,458,095	-	-	50,000	2,508,095
Franchise	1,225,660	-	-	-	1,225,660
Tourism	-	-	-	172,343	172,343
Intergovernmental	49,865	-	(7,757)	671,333	713,441
Licenses and permits	120,756	-	-	5,676	126,432
Charges for services	1,362,064	-	-	208,255	1,570,319
Fines and forfeitures	331,806	-	-	-	331,806
Special assessments	-	436,540	1,153,062	247,476	1,837,078
Investment earnings	2,069	414	-	291	2,774
Miscellaneous	248,841	125,154	521,937	19,883	915,815
Total revenues	8,747,134	1,324,605	1,667,242	1,494,909	13,233,890
Expenditures:					
Current:					
General government	1,333,556	-	264,061	548,123	2,145,740
Public safety	3,557,487	-	-	-	3,557,487
Highways and streets	868,085	-	-	834,741	1,702,826
Health and sanitation	329,405	-	-	133,392	462,797
Culture and recreation	1,344,693	-	-	14,393	1,359,086
Economic development	-	-	-	176,134	176,134
Debt service:					
Principal	54,456	1,407,784	2,247,732	-	3,709,972
Interest	18,339	470,336	-	42,082	530,757
Capital outlay	1,159,040	-	4,534,371	14,392	5,707,803
Total expenditures	8,665,061	1,878,120	7,046,164	1,763,257	19,352,602
Excess (deficiency) of revenues over (under) expenditures	82,073	(553,515)	(5,378,922)	(268,348)	(6,118,712)
Other financing sources (uses):					
Transfers in	1,950,747	112,495	2,124,517	355,914	4,543,673
Transfers out	(2,474,025)	(56,380)	(1,947,222)	(317,085)	(4,794,712)
Other financing source - capital lease	569,354	-	-	-	569,354
Total other financing sources (uses)	46,076	56,115	177,295	38,829	318,315
Net change in fund balances	128,149	(497,400)	(5,201,627)	(229,519)	(5,800,397)
Fund balances, beginning of year	3,830,310	586,235	1,669,429	805,740	6,891,714
Fund balances, end of year	\$ 3,958,459	\$ 88,835	\$ (3,532,198)	\$ 576,221	\$ 1,091,317

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

Net change in fund balances - total governmental funds	\$ (5,800,397)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	2,931,493
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals, donations) is to decrease net position	(87,878)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(259,450)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,140,618
Internal service funds are used by management to charge the cost of information technology to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities.	(5,452)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>26,335</u>
Change in net position of governmental activities	<u><u>\$ (54,731)</u></u>

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS

GENERAL FUND

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 6,640,030	\$ 6,640,030	\$ 6,612,586	\$ (27,444)
Intergovernmental	20,500	20,500	49,184	28,684
Licenses, fees and permits	166,815	166,815	120,756	(46,059)
Charges for services	885,020	885,020	684,580	(200,440)
Fines and forfeitures	294,391	294,391	330,465	36,074
Interest	3,356	3,356	1,593	(1,763)
Miscellaneous	40,274	40,274	236,891	196,617
Reimbursements	26,607	26,607	-	(26,607)
Total revenues	<u>8,076,993</u>	<u>8,076,993</u>	<u>8,036,055</u>	<u>(40,938)</u>
Expenditures:				
General government:				
Administration	669,203	669,203	585,895	83,308
Engineering	281,221	281,221	355,423	(74,202)
Civic Center	97,241	97,241	147,315	(50,074)
Legal and judicial	161,992	161,992	176,475	(14,483)
Cemetery	155,652	155,652	-	155,652
Special projects	4,160,929	4,160,929	-	4,160,929
Total general government	<u>5,526,238</u>	<u>5,526,238</u>	<u>1,265,108</u>	<u>4,261,130</u>
Public safety:				
Police division	2,137,823	2,137,823	2,080,639	57,184
Fire division	1,563,094	1,563,094	2,052,902	(489,808)
Building and zoning	235,843	235,843	168,769	67,074
Building demolition	16,000	16,000	26,818	(10,818)
Civil defense	-	-	32,109	(32,109)
Hazardous materials	24,073	24,073	7,124	16,949
Total public safety	<u>3,976,833</u>	<u>3,976,833</u>	<u>4,368,361</u>	<u>(391,528)</u>
Public works:				
Public works	1,046,339	1,046,339	558,274	488,065
Street lights	180,000	180,000	173,452	6,548
Total public works	<u>1,226,339</u>	<u>1,226,339</u>	<u>731,726</u>	<u>494,613</u>
Health and sanitation:				
Animal control	\$ 128,136	\$ 128,136	\$ 134,458	\$ (6,322)

(Continued)

CITY OF EL DORADO, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - BUDGETARY BASIS
(Continued)

GENERAL FUND

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation:				
Park maintenance	\$ 286,647	\$ 286,647	\$ 241,551	\$ 45,096
Recreation	713,352	713,352	485,338	228,014
Swimming pool	144,249	144,249	135,548	8,701
Band	7,000	7,000	7,010	(10)
Recreation concessions	59,322	59,322	47,002	12,320
Total culture and recreation	<u>1,210,570</u>	<u>1,210,570</u>	<u>916,449</u>	<u>294,121</u>
Conservation of natural resources:				
Forestry	<u>67,416</u>	<u>67,416</u>	<u>47,336</u>	<u>20,080</u>
Miscellaneous:				
Neighborhood Revitalization Rebate	<u>54,867</u>	<u>54,867</u>	<u>-</u>	<u>54,867</u>
Total expenditures	<u>12,190,399</u>	<u>12,190,399</u>	<u>7,463,438</u>	<u>4,726,961</u>
Excess of revenues over (under) expenditures	<u>(4,113,406)</u>	<u>(4,113,406)</u>	<u>572,617</u>	<u>4,686,023</u>
Other financing sources (uses):				
Capital lease	-	-	569,354	569,354
Transfers in	815,784	815,784	1,136,866	321,082
Transfers out	<u>-</u>	<u>-</u>	<u>(2,516,047)</u>	<u>(2,516,047)</u>
Total other financing sources (uses)	<u>815,784</u>	<u>815,784</u>	<u>(809,827)</u>	<u>(1,625,611)</u>
Net change in fund balances	<u>(3,297,622)</u>	<u>(3,297,622)</u>	<u>(237,210)</u>	<u>3,060,412</u>
Fund balance, beginning of year	<u>3,297,622</u>	<u>3,297,622</u>	<u>2,338,105</u>	<u>(959,517)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>2,100,895</u>	<u>\$ 2,100,895</u>
Reconciliation to GAAP				
Plus receivables at December 31, 2014			575,643	
Plus accrued interest receivable at December 31, 2014			19,557	
Less payables outstanding at December 31, 2014			<u>(206,350)</u>	
Fund balances on the basis of GAAP - General Fund only			2,489,745	
Fund balances for separately budgeted funds included with the General Fund on GAAP basis financials:				
Cemetery			32,270	
External Stores			(47,846)	
Prairie Trails Restaurant/Golf			65,631	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:				
Equipment Reserve			1,086,134	
Self-Insurance Reserve			<u>332,525</u>	
			<u>\$ 3,958,459</u>	

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2014

	Business-Type Activities - Enterprise Funds					Business-Type
	Major Funds			Nonmajor	Total	Internal
	Waterworks System	Sewer System	Refuse	Compressed Natural Gas Fund	Enterprise Funds	Service Fund (Data Processing Fund)
Assets:						
Current assets:						
Cash and investments	\$ 5,888,023	\$ 592,079	\$ 180,937	\$ 57	\$ 6,661,096	\$ 124,526
Restricted cash and investments	701,271	97,838	-	-	799,109	-
Accounts receivable (net of allowance for uncollectibles)	118,083	94,851	89,119	-	302,053	3,711
Intergovernmental receivable	149	-	451	-	600	-
Advances to other funds	2,091,633	-	-	-	2,091,633	-
Inventories	176,597	7,932	4,741	-	189,270	-
Total current assets	8,975,756	792,700	275,248	57	10,043,761	128,237
Capital assets:						
Land	33,733	717,643	-	-	751,376	-
Water storage space	28,951,577	-	-	-	28,951,577	-
Buildings	2,021,081	14,263,100	991,467	-	17,275,648	-
Improvements other than buildings	10,280,394	11,150,305	55,860	-	21,486,559	-
Machinery and equipment	2,607,401	4,981,326	809,536	-	8,398,263	40,472
Construction in process	955,207	64,771	-	-	1,019,978	-
Total capital assets	44,849,393	31,177,145	1,856,863	-	77,883,401	40,472
Less accumulated depreciation	(6,387,083)	(10,376,814)	(1,156,272)	-	(17,920,169)	(26,293)
Capital assets, net	38,462,310	20,800,331	700,591	-	59,963,232	14,179
Total assets	\$ 47,438,066	\$ 21,593,031	\$ 975,839	\$ 57	\$ 70,006,993	\$ 142,416

See accompanying notes to basic financial statements.

	Business-Type Activities - Enterprise Funds					Business-Type
	Major Funds			Nonmajor	Total	Activities
	Waterworks System	Sewer System	Refuse	Fund Compressed Natural Gas	Enterprise Funds	Internal Service Fund (Data Processing Fund)
Liabilities:						
Current liabilities:						
Accounts payable	\$ 80,590	\$ 26,708	\$ 70,662	\$ -	\$ 177,960	\$ 1,659
Accrued payroll	38,695	17,956	17,557	-	74,208	20,600
Current portion of compensated absences payable	48,317	25,603	21,116	-	95,036	22,931
Current portion of general obligation bonds payable	124,472	66,141	-	-	190,613	-
Current portion of revolving loan note payable	-	576,543	-	-	576,543	-
Accrued interest payable	6,139	73,159	-	-	79,298	-
Current portion of water storage space payable	134,947	-	-	-	134,947	-
Current portion of capital lease payable	92,523	11,123	-	-	103,646	-
Total current liabilities	<u>525,683</u>	<u>797,233</u>	<u>109,335</u>	<u>-</u>	<u>1,432,251</u>	<u>45,190</u>
Noncurrent liabilities:						
Long-term portion of compensated absences payable	1,655	877	723	-	3,255	785
Long-term portion of general obligation bonds payable	1,569,014	498,463	-	-	2,067,477	-
Long-term portion of revolving loan note payable	-	8,294,684	-	-	8,294,684	-
Long-term portion of water storage space payable	49,445,817	-	-	-	49,445,817	-
Long-term portion of capital lease payable	21,671	43,344	-	-	65,015	-
Advances from other funds	-	823,941	253,656	-	1,077,597	-
Total noncurrent liabilities	<u>51,038,157</u>	<u>9,661,309</u>	<u>254,379</u>	<u>-</u>	<u>60,953,845</u>	<u>785</u>
Total liabilities	<u>51,563,840</u>	<u>10,458,542</u>	<u>363,714</u>	<u>-</u>	<u>62,386,096</u>	<u>45,975</u>
Net position:						
Net investment in capital assets	9,405,155	11,310,033	700,591	-	21,415,779	14,179
Unrestricted	(13,530,929)	(175,544)	(88,466)	57	(13,794,882)	82,262
Total net position	<u>\$ (4,125,774)</u>	<u>\$ 11,134,489</u>	<u>\$ 612,125</u>	<u>\$ 57</u>	<u>7,620,897</u>	<u>\$ 96,441</u>
					63,529	
Some amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities					<u>63,529</u>	
Net position of business-type activities					<u>\$ 7,684,426</u>	

CITY OF EL DORADO, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
 PROPRIETARY FUNDS

Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds					Business-Type Activities
	Major Funds			Nonmajor Fund	Total	Internal Service Fund (Data Processing Fund)
	Waterworks System	Sewer System	Refuse	Compressed Natural Gas	Enterprise Funds	
Operating revenues:						
Charges for services	\$ 4,155,725	\$ 1,965,620	\$ 1,281,703	\$ 57	\$ 7,403,105	\$ 735,193
Miscellaneous	87,319	97,992	122,870	-	308,181	3,721
Rents and royalties	10,316	33,382	-	-	43,698	-
Total operating revenues	<u>4,253,360</u>	<u>2,096,994</u>	<u>1,404,573</u>	<u>57</u>	<u>7,754,984</u>	<u>738,914</u>
Operating expenses:						
Costs of sales and services	2,266,768	544,148	901,342	-	3,712,258	120,655
Administration	399,538	590,373	538,098	-	1,528,009	632,049
Depreciation	335,867	763,655	69,780	-	1,169,302	3,217
Total operating expenses	<u>3,002,173</u>	<u>1,898,176</u>	<u>1,509,220</u>	<u>-</u>	<u>6,409,569</u>	<u>755,921</u>
Operating income (loss)	<u>1,251,187</u>	<u>198,818</u>	<u>(104,647)</u>	<u>57</u>	<u>1,345,415</u>	<u>(17,007)</u>
Nonoperating revenues (expense):						
Investment income (loss)	567,697	401	83	-	568,181	-
Interest expense	(1,753,393)	(268,779)	(10,527)	-	(2,032,699)	-
Gain/(loss) on disposal of assets	(82,745)	59,561	-	-	(23,184)	-
Total nonoperating revenues (expense)	<u>(1,268,441)</u>	<u>(208,817)</u>	<u>(10,444)</u>	<u>-</u>	<u>(1,487,702)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	(17,254)	(9,999)	(115,091)	57	(142,287)	(17,007)
Capital contributions	61,330	-	-	-	61,330	-
Transfers from other funds	890,913	189,770	-	-	1,080,683	20,000
Transfers to other funds	(573,205)	(200,439)	(76,000)	-	(849,644)	-
Change in net position	361,784	(20,668)	(191,091)	57	150,082	2,993
Net position, beginning of year	(4,487,558)	11,155,157	803,216	-	7,470,815	93,448
Net position, end of year	<u>\$ (4,125,774)</u>	<u>\$ 11,134,489</u>	<u>\$ 612,125</u>	<u>\$ 57</u>	<u>\$ 7,620,897</u>	<u>\$ 96,441</u>
Change in net position per fund statements					\$ 150,082	
Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain activities of the internal service fund are reported with business-type activities					8,444	
Change in net position of business-type activities					<u>\$ 158,526</u>	

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds					Business-Type
	Major Funds			Nonmajor	Total	Activities
	Waterworks System	Sewer System	Refuse	Fund Compressed Natural Gas	Enterprise Funds	Internal Service Fund (Data Processing Fund)
Cash flows from operating activities:						
Receipts from customers and users	\$ 4,348,534	\$ 2,271,641	\$ 1,463,778	\$ 57	\$ 8,084,010	\$ 738,821
Payments to suppliers	(2,268,262)	(555,574)	(857,216)	-	(3,681,052)	(122,147)
Payments to employees	(399,089)	(590,820)	(540,698)	-	(1,530,607)	(629,296)
Net cash provided by (used in) operating activities	1,681,183	1,125,247	65,864	57	2,872,351	(12,622)
Cash flows from capital and related financing activities:						
Principal paid on general obligation bonds	(367,428)	(257,056)	-	-	(624,484)	-
Principal paid on revolving loan note	-	(561,521)	-	-	(561,521)	-
Principal paid on water storage space payable	(130,381)	-	-	-	(130,381)	-
Principal paid on capital lease payable	(18,092)	(12,000)	-	-	(30,092)	-
Interest paid on debt	(392,888)	(276,768)	(10,527)	-	(680,183)	-
Proceeds from sales of capital assets	65,855	119,176	-	-	185,031	-
Acquisition and construction of capital assets	(279,046)	(617,098)	(11,639)	-	(907,783)	-
Net cash used in capital and related financing activities	(1,121,980)	(1,605,267)	(22,166)	-	(2,749,413)	-
Cash flows from noncapital financing activities:						
Transfers (to) from other funds	317,708	(10,669)	(76,000)	-	231,039	20,000
Advances (to) from other funds	78,422	(30,893)	(9,509)	-	38,020	-
Net cash provided by (used in) noncapital financing activities	396,130	(41,562)	(85,509)	-	269,059	20,000
Cash flows from investing activities:						
Investment income (loss)	567,697	401	83	-	568,181	-
Net increase (decrease) in cash and investments	1,523,030	(521,181)	(41,728)	57	960,178	7,378
Cash and investments, beginning of year	5,066,264	1,211,098	222,665	-	6,500,027	117,148
Cash and investments, end of year	\$ 6,589,294	\$ 689,917	\$ 180,937	\$ 57	\$ 7,460,205	\$ 124,526

(Continued)

CITY OF EL DORADO, KANSAS

STATEMENT OF CASH FLOWS -
 PROPRIETARY FUNDS
 (Continued)

Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds					Business-Type
	Major Funds			Nonmajor	Total	Internal
	Waterworks System	Sewer System	Refuse	Fund Compressed Natural Gas	Enterprise Funds	Service Fund (Data Processing Fund)
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 1,251,187	\$ 198,818	\$ (104,647)	\$ 57	\$ 1,345,415	\$ (17,007)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation expense	335,867	763,655	69,780	-	1,169,302	3,217
Decrease (increase) in accounts receivable	95,174	174,647	59,205	-	329,026	(93)
Decrease (increase) in inventories	7,457	457	(467)	-	7,447	-
Increase (decrease) in salaries and accrued payroll	1,841	(284)	980	-	2,537	1,127
Increase (decrease) in accounts payable	(8,951)	(11,883)	44,593	-	23,759	(1,492)
Increase (decrease) in compensated absences payable	(1,392)	(163)	(3,580)	-	(5,135)	1,626
Net cash provided by (used in) operating activities	<u>\$ 1,681,183</u>	<u>\$ 1,125,247</u>	<u>\$ 65,864</u>	<u>\$ 57</u>	<u>\$ 2,872,351</u>	<u>\$ (12,622)</u>
Schedule of noncash capital and related financing activities:						
Capital assets acquired through capital lease	<u>\$ 132,286</u>	<u>\$ 66,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,753</u>	<u>\$ -</u>
Contributions of capital assets	<u>\$ 61,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,330</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION -
FIDUCIARY FUNDS

December 31, 2014

	Retiree Health Care Benefit Plan Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Assets:		
Cash and investments:		
Cash	\$ -	\$ 3,584
Common stocks	73,220	-
Fixed income securities	145,513	-
Accounts receivable	<u>-</u>	<u>7,472</u>
Total assets	218,733	11,056
Liabilities:		
Accounts payable	<u>-</u>	<u>11,056</u>
Net position held in trust for other post employment benefits	<u>\$ 218,733</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS -
OTHER POSTEMPLOYMENT BENEFITS PLAN TRUST FUND

Year Ended December 31, 2014

	Retiree Health Care Benefit Plan Trust Fund
	<u> </u>
Additions:	
Employer contributions	\$ 52,810
Investment income	9,337
	<u> </u>
Total additions	62,147
Deductions:	
Benefits	48,715
	<u> </u>
Change in net position held in trust for other post employment benefits	13,432
Net position held in trust for other post employment benefits, beginning of year	<u>205,301</u>
Net position held in trust for other post employment benefits, end of year	<u><u>\$ 218,733</u></u>

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1 - Summary of Significant Accounting Policies

Reporting Entity

The City of El Dorado, Kansas (the City) is a municipal corporation governed under a Mayor-Commission form of government consisting of an elected mayor and four-member board. The City provides a full range of municipal services to its citizens in the areas of police and fire protection, sanitation, health, recreation, library, public improvements, building and zoning, general administrative services, water, wastewater and solid waste collection and cemetery operations. As required by generally accepted accounting principles, these financial statements present the City (primary government) and its component unit, an entity for which the City is considered to be financially accountable. The component unit discussed in the following paragraph is included in the City's reporting entity because of the significance of its operational or financial relationship to the City.

Discretely Presented Component Unit

The component unit column in the financial statements includes the financial data of the City's component unit, the Bradford Memorial Library (the Library). It is reported in a separate column to emphasize that it is legally separate from the City; however, the City Commission appoints the Library's governing body. The Library component unit is presented as a governmental fund type and does not issue separate financial statements.

The Bradford Memorial Library operates the public library in the City. The Library may not purchase or lease a site or erect a building for use of the Library without the approval of the City Commission. The Library taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The Library also receives funding through state assistance programs, charges for services and donations from the public. Also included in the Library's financial data are the operations of the Bradford Memorial Library Endowment (Endowment), a component unit of the Bradford Memorial Library. The Endowment is a legally separate, tax-exempt organization and is comprised of gifts and bequests that are subject to a requirement that the principal be maintained intact and invested to create a source of income for the Library to supplement the resources that are available to the Library in support of its programs.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Joint Venture

During fiscal year 2011, the City announced a collaborative project with the Butler County Community College (the College) and the El Dorado Unified School District No. 490 (the District) to create the Educational Facilities Authority of Butler County (the Authority). The Authority's board is comprised of seven members, with two appointed from each participant, and the seventh appointed by the other six members. Upon dissolution of the Authority, property owned by the Authority will be transferred to the City, College and District, or sold with the proceeds thereof paid to the City, College and District.

The Authority is the official governing body of the BG Products Veterans Sports Complex, which was constructed and located in City limits. The bowl-design stadium accommodates 3,000 home fans and 1,000 visitors, with a future capacity to seat 4,500 and 2,000, respectively. In addition to the commitment to help fund construction of the Sports Complex, the City has an ongoing financial obligation for certain operating costs of the stadium, described below.

During 2012, the City donated \$ 3,000,000 to fund its portion of construction. In addition to funds paid for construction, the agreement requires the City to pay its portion of utilities, insurance and maintenance costs associated with the stadium, along with the College and the District. The City's equity interest in the Authority as of December 31, 2014 was \$ 3,000,000.

Separate audited financial statements are not prepared by the Authority.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all governmental funds revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended for the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Property taxes, sales taxes, franchise taxes, interest associated with the current fiscal period, and certain state and federal grants and entitlements are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City. While property taxes receivable are shown on the balance sheet as current assets of the City, they are not recognized as revenue at year end because statutory provisions prohibit their use until the year for which they were raised and budgeted. Instead, they are offset by unavailable revenue accounts.

The City reports the following major governmental funds:

General Fund – The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund – The debt service fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Construction Fund – The construction fund is used to account for the resources accumulated and payments made for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The City reports the following major proprietary funds:

Waterworks System Fund – The waterworks system fund is used to account for the operation of the municipal water utility including water supply, treatment and distribution.

Sewer System Fund – The sewer system fund is used to account for the operation of the municipal sewer utility including the collection and treatment of wastewater.

Refuse Fund – The refuse fund is used to account for the operation of the refuse utility including the collection and disposal of solid waste and the City's recycling program.

The City also reports the following fund types:

Internal Service Funds – The internal service fund is used to account for the financing of goods or services provided by one department to other departments of the City on a cost reimbursement basis. This fund accounts for the City's information technology activities.

Fiduciary Funds – The Retiree Health Care Benefit Plan trust fund is used to accumulate the resources for post-employment health care benefits to qualified employees. The agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The City utilizes separate agency funds for the following purposes – sales tax collection and remittance; revolving loan collection and remittance; neighborhood revitalization program; and payroll withholding and remittances.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water, sewer and refuse functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Waterworks System Fund, the Sewer System Fund and the Refuse Fund are charges to customers for sales and services. Operating expenses for the Waterworks System Fund, Sewer System Fund and Refuse Fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. The pooled cash is invested to the extent available in authorized investments. These pooled investments consist of operating accounts and nonnegotiable certificates of deposit that are recorded at cost because they are not affected by market rate changes. Earnings from investments are allocated to the funds on the basis of the average monthly balance and in accordance with the adopted budget. For the fiscal year ended December 31, 2014, interest earnings allocated to various funds were \$ 8,711. Deposits are reported at their carrying amount which approximates fair value.

The Library's investments consist of mutual funds, exchange traded funds and closed-end funds which are recorded at fair value.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade accounts receivable are shown net of an allowance for uncollectibles. Management records an allowance for all account balances not collected within four months.

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the governmental funds unavailable revenue is reported as follows:

General fund property taxes receivable	\$ 2,411,903
Debt service fund property taxes receivable	854,265
Debt service fund special assessments receivable	2,909,798
Nonmajor funds property taxes receivable	80,984
Nonmajor funds special assessment receivable	<u>241,621</u>
	<u>\$ 6,498,571</u>

Property Taxes

The City's property taxes are levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by Butler County. The assessed value upon which the 2014 levy was based was \$ 81,690,778.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the 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. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The 2014 tax levy per \$ 1,000 of assessed valuation was as follows:

General Fund	\$	32.905
Debt Service Fund		8.202
Nonmajor funds		1.179
Component unit:		
Library		<u>4.951</u>
	\$	<u><u>47.237</u></u>

Special Assessments Receivable

As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City and are retired from the City's debt service fund. Further, State statutes permit levying additional general ad valorem property taxes in the City's debt service fund to finance delinquent special assessments receivable. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate construction project. Special assessments received after the issuance of bonds are recorded as revenue in the debt service fund. Special assessment taxes are levied over a ten or twenty-year period and the annual installments are due and payable with annual ad valorem property taxes. The City may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund and accrued as revenues in the statement of activities. Since they are not considered available spendable resources for the governmental funds, the special assessments receivable are reported as unavailable revenue in the fund financial statements.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Special Assessments Receivable (Continued)

Beginning in November 2008, the City levied special assessments to property owners within the City for stormwater maintenance and improvements. At December 31, the stormwater special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the stormwater utility special revenue fund and accrued as revenues in the statement of activities. Since they are not considered available spendable resources for the governmental funds, the stormwater special assessments receivable are reported as unavailable revenue in the fund financial statements.

Inventories

Inventories are valued at cost as determined by the first-in, first-out method. The purchase method is used to account for these inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories are reported as assets of the respective fund. Inventories in the general fund consist of expendable supplies held for consumption.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, sidewalks and similar items) and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$ 5,000. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). The historical cost, or estimates of historical cost, for the City's infrastructure assets include all assets acquired or constructed subsequent to January 1, 1980. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. For proprietary funds, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds is offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

Capital assets of the primary government and its component unit are depreciated using the straight-line method over the following estimated useful lives:

Buildings and structures	40 to 50 years
Improvements other than buildings	20 to 60 years
Infrastructure (streets)	18 years
Machinery and equipment	5 to 20 years
Office equipment	10 years
Water treatment plants	40 years
Water and sewer mains	75 years

Amortization of assets acquired under capital leases is included in depreciation.

The City acquired water storage space in 1972 for \$ 28,951,577 which is reported in the water fund and business-type activities column in the government-wide financial statements as a capital asset. The water storage space acquired is considered to have an indefinite life. As a result, no amortization will be taken on the space rights.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Governmental activities report unavailable revenues only from property taxes.

Compensated Absences

The City's policies regarding personal and sick leave permit employees to accumulate a maximum of 200 hours of personal leave (260 hours for employees with over ten years of continuous service) and a maximum accumulation of 90 days of sick leave. Policies prohibit payment for personal leave in lieu of time off and require cancellation of accumulated sick leave on the date of employment termination. The liability for accrued personal leave is accrued when incurred in the government-wide and proprietary fund financial statements. The liability is classified as current or long-term based on previous history of usage by employees. A liability for these amounts is reported in governmental funds only if it has matured, for example, as a result of employee terminations or retirement.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2014, fund balances for governmental funds are made up of the following:

Nonspendable fund balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed fund balance – includes amounts that can only be used for specific purposes determined by a formal action, an ordinance, of the City’s highest level of decision-making authority, the City Commission. Commitments may be changed or lifted only by the City Commission taking the same formal action, an ordinance that imposed the constraint originally.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

Assigned fund balance – includes amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Commission has by resolution authorized the Finance Director of the City to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of the assignment.

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Restricted Net Position

The government-wide statement of net position reports \$ 3,809,258 of restricted net position, of which \$ 287,621 is restricted by enabling legislation. This enabling legislation authorized the collection of a sales tax from which the collection of these sales taxes is to be used for the explicit purpose of street rehab, property tax reduction and economic development.

Concentrations of Credit Risk

Loans are extended, on a fully secured basis, to local industries under the revolving economic development loan program. Credit is extended to citizens for special assessments levied by the City for capital improvements. These special assessments are secured by liens on the related properties. Unsecured credit is extended to customers for water, sewer and refuse fees and charges for services.

Intergovernmental receivables include unsecured amounts due from federal, state and county agencies for various grant programs.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At December 31, 2014, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, was issued in June 2012. The objective of this statement is to improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and to enhance its value for assessing accountability and interperiod measure of pension expense. This statement enhances decision-usefulness and accountability through new note disclosures and required supplementary information. This statement also improves the consistency and transparency of the information reported by employers and governmental nonemployer contributing entities about pension transactions. Additionally, this statement improves the comparability of reported pension information through changes related to the attribution method used to determine service cost and the total pension liability, requirements for immediate recognition in pension expense of certain items, and the establishment of standardized expense recognition periods for amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions. The provisions of this statement are effective for periods beginning after June 15, 2014.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, was issued in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

GASB Statement No. 72, *Fair Value Measurement and Application*, was issued in February 2015. The objective of this statement is to address financial reporting issues related to fair value measurements. The statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this statement are effective for periods beginning after June 15, 2015.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ (13,646,272) difference are as follows:

Bonds payable	\$ (12,826,910)
Capital leases payable	(514,898)
Accrued interest payable	(48,464)
Compensated absences	<u>(256,000)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position of governmental activities	<u>\$ (13,646,272)</u>

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ 2,931,493 difference are as follows:

Capital outlay	\$ 5,337,414
Depreciation expense	<u>(2,405,921)</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 2,931,493</u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

2 - Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ 3,140,618 difference are as follows:

Debt issued or incurred:	
Issuance of capital leases	\$ (569,354)
Principal repayments:	
Capital leases	54,456
Bonds	<u>3,655,516</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 3,140,618</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$ 26,335 difference are as follows:

Compensated absences	\$ (18,313)
Accrued interest	<u>44,648</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 26,335</u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

3 - Stewardship, Compliance and Accountability

Budgetary Information

The City is required by State statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute), and the debt service fund. The Equipment Reserve, Family Life Center, Expendable Trust, Customer Deposit, Self-Insurance Reserve and Law Enforcement Trust special revenue funds and the Construction fund are exempted from preparing a legally adopted budget. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the proposed 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 for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to 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.

Kansas 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. Management has the authority to revise departmental budgets within a fund; however, the City Commission must approve changes to the appropriations at the fund level.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

3 - Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

All budgets are prepared utilizing the cash basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. All unencumbered appropriations (legal budget expenditure authority) lapse at the end of the year, except for capital project fund appropriations which are carried forward until such time as the project is completed or terminated. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled.

Controls over spending in funds which are not subject to legal budgets are maintained by other statutes or by the use of internal spending limits established by management.

Deficit Fund Balances

The waterworks system fund had deficit net position of \$ 4,125,774 at December 31, 2014 due to the recording of the water storage space payable. The construction fund had deficit net position of \$ 3,532,198 at December 31, 2014 due to project costs occurring prior to issuance of general obligation bonds. The tourism tax fund had a deficit net fund balance of \$ 181,075 at December 31, 2014 due to transfers out related to the investment in the joint venture in the prior year.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the Prairie Trails Restaurant/Golf Fund by \$ 14,906.

CITY OF EL DORADO, KANSAS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

4 - Deposits and Investments

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. Kansas statutes require that deposits be collateralized, and that collateral pledged must have a fair market value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City.

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is included in cash and investments on the balance sheet. At December 31, 2014, the City's carrying amount of deposits, including certificates of deposit, was not exposed to custodial credit risk.

The carrying amount of deposits for the Library, a discretely presented component unit, was not exposed to custodial credit risk.

Investments

As of December 31, 2014, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Federal National Mortgage Corporation	\$ 1,407,915	\$ -	\$ -	\$ 748,412	\$ 659,503
Federal Home Loan Mortgage Corporation	756,527	-	-	-	756,527
Fixed income securities	145,513	145,513	-	-	-
Equities	73,220	73,220	-	-	-
	<u>\$ 2,383,175</u>	<u>\$ 218,733</u>	<u>\$ -</u>	<u>\$ 748,412</u>	<u>\$ 1,416,030</u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments

Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The City's formal investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates, but state statutes do establish a two-year limitation on investment maturities. The City is not exposed to significant interest rate risk.

Credit Risk

Kansas statutes authorize the City and the Library, with certain restrictions, to deposit or invest in temporary notes, no-fund warrants, open accounts, time deposits, certificates of deposit, repurchase agreements, U.S. Treasury Bills and Notes, the municipal investment pool, or to make direct investments. The City has no investment policy that would further limit its investment choices.

The City's Federal Home Loan Mortgage Corporation investments are rated AAA by Moody's and AA+ by Standard & Poor's and the Federal National Mortgage Corporation investments are rated AA2 by Moody's and A by Standard & Poor's.

Concentrations of Credit Risk

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

Custodial Credit Risk-Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2014, the City's investments were not exposed to custodial credit risk.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

Primary Government

	Balance January 1, 2014	Increase	Decrease	Balance December 31, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 4,760,864	\$ 26,406	\$ -	\$ 4,787,270
Construction in progress	3,285,358	4,054,775	(3,618,715)	3,721,418
Total capital assets not being depreciated	8,046,222	4,081,181	(3,618,715)	8,508,688
Capital assets being depreciated:				
Buildings	11,227,327	315,232	-	11,542,559
Improvements other than buildings	9,110,323	1,555,659	-	10,665,982
Infrastructure	33,268,966	2,128,664	-	35,397,630
Machinery and equipment	5,306,884	844,835	(78,150)	6,073,569
Total capital assets being depreciated	58,913,500	4,844,390	(78,150)	63,679,740
Less accumulated depreciation for:				
Buildings	2,843,310	259,358	-	3,102,668
Improvements other than buildings	2,219,428	309,642	-	2,529,070
Infrastructure	13,475,473	1,468,232	-	14,943,705
Machinery and equipment	3,626,922	368,689	(20,832)	3,974,779
Total accumulated depreciation	22,165,133	2,405,921	(20,832)	24,550,222
Total capital assets being depreciated, net	36,748,367	2,438,469	(57,318)	39,129,518
Governmental activities capital assets, net	\$ 44,794,589	\$ 6,519,650	\$ (3,676,033)	\$ 47,638,206

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets (Continued)

	Balance January 1, 2014	Increase	Decrease	Balance December 31, 2014
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 751,376	\$ -	\$ -	\$ 751,376
Water storage space	28,951,577	-	-	28,951,577
Construction in progress	1,640,125	104,816	(724,963)	1,019,978
Total capital assets not being depreciated	31,343,078	104,816	(724,963)	30,722,931
Capital assets being depreciated:				
Buildings	17,279,493	-	(3,845)	17,275,648
Improvements other than buildings	20,527,035	1,075,744	(116,220)	21,486,559
Machinery and equipment	8,260,991	712,269	(534,525)	8,438,735
Total capital assets being depreciated	46,067,519	1,788,013	(654,590)	47,200,942
Less accumulated depreciation for:				
Buildings	5,701,528	379,140	(3,461)	6,077,207
Improvements other than buildings	8,546,970	312,002	(65,355)	8,793,617
Machinery and equipment	2,971,820	481,377	(377,559)	3,075,638
Total accumulated depreciation	17,220,318	1,172,519	(446,375)	17,946,462
Total capital assets being depreciated, net	28,847,201	615,494	(208,215)	29,254,480
Business-type activities capital assets, net	\$ 60,190,279	\$ 720,310	\$ (933,178)	\$ 59,977,411

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets (Continued)

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:			
General government		\$	316,314
Public safety			271,374
Public works (including depreciation of infrastructure assets)			1,663,917
Health and sanitation			15,223
Culture and recreation			116,031
Economic development			23,062
Total depreciation expense - governmental activities		\$	<u>2,405,921</u>
Business-type activities:			
Waterworks utility		\$	335,867
Sewer utility			763,655
Refuse			69,780
Capital assets held by the City's internal service fund are charged to the various functions based on their usage			<u>3,217</u>
Total depreciation expense - business-type activities		\$	<u>1,172,519</u>

Capital asset activity for the Library component unit for the year ended December 31, 2014 was as follows:

	Balance January 1, 2014	Increase	Decrease	Balance December 31, 2014
Discretely presented component unit:				
Capital assets, not being depreciated:				
Construction in progress	\$ 43,516	\$ 248,108	\$ -	\$ 291,624
Capital assets being depreciated:				
Buildings	990,119	-	-	990,119
Machinery and equipment	216,137	-	(14,069)	202,068
Total capital assets being depreciated	<u>1,206,256</u>	<u>-</u>	<u>(14,069)</u>	<u>1,192,187</u>
Less accumulated depreciation for:				
Buildings	444,864	23,696	-	468,560
Machinery and equipment	144,768	-	(5,012)	139,756
Total accumulated depreciation	<u>589,632</u>	<u>23,696</u>	<u>(5,012)</u>	<u>608,316</u>
Total capital assets being depreciated, net	<u>616,624</u>	<u>(23,696)</u>	<u>(9,057)</u>	<u>583,871</u>
Discretely presented component unit capital assets, net	<u>\$ 660,140</u>	<u>\$ 224,412</u>	<u>\$ (9,057)</u>	<u>\$ 875,495</u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

6 - Capital Projects

The City is currently working on paving projects and performing various improvements. These projects are being funded primarily with federal grant monies and by the issuance of bonds.

Following is a summary of costs to December 31, 2014 for capital projects compared to the amount authorized:

<u>Project</u>	<u>Costs-to-Date</u>	<u>Amount Authorized</u>
Sewer improvements	\$ 10,500	\$ 137,500
Street improvements	<u>774,557</u>	<u>855,357</u>
	<u>\$ 785,057</u>	<u>\$ 992,857</u>

7 - 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 governmental and business-type activities.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2014 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2014	Outstanding December 31, 2014
General Obligation Bonds:					
Governmental activities:					
Series 2004	3.40%	\$ 3,742,628	11/1/2014	\$ 438,363	\$ -
Series 2006	3.65 - 3.95%	3,932,239	11/1/2021	2,519,010	-
Series 2008	3.30 - 4.25%	3,310,000	11/1/2023	200,000	2,195,000
Series 2010	1.15 - 3.35%	1,648,262	11/1/2025	130,543	980,188
Series 2011	2.00 - 3.50%	5,715,000	11/1/2032	240,000	5,135,000
Series 2013	1.00 - 2.75%	4,644,322	11/1/2028	127,600	4,516,722
				<u>3,655,516</u>	<u>12,826,910</u>
Business-type activities:					
Series 2004	3.40%	782,372	11/1/2014	91,637	-
Series 2006	3.65 - 3.95%	633,761	11/1/2021	405,990	-
Series 2010	1.15 - 3.35%	546,738	11/1/2025	39,457	344,812
Series 2013	1.00 - 2.75%	2,000,678	11/1/2028	87,400	1,913,278
				<u>624,484</u>	<u>2,258,090</u>
				<u>\$ 4,280,000</u>	<u>\$ 15,085,000</u>

Call provisions at the option of the City included in the above bonds are as follows:

- Series 2008: Callable November 1, 2016 at par plus accrued interest
- Series 2010: Callable November 1, 2018 at par plus accrued interest
- Series 2011: Callable November 1, 2021 at par plus accrued interest
- Series 2013: Callable November 1, 2021 at par plus accrued interest

CITY OF EL DORADO, KANSAS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The installment ranges for the general obligation bonds are the following:

	Installment Range	
	Low	High
General Obligation Bonds:		
Governmental activities:		
Series 2008	\$ 210,000	\$ 290,000
Series 2010	47,191	134,382
Series 2011	225,000	360,000
Series 2013	154,000	506,000
Business-type activities:		
Series 2010	22,049	40,618
Series 2013	111,000	161,520

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2014 are as follows:

Governmental activities	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,049,387	\$ 327,740	\$ 1,377,127
2016	1,067,532	309,904	1,377,436
2017	1,063,693	290,828	1,354,521
2018	1,044,112	271,026	1,315,138
2019	1,052,952	250,808	1,303,760
2020-2024	4,301,243	890,310	5,191,553
2025-2029	2,312,991	363,991	2,676,982
2030-2034	935,000	60,300	995,300
	<u>\$ 12,826,910</u>	<u>\$ 2,764,907</u>	<u>\$ 15,591,817</u>

Business-type activities	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 190,613	\$ 39,453	\$ 230,066
2016	192,468	37,429	229,897
2017	191,307	35,260	226,567
2018	180,888	32,992	213,880
2019	182,048	30,840	212,888
2020-2024	773,757	111,099	884,856
2025-2029	547,009	32,639	579,648
	<u>\$ 2,258,090</u>	<u>\$ 319,712</u>	<u>\$ 2,577,802</u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Construction Loans Payable

During 2005, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$ 11,606,958 to finance the construction of a new activated sludge wastewater treatment plant and modification to the existing facility. The loan is being repaid over sixteen years at an interest rate of 2.68%. The outstanding balance of \$ 7,682,553 is shown as a liability in the sewer fund. The future annual debt service requirements for the construction loan payable as of December 31, 2014 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest and Service Fees</u>	<u>Total</u>
2015	\$ 524,960	\$ 183,518	\$ 708,478
2016	539,123	170,676	709,799
2017	553,668	157,488	711,156
2018	568,606	143,943	712,549
2019	583,947	130,034	713,981
2020-2024	3,164,727	428,028	3,592,755
2025-2029	1,747,522	64,262	1,811,784
	<u>\$ 7,682,553</u>	<u>\$ 1,277,949</u>	<u>\$ 8,960,502</u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Construction Loans Payable (Continued)

During 2011, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$ 2,106,252 to finance the construction of a new one megawatt wind turbine generator at the City's wastewater treatment facility. The loan is being repaid over twenty years at an interest rate of 2.43%. The outstanding balance of \$ 1,188,674 is shown as a liability in the sewer fund. The future annual debt service requirements for the construction loan payable as of December 31, 2014 are as follows:

Year	Principal	Interest and Service Fees	Total
2015	\$ 51,583	\$ 25,634	\$ 77,217
2016	52,844	24,502	77,346
2017	54,136	23,343	77,479
2018	55,460	22,156	77,616
2019	56,816	20,940	77,756
2020-2024	305,606	85,386	390,992
2025-2029	344,834	50,193	395,027
2030-2034	267,395	11,799	279,194
	\$ 1,188,674	\$ 263,953	\$ 1,452,627

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

7 - Long-Term Debt (Continued)

Liability for Water Storage Space

In 1972, the City entered into a contract with the United States Army Corps of Engineers (the Corps) whereby the City provided land and waterworks system assets and the Corps provided personnel and equipment to construct and expand a reservoir. The project was completed in 1983. The contract required the City to reimburse the Corps for construction costs of \$ 26,435,400, plus interest compounded annually at 3.502% commencing July 1, 1992, with a final maturity date of July 1, 2081. Payments accelerate if water usage exceeds certain minimum quantities. There have been two instances where the City's water usage exceeded the minimum quantities and accelerated payment schedules have been set up for each in 1992 and 2003. The remaining principal balance of the construction costs associated with future water storage space that is accruing interest compounded annually at 3.502% until the final maturity date of July 1, 2081, is \$ 18,500,024. The payable increased during 2014 by \$ 1,381,531 representing accrued interest. At December 31, 2014 the liability including accrued interest is \$ 40,831,313. The amount to be paid in 2081, including accrued interest if the City does not accelerate additional payments for exceeding the minimum quantities for water usage, will be approximately \$ 410,000,000. As of December 31, 2014, the City has cash and investments of \$ 5,447,741 set aside to pay for the water storage space payable on July 1, 2081.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Liability for Water Storage Space (Continued)

During 1992, water usage exceeded the minimum quantity causing the City to purchase additional storage space at a cost of \$ 3,046,527 with annual payments of \$ 125,535 due beginning July 15, 1993 and ending July 15, 2041 at an interest rate of 3.502%. The outstanding balance of \$ 2,169,436 is shown as a liability in the waterworks system fund.

The future annual debt service requirements for this water storage space payable as of December 31, 2014 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 49,561	\$ 75,974	\$ 125,535
2016	51,297	74,238	125,535
2017	53,093	72,442	125,535
2018	54,953	70,582	125,535
2019	56,877	68,658	125,535
2020-2024	315,696	311,979	627,675
2025-2029	374,984	252,691	627,675
2030-2034	445,406	182,269	627,675
2035-2039	529,054	98,621	627,675
2040-2041	238,515	12,602	251,117
	<u>\$ 2,169,436</u>	<u>\$ 1,220,056</u>	<u>\$ 3,389,492</u>

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Liability for Water Storage Space (Continued)

During 2003, the water usage again exceeded the minimum quantity causing the City to purchase additional storage space at a cost of \$ 7,405,026 with annual payments of \$ 315,818 due on this portion of the excess usage beginning July 15, 2003 and ending June 15, 2052 at an interest rate of 3.502%. The outstanding balance of \$ 6,580,015 is shown as a liability in the waterworks system fund.

The future annual debt service requirements for this water storage space payable as of December 31, 2014 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 85,386	\$ 230,432	\$ 315,818
2016	88,376	227,442	315,818
2017	91,471	224,347	315,818
2018	94,674	221,144	315,818
2019	97,989	217,828	315,817
2020-2024	543,888	1,035,200	1,579,088
2025-2029	646,031	933,057	1,579,088
2030-2034	767,356	811,732	1,579,088
2035-2039	911,467	667,621	1,579,088
2040-2044	1,082,641	496,447	1,579,088
2045-2049	1,285,962	293,126	1,579,088
2050-2052	884,774	62,680	947,454
	<u>\$ 6,580,015</u>	<u>\$ 5,421,056</u>	<u>\$ 12,001,071</u>

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment. These lease agreements qualify as capital leases and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Capital Leases (Continued)

The assets acquired through capital leases are as follows:

Asset:

Wheel loader	\$ 99,700
Less accumulated depreciation	-
Net book value	\$ 99,700
Compact excavator	\$ 51,428
Less accumulated depreciation	-
Net book value	\$ 51,428
Compact truck loader	\$ 42,308
Less accumulated depreciation	-
Net book value	\$ 42,308
Landscape rake	\$ 5,317
Less accumulated depreciation	-
Net book value	\$ 5,317
Pumper apparatus	\$ 444,354
Less accumulated depreciation	-
Net book value	\$ 444,354
Dump truck	\$ 125,000
Less accumulated depreciation	-
Net book value	\$ 125,000

CITY OF EL DORADO, KANSAS
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

7 - Long-Term Debt (Continued)

Capital Leases (Continued)

The following is a schedule of future minimum lease payments for capital leases as of December 31, 2014:

	Governmental Activities	Business-type Activities
2015	\$ 222,060	\$ 104,961
2016	97,059	18,000
2017	97,059	48,836
2018	97,060	-
2019	24,264	-
	537,502	171,797
Amount representing interest	(22,604)	(3,136)
	\$ 514,898	\$ 168,661

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014 was as follows:

	Outstanding January 1, 2014	Additions	Reductions	Outstanding December 31, 2014	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 16,482,426	\$ -	\$ 3,655,516	\$ 12,826,910	\$ 1,049,387
Capital leases	-	569,354	54,456	514,898	212,875
Compensated absences	237,687	267,862	249,549	256,000	249,549
Total long-term liabilities - governmental activities	<u>\$ 16,720,113</u>	<u>\$ 837,216</u>	<u>\$ 3,959,521</u>	<u>\$ 13,597,808</u>	<u>\$ 1,511,811</u>
Business-type activities:					
General obligation bonds	\$ 2,882,574	\$ -	\$ 624,484	\$ 2,258,090	\$ 190,613
Construction loans payable	9,432,748	-	561,521	8,871,227	576,543
Water storage space payable	48,329,613	1,381,531	130,380	49,580,764	134,947
Capital leases	-	198,753	30,092	168,661	103,646
Compensated absences	125,516	142,955	146,464	122,007	117,967
Total long-term liabilities - business-type activities	<u>\$ 60,770,451</u>	<u>\$ 1,723,239</u>	<u>\$ 1,492,941</u>	<u>\$ 61,000,749</u>	<u>\$ 1,123,716</u>
Component unit:					
Compensated absences	<u>\$ 38,488</u>	<u>\$ 22,584</u>	<u>\$ 15,512</u>	<u>\$ 45,560</u>	<u>\$ 42,024</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

Defeased Bonds

During the year ended December 31, 2013, the City issued \$ 6,645,000 of general obligation refunding bonds (Series 2013A) to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments related to \$ 2,685,000 of Series 2006 general obligation bonds. However, the bonds were not considered to be defeased until the crossover date of November 1, 2014 since they were refunded through a crossover refunding transaction. At December 31, 2014, the Series 2006 general obligation bonds are defeased.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Defeased Bonds (Continued)

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance.

Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2014, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of approximately \$ 3,115,000.

8 - Interfund Receivables and Payables

Advances from/to other funds

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Waterworks system	\$ 2,091,633	Sewer system	\$ 823,941
		Refuse	253,656
		Other governmental	1,014,036
			<u>\$ 2,091,633</u>

The amounts payable to the waterworks system fund are a result of funds paid to the Authority as described in Note 1. Approximately \$ 113,000 of the balance is scheduled to be collected in the subsequent year.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

9 - Interfund Transfers

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. Interfund transfers for the year ended December 31, 2014, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General	\$ 1,950,747	\$ 2,474,025
Debt Service	112,495	56,380
Construction	2,124,517	1,947,222
Nonmajor governmental funds	355,914	317,085
Major proprietary funds:		
Waterworks System	890,913	573,205
Sewer System	189,770	200,439
Refuse	-	76,000
Internal Service Fund:		
Data Processing	20,000	-
	<u>20,000</u>	<u>-</u>
Total transfers	<u>\$ 5,644,356</u>	<u>\$ 5,644,356</u>

Transfers are used to (1) move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

10 - Pension 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 part of a cost-sharing multiple-employer defined benefit pension plan 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 (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100; Topeka, Kansas (66603-3803) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 members and 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes the 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 KPERS employer rate established by statute from January through December 2014 was 9.69%. Included in this rate is the contribution for Group Death and Disability Insurance of 0.85%. The employer contributions to KPERS for the years ended December 31, 2014, 2013 and 2012 were \$ 409,226, \$ 370,085, and \$ 353,219, respectively, equal to the statutory required contributions for each year. The City's KP&F uniform participating employer rate established for fiscal years beginning in 2014 is 19.92%. 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 contributions to KP&F for the years ending December 31, 2014, 2013, and 2012 were \$ 363,076, \$ 322,865, and \$ 324,386, respectively, equal to the statutory required contributions for each year.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - Other Post-Employment Benefits

The City of El Dorado's other post-employment benefits (OPEB) are accounted for through the Retiree Health Care Benefit Plan Trust (Plan). The Plan is a single-employer defined benefit health care plan administered by the City to provide medical care insurance benefits to eligible retirees and their spouses. For employees with 20 years of service retiring with full KPERS benefits the City provides 50% of the single or family medical and dental premium for benefits to age 62. After attaining age 62, the City continues to offer group health coverage to the retired employee at their own expense until age 65. For employees with 10 years of service or more, the City offers continued health and dental benefits to the retiree; however, the retiree is responsible for 125% of the premium cost for other similarly situated employees. The City continues offering the group health insurance coverage to the retired employee until age 65. During 2014, four retirees met those eligibility requirements. The Plan is considered part of the City's reporting entity and is presented solely in the accompanying basic financial statements as a post-employment benefit trust fund in the fiduciary fund type. The plan does not issue a stand-alone report.

The annual required contribution (ARC) is the basic annual expense recognized under Governmental Accounting Standards Board Statement No. 45, though there is no requirement to fund the ARC. The ARC is calculated under the actuarial cost method that was chosen and is comprised of the normal cost plus amortization of the unfunded actuarial accrued liability (excess of the past service liability over the actuarial value of the assets). The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. For 2014, the City contributed \$ 52,810 to the Plan. Plan members receiving benefits contributed \$ 20,693, or less than 1% of the total premiums.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

11 - Other Post-Employment Benefits (Continued)

Other post-employment benefit cost expense is computed based on the ARC of the City. If funded on a regular basis, the ARC is an amount of funding that is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components that comprise the City of El Dorado's net OPEB obligation for 2014:

Annual required contribution	\$ 52,810
Annual OPEB cost (expense)	\$ 52,810
Contributions made	52,810
Increase in net OPEB obligation (asset)	-
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	\$ -

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation (asset) for 2014 are as follows:

<u>Year</u>	<u>Annual OPEB Costs</u>	<u>Net Employer Contributions</u>	<u>Percentage Contributed</u>	<u>End of Year OPEB Obligation</u>
2012	\$ 31,678	\$ 31,678	100%	\$ -
2013	54,935	54,935	100%	-
2014	52,810	52,810	100%	-

As of January 1, 2014, the most recent actuarial date, the Plan was 25% funded. The actuarial accrued liability for benefits was \$ 661,429 and the actuarial value of assets was \$ 218,733, resulting in an unfunded actuarial accrued liability of \$ 442,696. The covered payroll (annual payroll of active employees covered by the Plan) was \$ 4,633,426, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 9.6%.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

11 - Other Post-Employment Benefits (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the Plan and the ARC of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents only the initial year trend information.

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

At December 31, 2014, the projected unit credit cost method was used to determine the annual required contribution. The actuarial assumptions included a 6 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on Plan assets and on the City's own investment calculated based on the funded level of the Plan at the valuation date, the annual health care cost trend rates for medical claims of 7 to 5 percent in the first five years and an ultimate averaging rate of 5 percent after 5 years, projected salary increases of 5 percent per year and an inflation rate of 3 percent. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over a period of 30 years. The remaining amortization period at December 31, 2014 was 29 years.

12 - Commitments and Contingencies

The City is a defendant in various legal actions pending or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of these matters is not presently determinable. It is the opinion of the City's management that the outcome of this litigation will not result in a material loss to the City in excess of applicable insurance coverage.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

13 - Commitments and Contingencies – Encumbrances

The City uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year-end are not accounted for as expenditures and liabilities, but, rather, as restricted, committed, or assigned fund balance.

14 - Risk Management

The City is exposed to various risks of loss related to torts; that is, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than those related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in claims from prior years.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

14 - Risk Management (Continued)

Group Hospitalization

The City maintains a partially self-funded health insurance plan covering substantially all full-time employees. A monthly premium is paid to an insurance company for individual and aggregate stop-loss coverage and includes an amount for administrative costs. The maximum liability of the City for each individual covered is \$ 50,000 per plan year. Any claims paid in excess of this amount will be reimbursed to the City by the insurance company at the end of the plan year. The City's health plan includes Specific and Aggregate Stop-Loss insurance. Specific Stop-Loss is the form of excess risk coverage that provides protection for the employer against a high claim on any one individual. This is protection against abnormal severity of a single claim rather than abnormal frequency of claims in total. Specific stop-loss is also known as individual stop-loss. Aggregate Stop-Loss provides a ceiling on the dollar amount of eligible expenses that an employer would pay, in total, during a contract period. The carrier reimburses the employer after the end of the contract period for aggregate claims. All City funds incurring payroll expenditures participate in the program and make payments to the program (which includes employee and employer contributions) based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$ 137,604 reported at December 31, 2014 is based on the requirements of Governmental Accounting Standard Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated.

At December 31, 2014, the City had approximately \$ 572,000 assigned in the General Fund for payment of health claims. The changes in health care claims payable for the years ended December 31, 2014 and the prior two years are as follows:

	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Year End
2012	\$ 59,576	\$ 1,156,645	\$ 1,136,577	\$ 79,644
2013	79,644	1,067,435	1,050,084	96,995
2014	96,995	1,204,977	1,164,368	137,604

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EL DORADO, KANSAS

SCHEDULE OF FUNDING PROGRESS

RETIREE HEALTH CARE BENEFIT PLAN TRUST

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
01/01/08	\$ -	\$ 699,820	\$ 699,820	0.0%	\$ 4,344,648	16.1%
01/01/11	146,182	579,008	432,826	25.2%	4,835,566	9.0%
01/01/14	218,733	661,429	442,696	33.1%	4,633,426	9.6%

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for and report the proceeds of specific sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The following nonmajor Special Revenue Funds are reported:

Airport Fund – to account for the operations of the municipal airport.

Major Street Improvement Fund – to account for the state shared tax for the construction, reconstruction or maintenance of streets.

Industrial Development Fund – to account for the promotion of industrial development funded by a special ad valorem tax.

Special Parks and Recreation Fund – to account for state shared tax and park land development fees for parks and recreation.

Tourism Tax Fund – to account for the promotion of conventions and tourism. Financing is provided through a tax on motel rooms.

Economic Development Sales Tax Fund – to account for the accumulation and expenditure of sales tax revenues committed by City Commission ordinance for economic development purposes.

Stormwater Utility Fund – to account for resources made available for repair and improvement to the City's stormwater system. Financing is provided through property owner special assessments.

Family Life Center Fund – to account for the Federal grant moneys received for improvement and repair of the local shelter for battered women.

Expendable Trust Fund – to account for public donations and grant programs to sponsor specified youth activities and other community activities conducted by the City.

Customer Deposit Fund – to account for resources through private-sector insurance proceeds and other City resources utilized in the cleanup operations of fire damages.

Law Enforcement Trust Fund – to account for the proceeds from the sale of property seized through law enforcement proceedings.

CITY OF EL DORADO, KANSAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

	Airport	Major Street Improvement	Industrial Development	Special Parks and Recreation	Tourism Tax	Economic Development Sales Tax
<u>ASSETS</u>						
Cash and investments	\$ 54,111	\$ 93,699	\$ 578,348	\$ 42,604	\$ 270,171	\$ 176,031
Receivables (net of allowance for uncollectibles):						
Property tax	-	-	80,984	-	-	-
Special assessment tax	-	-	-	-	-	-
Accounts	7,475	108,005	-	-	58,865	-
Due from other governments	-	-	-	-	-	-
Total assets	<u>\$ 61,586</u>	<u>\$ 201,704</u>	<u>\$ 659,332</u>	<u>\$ 42,604</u>	<u>\$ 329,036</u>	<u>\$ 176,031</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 1,080	\$ 4,635	\$ 1,000	\$ -	\$ 952	\$ -
Accrued payroll	2,186	15,995	-	-	2,141	-
Advances from other funds	-	-	507,018	-	507,018	-
Due to other governments	-	-	-	-	-	-
Total liabilities	<u>3,266</u>	<u>20,630</u>	<u>508,018</u>	<u>-</u>	<u>510,111</u>	<u>-</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	-	-	80,984	-	-	-
Unavailable revenue - special assessments	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>80,984</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Restricted:						
Police operations	-	-	-	-	-	-
Tourism	-	-	-	-	55,979	-
Industrial development	-	-	42,582	-	-	-
Park improvements	-	-	-	40,479	-	-
Stormwater systems	-	-	-	-	-	-
Committed:						
Public safety equipment	-	-	-	-	-	-
Business development	-	-	-	-	-	176,031
Assigned						
Airport improvements	58,320	-	-	-	-	-
Street improvements	-	181,074	-	-	-	-
Industrial development	-	-	27,748	-	-	-
Park improvements	-	-	-	2,125	-	-
Police equipment	-	-	-	-	-	-
Unassigned	-	-	-	-	(237,054)	-
Total fund balances	<u>58,320</u>	<u>181,074</u>	<u>70,330</u>	<u>42,604</u>	<u>(181,075)</u>	<u>176,031</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 61,586</u>	<u>\$ 201,704</u>	<u>\$ 659,332</u>	<u>\$ 42,604</u>	<u>\$ 329,036</u>	<u>\$ 176,031</u>

(Continued)

CITY OF EL DORADO, KANSAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
(Continued)

December 31, 2014

	Stormwater Utility	Family Life Center	Expendable Trust	Customer Deposit	Law Enforcement Trust	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>						
Cash and investments	\$ 173,899	\$ -	\$ 33,412	\$ 3,409	\$ 24,322	\$ 1,450,006
Receivables (net of allowance for uncollectibles):						
Property tax	-	-	-	-	-	80,984
Special assessment tax	241,621	-	-	-	-	241,621
Accounts	1,408	-	-	-	-	175,753
Due from other governments	-	15,522	-	-	-	15,522
Total assets	<u>\$ 416,928</u>	<u>\$ 15,522</u>	<u>\$ 33,412</u>	<u>\$ 3,409</u>	<u>\$ 24,322</u>	<u>\$ 1,963,886</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 1,987	\$ 15,522	\$ -	\$ -	\$ -	\$ 25,176
Accrued payroll	5,228	-	-	-	-	25,550
Advances from other funds	-	-	-	-	-	1,014,036
Due to other governments	298	-	-	-	-	298
Total liabilities	<u>7,513</u>	<u>15,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,065,060</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes	-	-	-	-	-	80,984
Unavailable revenue - special assessments	241,621	-	-	-	-	241,621
Total deferred inflows of resources	<u>241,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>322,605</u>
Fund balances:						
Restricted:						
Police operations	-	-	-	-	24,322	24,322
Tourism	-	-	-	-	-	55,979
Industrial development	-	-	-	-	-	42,582
Park improvements	-	-	-	-	-	40,479
Stormwater systems	274,666	-	-	-	-	274,666
Committed:						
Public safety equipment	-	-	-	3,409	-	3,409
Business development	-	-	-	-	-	176,031
Assigned						
Airport improvements	-	-	-	-	-	58,320
Street improvements	-	-	-	-	-	181,074
Industrial development	-	-	-	-	-	27,748
Park improvements	-	-	-	-	-	2,125
Police equipment	-	-	33,412	-	-	33,412
Unassigned	(106,872)	-	-	-	-	(343,926)
Total fund balances	<u>167,794</u>	<u>-</u>	<u>33,412</u>	<u>3,409</u>	<u>24,322</u>	<u>576,221</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 416,928</u>	<u>\$ 15,522</u>	<u>\$ 33,412</u>	<u>\$ 3,409</u>	<u>\$ 24,322</u>	<u>\$ 1,963,886</u>

CITY OF EL DORADO, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2014

	Airport	Major Street Improve- ment	Industrial Develop- ment	Special Parks and Recreation	Tourism Tax	Economic Develop- ment Sales Tax
Revenues:						
Taxes:						
Property	\$ 31,502	\$ -	\$ 88,150	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	50,000
Tourism	-	-	-	-	172,343	-
Intergovernmental	-	492,649	-	32,015	-	-
Licenses and permits	-	766	-	2,125	2,785	-
Charges for services	207,130	1,125	-	-	-	-
Special assessments	-	-	-	-	-	-
Investment earnings	34	-	-	-	101	-
Miscellaneous	7,299	3,199	900	-	956	-
Total revenues	<u>245,965</u>	<u>497,739</u>	<u>89,050</u>	<u>34,140</u>	<u>176,185</u>	<u>50,000</u>
Expenditures:						
Current:						
General government	269,629	-	-	-	-	-
Highways and streets	-	834,741	-	-	-	-
Health and sanitation	-	-	-	-	-	-
Culture and recreation	-	-	-	12,049	-	-
Economic development	-	-	44,226	-	114,906	17,002
Capital outlay	-	14,392	-	-	-	-
Debt service:						
Interest	-	-	21,041	-	21,041	-
Total expenditures	<u>269,629</u>	<u>849,133</u>	<u>65,267</u>	<u>12,049</u>	<u>135,947</u>	<u>17,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,664)</u>	<u>(351,394)</u>	<u>23,783</u>	<u>22,091</u>	<u>40,238</u>	<u>32,998</u>
Other financing sources (uses):						
Transfers in	-	355,914	-	-	-	-
Transfers out	(1,661)	(35,102)	-	-	-	(137,834)
Total other financing sources (uses)	<u>(1,661)</u>	<u>320,812</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(137,834)</u>
	<u>(25,325)</u>	<u>(30,582)</u>	<u>23,783</u>	<u>22,091</u>	<u>40,238</u>	<u>(104,836)</u>
Fund balances, beginning of year	83,645	211,656	46,547	20,513	(221,313)	280,867
Fund balances, end of year	<u>\$ 58,320</u>	<u>\$ 181,074</u>	<u>\$ 70,330</u>	<u>\$ 42,604</u>	<u>\$ (181,075)</u>	<u>\$ 176,031</u>

(Continued)

CITY OF EL DORADO, KANSAS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 (Continued)

Year Ended December 31, 2014

	Stormwater Utility	Family Life Center	Expendable Trust	Customer Deposit	Law Enforcement Trust	Total Nonmajor Special Revenue Funds
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,652
Sales	-	-	-	-	-	50,000
Tourism	-	-	-	-	-	172,343
Intergovernmental	-	128,742	-	-	17,927	671,333
Licenses and permits	-	-	-	-	-	5,676
Charges for services	-	-	-	-	-	208,255
Special assessments	247,476	-	-	-	-	247,476
Investment earnings	156	-	-	-	-	291
Miscellaneous	1,409	-	1,470	4,650	-	19,883
Total revenues	<u>249,041</u>	<u>128,742</u>	<u>1,470</u>	<u>4,650</u>	<u>17,927</u>	<u>1,494,909</u>
Expenditures:						
Current:						
General government	278,290	-	-	-	204	548,123
Highways and streets	-	-	-	-	-	834,741
Health and sanitation	-	128,742	-	4,650	-	133,392
Culture and recreation	-	-	2,344	-	-	14,393
Economic development	-	-	-	-	-	176,134
Capital outlay	-	-	-	-	-	14,392
Debt service:						
Interest	-	-	-	-	-	42,082
Total expenditures	<u>278,290</u>	<u>128,742</u>	<u>2,344</u>	<u>4,650</u>	<u>204</u>	<u>1,763,257</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(29,249)</u>	<u>-</u>	<u>(874)</u>	<u>-</u>	<u>17,723</u>	<u>(268,348)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	355,914
Transfers out	(142,488)	-	-	-	-	(317,085)
Total other financing sources (uses)	<u>(142,488)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,829</u>
Net change in fund balances	<u>(171,737)</u>	<u>-</u>	<u>(874)</u>	<u>-</u>	<u>17,723</u>	<u>(229,519)</u>
Fund balances, beginning of year	<u>339,531</u>	<u>-</u>	<u>34,286</u>	<u>3,409</u>	<u>6,599</u>	<u>805,740</u>
Fund balances, end of year	<u>\$ 167,794</u>	<u>\$ -</u>	<u>\$ 33,412</u>	<u>\$ 3,409</u>	<u>\$ 24,322</u>	<u>\$ 576,221</u>

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN GENERAL FUND - BUDGETARY BASIS

CEMETERY

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 650	\$ 650	\$ 875	\$ 225
Charges for services	63,000	63,000	65,539	2,539
Miscellaneous	-	-	705	705
Total revenues	63,650	63,650	67,119	3,469
Expenditures:				
Personal services	137,702	137,702	124,595	13,107
Contractual services	27,107	27,107	20,323	6,784
Commodities	28,250	28,250	52,200	(23,950)
Capital outlay	33,500	33,500	-	33,500
Total expenditures	226,559	226,559	197,118	29,441
Excess of revenues over (under) expenditures	(162,909)	(162,909)	(129,999)	32,910
Other financing sources:				
Transfers in	155,652	155,652	173,031	17,379
Transfers out	-	-	(30,500)	(30,500)
Net change in fund balances	(7,257)	(7,257)	12,532	19,789
Fund balance, beginning of year	7,257	7,257	24,221	16,964
Fund balance, end of year	\$ -	\$ -	36,753	\$ 36,753
Reconciliation to GAAP				
Plus receivables at December 31, 2014			420	
Less payables outstanding at December 31, 2014			(4,903)	
Fund balances on the basis of GAAP			\$ 32,270	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN GENERAL FUND - BUDGETARY BASIS

EXTERNAL STORES

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ 80,000	\$ 80,000	\$ 5,202	\$ (74,798)
Expenditures:				
Commodities	80,000	80,000	-	80,000
Net change in fund balances	-	-	5,202	5,202
Fund balance, beginning of year	19,126	19,126	(115,136)	(134,262)
Fund balance, end of year	<u>\$ 19,126</u>	<u>\$ 19,126</u>	(109,934)	<u>\$ (129,060)</u>
<u>Reconciliation to GAAP</u>				
Plus inventory at December 31, 2014			62,408	
Less payables outstanding at December 31, 2014			<u>(320)</u>	
Fund balances on the basis of GAAP			<u>\$ (47,846)</u>	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - FUNDS INCLUDED IN GENERAL FUND - BUDGETARY BASIS

PRAIRIE TRAILS RESTAURANT/GOLF

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 446,273	\$ 446,273	\$ 373,831	\$ (72,442)
Reimbursements	-	-	11,247	11,247
	<u>446,273</u>	<u>446,273</u>	<u>385,078</u>	<u>(61,195)</u>
Expenditures:				
Personal services	291,955	291,955	299,392	(7,437)
Contractual services	281,717	281,717	103,435	178,282
Commodities	167,700	167,700	279,792	(112,092)
Capital outlay	100,000	100,000	173,659	(73,659)
Total expenditures	<u>841,372</u>	<u>841,372</u>	<u>856,278</u>	<u>(14,906)</u>
Excess of revenues over (under) expenditures	(395,099)	(395,099)	(471,200)	(76,101)
Other financing sources (uses):				
Transfers in	<u>243,197</u>	<u>243,197</u>	<u>443,673</u>	<u>200,476</u>
Net change in fund balances	(151,902)	(151,902)	(27,527)	124,375
Fund balance, beginning of year	<u>151,902</u>	<u>151,902</u>	<u>111,665</u>	<u>(40,237)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	84,138	<u>\$ 84,138</u>
<u>Reconciliation to GAAP</u>				
Plus receivables at December 31, 2014			1,077	
Plus inventory at December 31, 2014			23,235	
Less payables outstanding at December 31, 2014			<u>(42,819)</u>	
Fund balances on the basis of GAAP			<u>\$ 65,631</u>	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS

AIRPORT FUND

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 28,666	\$ 28,666	\$ 31,502	\$ 2,836
Charges for services	196,000	196,000	205,701	9,701
Investment earnings	-	-	34	34
Miscellaneous	5,500	5,500	7,297	1,797
Total revenues	230,166	230,166	244,534	14,368
Expenditures:				
Personal services	74,634	74,634	76,706	(2,072)
Contractual services	91,401	91,401	62,651	28,750
Commodities	113,900	113,900	132,046	(18,146)
Miscellaneous	4,424	4,424	-	4,424
Total expenditures	284,359	284,359	271,403	12,956
Excess of revenues over (under) expenditures	(54,193)	(54,193)	(26,869)	27,324
Other financing sources (uses):				
Transfers out	-	-	(1,661)	(1,661)
Net change in fund balances	(54,193)	(54,193)	(28,530)	25,663
Fund balance, beginning of year	54,193	54,193	82,641	28,448
Fund balance, end of year	\$ -	\$ -	54,111	\$ 54,111
<u>Reconciliation to GAAP</u>				
Plus receivables at December 31, 2014			7,475	
Less payables outstanding at December 31, 2014			(3,266)	
Fund balances on the basis of GAAP			\$ 58,320	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS

MAJOR STREET IMPROVEMENT FUND

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 499,357	\$ 499,357	\$ 494,412	\$ (4,945)
Licenses and permits	4,500	4,500	766	(3,734)
Reimbursements	-	-	4,324	4,324
Total revenues	503,857	503,857	499,502	(4,355)
Expenditures:				
Personal services	576,910	576,910	568,106	8,804
Contractual services	260,056	260,056	54,776	205,280
Commodities	195,900	195,900	211,509	(15,609)
Capital outlay	-	-	14,392	(14,392)
Total expenditures	1,032,866	1,032,866	848,783	184,083
Excess of revenues over (under) expenditures	(529,009)	(529,009)	(349,281)	179,728
Other financing sources:				
Transfers in	400,000	400,000	355,914	(44,086)
Transfers out	-	-	(35,102)	(35,102)
Net change in fund balances	(129,009)	(129,009)	(28,469)	100,540
Fund balance, beginning of year	129,009	129,009	122,168	(6,841)
Fund balance, end of year	\$ -	\$ -	93,699	\$ 93,699
Reconciliation to GAAP				
Plus receivables at December 31, 2014			108,005	
Less payables outstanding at December 31, 2014			(20,630)	
Fund balances on the basis of GAAP			\$ 181,074	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS

INDUSTRIAL DEVELOPMENT FUND

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 88,572	\$ 88,572	\$ 88,150	\$ (422)
Miscellaneous	-	-	900	900
Total revenues	88,572	88,572	89,050	478
Expenditures:				
Contractual services	633,762	633,762	47,926	585,836
Commodities	175	175	-	175
Miscellaneous	-	-	40,051	(40,051)
Total expenditures	633,937	633,937	87,977	545,960
Excess of revenues over (under) expenditures	(545,365)	(545,365)	1,073	546,438
Other financing uses:				
Transfers out	(40,051)	(40,051)	-	40,051
Net change in fund balances	(585,416)	(585,416)	1,073	586,489
Fund balance, beginning of year	585,416	585,416	577,275	(8,141)
Fund balance, end of year	\$ -	\$ -	578,348	\$ 578,348
<u>Reconciliation to GAAP</u>				
Less payables outstanding at December 31, 2014			(1,000)	
Less advances outstanding at December 31, 2014			(507,018)	
Fund balances on the basis of GAAP			\$ 70,330	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS

SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 36,000	\$ 36,000	\$ 32,015	\$ (3,985)
Fees	930	930	2,125	1,195
Total revenues	<u>36,930</u>	<u>36,930</u>	<u>34,140</u>	<u>(2,790)</u>
Expenditures:				
Contractual services	118,745	118,745	10,000	108,745
Commodities	8,500	8,500	2,049	6,451
Total expenditures	<u>127,245</u>	<u>127,245</u>	<u>12,049</u>	<u>115,196</u>
Net change in fund balances	(90,315)	(90,315)	22,091	112,406
Fund balance, beginning of year	<u>90,315</u>	<u>90,315</u>	<u>20,513</u>	<u>(69,802)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,604</u>	<u>\$ 42,604</u>

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS

TOURISM TAX FUND

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 155,535	\$ 155,535	\$ 187,445	\$ 31,910
Miscellaneous	-	-	957	957
Licenses and permits	-	-	2,785	2,785
Investment earnings	179	179	101	(78)
Total revenues	155,714	155,714	191,288	35,574
Expenditures:				
Personal services	-	-	65,496	(65,496)
Contractual services	391,602	391,602	47,146	344,456
Commodities	13,500	13,500	1,319	12,181
Miscellaneous	-	-	40,051	(40,051)
Total expenditures	405,102	405,102	154,012	251,090
Excess of revenues over (under) expenditures	(249,388)	(249,388)	37,276	286,664
Other financing uses:				
Transfers out	(40,051)	(40,051)	-	40,051
Net change in fund balances	(289,439)	(289,439)	37,276	326,715
Fund balance, beginning of year	289,439	289,439	232,895	(56,544)
Fund balance, end of year	\$ -	\$ -	270,171	\$ 270,171
<u>Reconciliation to GAAP</u>				
Plus receivables at December 31, 2014			58,865	
Less payables outstanding at December 31, 2014			(3,093)	
Less advances outstanding at December 31, 2014			(507,018)	
Fund balances on the basis of GAAP			\$ (181,075)	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS

ECONOMIC DEVELOPMENT SALES TAX FUND

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Expenditures:				
Contractual services	345,000	345,000	17,002	327,998
Excess of revenues over (under) expenditures	(295,000)	(295,000)	32,998	327,998
Other financing sources:				
Transfers out	-	-	(137,834)	(137,834)
Net change in fund balances	(295,000)	(295,000)	(104,836)	190,164
Fund balance, beginning of year	295,000	295,000	280,867	(14,133)
Fund balance, end of year	\$ -	\$ -	\$ 176,031	\$ 176,031

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS

STORMWATER UTILITY FUND

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Special assessment taxes	\$ 255,658	\$ 255,658	\$ 247,476	\$ (8,182)
Reimbursements	250	250	1,469	1,219
Investment earnings	-	-	156	156
Total revenues	255,908	255,908	249,101	(6,807)
Expenditures:				
Personal services	264,791	264,791	214,655	50,136
Contractual services	111,692	111,692	73,131	38,561
Commodities	30,500	30,500	45,355	(14,855)
Capital outlay	115,000	115,000	-	115,000
Total expenditures	521,983	521,983	333,141	188,842
Excess of revenues over (under) expenditures	(266,075)	(266,075)	(84,040)	182,035
Other financing uses:				
Transfers out	(18,000)	(18,000)	(142,488)	(124,488)
Net change in fund balances	(284,075)	(284,075)	(226,528)	57,547
Fund balance, beginning of year	284,075	284,075	400,427	116,352
Fund balance, end of year	\$ -	\$ -	173,899	\$ 173,899
Reconciliation to GAAP				
Plus receivables at December 31, 2014			1,408	
Less payables outstanding at December 31, 2014			(7,513)	
Fund balances on the basis of GAAP			\$ 167,794	

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - BUDGETARY BASIS

DEBT SERVICE FUND

Year Ended December 31, 2014

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 752,249	\$ 752,249	\$ 762,497	\$ 10,248
Special assessments	464,950	464,950	436,540	(28,410)
Investment earnings	1,100	1,100	414	(686)
Miscellaneous	120,763	120,763	126,371	5,608
Total revenues	<u>1,339,062</u>	<u>1,339,062</u>	<u>1,325,822</u>	<u>(13,240)</u>
Expenditures:				
Contractual services	126,270	126,270	-	126,270
Debt redemption	1,878,119	1,878,119	1,878,120	(1)
Total expenditures	<u>2,004,389</u>	<u>2,004,389</u>	<u>1,878,120</u>	<u>126,269</u>
Excess of revenues over (under) expenditures	(665,327)	(665,327)	(552,298)	113,029
Other financing sources:				
Transfers in	75,000	75,000	112,495	37,495
Transfers out	-	-	(56,380)	(56,380)
Net change in fund balances	<u>(590,327)</u>	<u>(590,327)</u>	<u>(496,183)</u>	<u>94,144</u>
Fund balance, beginning of year	<u>590,327</u>	<u>590,327</u>	<u>585,018</u>	<u>(5,309)</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,835</u>	<u>\$ 88,835</u>

FIDUCIARY FUNDS

Fiduciary Funds are used to report assets held in a trustee or agent capacity for others and, therefore, are not used to support the government's own programs.

AGENCY FUNDS

Sales Tax Fund – to account for the collection of State and local sales tax on water sales and other miscellaneous sales.

Revolving Loan Fund – to account for the collection of principal and interest from Community Development Block Grant loans and remittances to the State of Kansas.

Payroll Withholding Fund – to account for payroll tax and other withholdings from employee wages due to other governmental agencies or others.

CITY OF EL DORADO, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS

Year Ended December 31, 2014

	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
<u>SALES TAX FUND</u>				
Assets:				
Cash and investments	\$ 2,431	\$ 16,727	\$ 15,574	\$ 3,584
Accounts receivable	1,665	1,801	1,665	1,801
Total assets	<u>\$ 4,096</u>	<u>\$ 18,528</u>	<u>\$ 17,239</u>	<u>\$ 5,385</u>
Liabilities:				
Accounts payable	<u>\$ 4,096</u>	<u>\$ 18,528</u>	<u>\$ 17,239</u>	<u>\$ 5,385</u>
<u>REVOLVING LOAN FUND</u>				
Assets:				
Cash and investments	\$ -	\$ 257,123	\$ 257,123	\$ -
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 257,123</u>	<u>\$ 257,123</u>	<u>\$ -</u>
<u>PAYROLL WITHHOLDING FUND</u>				
Assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Accounts receivable	8,462	-	2,791	5,671
Total assets	<u>\$ 8,462</u>	<u>\$ -</u>	<u>\$ 2,791</u>	<u>\$ 5,671</u>
Liabilities:				
Accounts payable	<u>\$ 8,462</u>	<u>\$ -</u>	<u>\$ 2,791</u>	<u>\$ 5,671</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 2,431	\$ 273,850	\$ 272,697	\$ 3,584
Accounts receivable	10,127	1,801	4,456	7,472
Total assets	<u>\$ 12,558</u>	<u>\$ 275,651</u>	<u>\$ 277,153</u>	<u>\$ 11,056</u>
Liabilities:				
Accounts payable	<u>\$ 12,558</u>	<u>\$ 275,651</u>	<u>\$ 277,153</u>	<u>\$ 11,056</u>

COMPONENT UNIT

The Bradford Memorial Library is reported as a discretely presented component unit within the financial statements of the City of El Dorado (the reporting entity) to emphasize its separate legal status. The Bradford Memorial Library Board is appointed by the City Commission and operates the public library of the City. The Library Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. The Library Board also receives funding through state assistance programs, charges for services and donations from the public.

CITY OF EL DORADO, KANSAS
 BALANCE SHEET
 DISCRETELY PRESENTED COMPONENT UNIT

BRADFORD MEMORIAL LIBRARY

December 31, 2014

ASSETS

Cash and investments	\$	383,656
Endowment investment		320,828
Property tax receivable		397,325
Accounts receivable		240
		240
Total assets	\$	1,102,049

LIABILITIES, DEFERRED INFLOWS OF
 OF RESOURCES AND FUND BALANCES

Liabilities:		
Accounts payable	\$	142,531
Accrued payroll		9,747
		152,278
Total liabilities		152,278
Deferred inflows of resources:		
Unavailable revenue - property taxes		397,325
		397,325
Fund balances:		
Restricted:		
Specific library programs		185,979
Assigned		366,467
		366,467
Total fund balances		552,446
Total liabilities, deferred inflows of resources and fund balances	\$	1,102,049

CITY OF EL DORADO, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
DISCRETELY PRESENTED COMPONENT UNIT

BRADFORD MEMORIAL LIBRARY

Year Ended December 31, 2014

Revenues:	
Property taxes	\$ 456,195
Intergovernmental	44,580
Charges for services	4,314
Fines and forfeitures	13,257
Investment earnings	25,001
Miscellaneous	<u>21,333</u>
Total revenues	<u>564,680</u>
Expenditures:	
Personal services	307,550
Contractual services	199,742
Commodities	<u>84,949</u>
Total expenditures	<u>592,241</u>
Net change in fund balance	(27,561)
Fund balances, beginning of year	<u>580,007</u>
Fund balances, end of year	<u><u>\$ 552,446</u></u>

CITY OF



EL DORADO
KANSAS

**STATISTICAL
SECTION**

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

	<u>Page</u>
Financial Trends	91 - 97
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	98 - 101
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, the property tax.	
Debt Capacity	102 - 106
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	107 - 108
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	109 - 111
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of El Dorado
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in capital assets	\$ 18,522,555	\$ 17,729,832	\$ 18,139,230	\$ 17,783,134	\$ 28,633,981	\$ 34,324,735	\$ 30,150,968	\$ 30,967,195	\$ 30,188,763	\$ 34,296,398
Restricted	3,023,055	3,301,019	5,514,073	7,734,827	4,194,764	4,952,971	4,889,410	3,792,344	4,215,381	3,629,818
Unrestricted	(1,121,761)	4,091,024	4,132,895	5,012,872	6,974,613	2,759,317	8,719,784	5,609,678	6,918,169	3,341,366
Total Governmental Activities										
Net Assets	<u>\$ 20,423,849</u>	<u>\$ 25,121,875</u>	<u>\$ 27,786,198</u>	<u>\$ 30,530,833</u>	<u>\$ 39,803,358</u>	<u>\$ 42,037,023</u>	<u>\$ 43,760,162</u>	<u>\$ 40,369,217</u>	<u>\$ 41,322,313</u>	<u>\$ 41,267,582</u>
Business-Type Activities										
Net investment in capital assets	\$ 17,443,893	\$ 16,531,797	\$ 18,344,423	\$ 18,506,653	\$ 18,932,616	\$ 18,122,626	\$ 18,777,765	\$ 20,367,761	\$ 21,303,503	\$ 21,429,958
Restricted	4,184,789	3,707,081	4,232,536	5,275,462	4,291,580	-	-	-	-	-
Unrestricted	2,663,221	4,829,691	4,618,666	4,873,410	4,487,827	(5,716,018)	(7,359,679)	(11,450,255)	(13,777,603)	(13,745,532)
Total Business-Type Activities										
Net Assets	<u>\$ 24,291,903</u>	<u>\$ 25,068,569</u>	<u>\$ 27,195,625</u>	<u>\$ 28,655,525</u>	<u>\$ 27,712,023</u>	<u>\$ 12,406,608</u>	<u>\$ 11,418,086</u>	<u>\$ 8,917,506</u>	<u>\$ 7,525,900</u>	<u>\$ 7,684,426</u>
Primary Government										
Net investment in capital assets	\$ 35,966,448	\$ 34,261,629	\$ 36,483,653	\$ 36,289,787	\$ 47,566,597	\$ 52,447,361	\$ 48,928,733	\$ 51,334,956	\$ 51,492,266	\$ 55,726,356
Restricted	7,207,844	7,008,100	9,746,609	13,010,289	8,486,344	4,952,971	4,889,410	3,792,344	4,215,381	3,629,818
Unrestricted	1,541,460	8,920,715	8,751,561	9,886,282	11,462,440	(2,956,701)	1,360,105	(5,840,577)	(6,859,434)	(10,404,166)
Total Primary Government										
Net Assets	<u>\$ 44,715,752</u>	<u>\$ 50,190,444</u>	<u>\$ 54,981,823</u>	<u>\$ 59,186,358</u>	<u>\$ 67,515,381</u>	<u>\$ 54,443,631</u>	<u>\$ 55,178,248</u>	<u>\$ 49,286,723</u>	<u>\$ 48,848,213</u>	<u>\$ 48,952,008</u>

City of El Dorado
Changes in Net Position
Last Ten Years
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	\$ 2,864,170	\$ 2,503,587	\$ 2,291,764	\$ 1,864,451	\$ 2,043,993	\$ 1,671,142	\$ 1,880,860	\$ 2,202,906	\$ 2,021,994	\$ 2,755,952
Public safety	2,359,756	2,681,827	3,041,945	3,249,257	3,434,979	3,742,666	3,644,530	3,799,331	3,767,376	3,906,171
Public works	2,213,625	2,013,623	2,164,449	1,868,543	2,444,611	3,201,411	4,283,125	3,254,173	3,278,271	3,476,247
Health and sanitation	379,600	297,420	348,902	325,911	380,489	415,808	371,126	411,502	392,681	478,020
Culture and recreation	868,159	1,014,813	1,174,828	1,118,413	1,391,219	2,018,666	1,542,864	1,389,464	1,297,591	1,476,436
Economic development	341,995	393,419	447,454	696,186	245,863	173,649	201,947	178,197	214,899	199,198
Environmental protection	10,388	11,309	10,804	11,188	28,515	-	-	-	-	-
Interest on long-term debt	602,566	653,630	636,169	616,879	537,940	397,343	366,675	432,603	527,442	486,109
Total Governmental Activities Expenses	9,640,259	9,569,628	10,116,315	9,750,828	10,507,609	11,620,685	12,291,127	11,668,176	11,500,254	12,778,133
Business-type activities:										
Waterworks system	2,598,856	3,145,188	2,797,316	3,103,040	3,496,339	4,371,604	4,629,494	4,469,711	4,822,852	4,845,259
Sewer system	1,075,197	1,207,985	1,501,977	1,922,659	2,354,435	2,076,189	2,313,956	2,069,672	2,109,889	2,109,698
Refuse	1,385,831	1,393,688	1,535,116	1,442,318	1,859,452	1,367,679	1,402,160	1,448,504	1,273,960	1,522,051
Total business-type activities expenses	5,059,884	5,746,861	5,834,409	6,468,017	7,710,226	7,815,472	8,345,610	7,987,887	8,206,701	8,477,008
Total Primary Government Expenses	\$ 14,700,143	\$ 15,316,489	\$ 15,950,724	\$ 16,218,845	\$ 18,217,835	\$ 19,436,157	\$ 20,636,737	\$ 19,656,063	\$ 19,706,955	\$ 21,255,141
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 842,000	\$ 663,635	\$ 567,263	\$ 751,574	\$ 345,158	\$ 598,148	\$ 649,247	\$ 189,402	\$ 1,307,835	\$ 633,957
Public safety	372,886	462,950	605,032	823,297	843,559	654,256	642,715	635,027	701,270	613,069
Public works	113,563	23,692	21,300	36,072	313,580	582,910	131,947	194,528	199,621	227,672
Health and sanitation	21,417	-	105,241	87,016	125,911	426,229	128,012	117,179	112,466	118,383
Culture and recreation	137,379	114,152	115,002	114,374	139,964	712,167	628,262	652,320	659,220	616,928
Economic development	8,736	2,316	1,250	3,606	67,046	-	-	-	-	-
Environmental protection	-	938	-	-	-	-	-	-	-	-
Interest on long-term debt	800,713	1,341,171	1,458,237	363,259	677,018	-	-	-	-	-
Operating grants and contributions	1,590,548	1,695,157	1,604,427	1,672,026	2,830,120	717,788	654,761	602,199	592,341	603,208
Capital grants and contributions ²	1,001,489	2,176,771	578,319	337,156	6,017,908	3,245,441	2,032,024	2,305,996	1,103,343	2,422,225
Total Governmental Activities Program Revenues	4,888,731	6,480,782	5,056,071	4,188,380	11,360,264	6,936,939	4,866,968	4,696,651	4,676,096	5,235,442

City of El Dorado
Changes in Net Position
Last Ten Years (Continued)
(accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business-type activities:										
Charges for services:										
Waterworks system	3,039,313	3,820,574	3,647,786	3,594,276	3,584,921	3,753,098	4,378,079	4,204,657	3,863,280	4,253,360
Sewer system	1,316,540	1,935,273	1,986,491	2,065,669	2,059,584	2,401,345	2,303,103	2,146,207	1,960,274	2,096,994
Refuse	1,294,777	1,291,569	1,638,905	1,539,636	1,496,583	1,446,387	1,452,599	1,434,386	1,359,800	1,404,573
Compressed natural gas	-	-	-	-	-	-	-	-	-	57
Operating grants & contributions	9,040	-	-	-	-	-	-	-	-	-
Capital grants & contributions	747,639	35,021	103,092	213,306	329,981	-	301,494	842,501	100	61,330
Total business-type activities program revenues	6,407,309	7,082,437	7,376,274	7,412,887	7,471,069	7,600,830	8,435,275	8,627,751	7,183,454	7,816,314
Total Primary Government Program Revenues	\$ 11,296,040	\$ 13,563,219	\$ 12,432,345	\$ 11,601,267	\$ 18,831,333	\$ 14,537,769	\$ 13,302,243	\$ 13,324,402	\$ 11,859,550	\$ 13,051,756
Net (Expense)/ Revenue										
Governmental activities	\$ (4,751,528)	\$ (3,088,846)	\$ (5,060,244)	\$ (5,562,448)	\$ 852,655	\$ (4,683,746)	\$ (7,424,159)	\$ (6,971,525)	\$ (6,824,158)	\$ (7,542,691)
Business-type activities	1,347,425	1,335,576	1,541,865	944,870	(239,157)	(214,642)	89,665	639,864	(1,023,247)	(660,694)
Total Primary Government Net Expense	\$ (3,404,103)	\$ (1,753,270)	\$ (3,518,379)	\$ (4,617,578)	\$ 613,498	\$ (4,898,388)	\$ (7,334,494)	\$ (6,331,661)	\$ (7,847,405)	\$ (8,203,385)
General Revenues:										
Governmental activities:										
Taxes										
Property taxes	\$ 3,141,373	\$ 3,233,530	\$ 3,730,632	\$ 4,069,974	\$ 4,254,049	\$ 3,857,069	\$ 3,983,853	\$ 3,651,884	\$ 3,806,320	\$ 3,830,127
Sales taxes	2,076,769	2,186,737	2,318,150	2,544,465	2,295,901	2,149,953	2,266,633	2,377,070	2,370,532	2,508,095
Franchise taxes	1,174,076	1,248,377	1,258,919	1,320,151	1,496,324	1,090,324	1,075,331	1,050,082	1,174,104	1,225,660
Tourism taxes	101,192	111,064	96,864	189,497	154,538	141,187	151,814	166,878	173,221	172,343
Investment earnings	144,540	284,758	304,221	182,996	41,448	28,447	19,829	6,731	5,050	2,774
Transfers in (out)	8,360	722,406	15,781	-	177,610	39,401	1,649,838	1,906,934	248,027	(251,039)
Total Governmental Activities	6,646,310	7,786,872	7,724,567	8,307,083	8,419,870	7,306,381	9,147,298	9,159,579	7,777,254	7,487,960
Business-type activities:										
Investment earnings ¹	350,955	163,496	600,972	515,030	(526,735)	318,628	571,651	160,775	(120,332)	568,181
Transfer in (out)	(8,360)	(722,406)	(15,781)	-	(177,610)	(39,401)	(1,649,838)	(1,906,934)	(248,027)	251,039
Total business-type activities	342,595	(558,910)	585,191	515,030	(704,345)	279,227	(1,078,187)	(1,746,159)	(368,359)	819,220
Total Primary Government	\$ 6,988,905	\$ 7,227,962	\$ 8,309,758	\$ 8,822,113	\$ 7,715,525	\$ 7,585,608	\$ 8,069,111	\$ 7,413,420	\$ 7,408,895	\$ 8,307,180

City of El Dorado
Changes in Net Position
Last Ten Years (Continued)
(accrual basis of accounting)

Change In Net Position	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities	\$ 1,894,782	\$ 4,698,026	\$ 2,664,323	\$ 2,744,635	\$ 9,272,525	\$ 2,622,635	\$ 1,723,139	\$ 2,188,054	\$ 953,096	\$ (54,731)
Business-type activities	1,690,020	776,666	2,127,056	1,459,900	(943,502)	64,585	(988,522)	(1,106,295)	(1,391,606)	158,526
Total Primary Government	<u>\$ 3,584,802</u>	<u>\$ 5,474,692</u>	<u>\$ 4,791,379</u>	<u>\$ 4,204,535</u>	<u>\$ 8,329,023</u>	<u>\$ 2,687,220</u>	<u>\$ 734,617</u>	<u>\$ 1,081,759</u>	<u>\$ (438,510)</u>	<u>\$ 103,795</u>

¹ In 2009 and 2013, the decrease in fair value of investments for the water fund created a negative revenue.

² In 2006, a \$1.4 million bike path was constructed, of which \$1,088,000 was funded by a federal grant and \$40,000 by a Kansas Wildlife and Parks grant.

In 2009, a building in the industrial park was sold, and grants were received for the North Main bridge project and the West Central Avenue paving project.

City of El Dorado
Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	\$ 130,564	\$ 128,925	\$ 170,740	\$ 246,990	\$ 178,895	\$ 968,076	\$ -	\$ -	\$ -	\$ -
Unreserved	1,856,435	2,408,863	3,115,517	3,947,109	4,161,390	3,836,107	-	-	-	-
Nonspendable ¹	-	-	-	-	-	-	104,577	115,518	141,556	85,643
Restricted ¹	-	-	-	-	-	-	-	-	-	-
Committed ¹	-	-	-	-	-	-	-	-	-	-
Assigned ¹	-	-	-	-	-	-	787,183	399,687	452,540	571,895
Unassigned ¹	-	-	-	-	-	-	3,524,885	3,154,540	3,236,214	3,300,921
Total General Fund	<u>\$ 1,986,999</u>	<u>\$ 2,537,788</u>	<u>\$ 3,286,257</u>	<u>\$ 4,194,099</u>	<u>\$ 4,340,285</u>	<u>\$ 4,804,183</u>	<u>\$ 4,416,645</u>	<u>\$ 3,669,745</u>	<u>\$ 3,830,310</u>	<u>\$ 3,958,459</u>
All Other Governmental Funds										
Reserved	\$ 1,771,014	\$ 417,518	\$ 457,670	\$ 365,704	\$ 1,434,580	\$ 1,716,685	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	598,722	813,310	1,048,345	1,013,486	2,110,369	1,862,969	-	-	-	-
Construction fund	(5,389,115)	164,914	(1,480,203)	514,302	(682,230)	(3,842,274)	-	-	-	-
Debt service fund	261,816	117,689	503,723	592,941	599,126	736,524	-	-	-	-
Nonspendable ¹	-	-	-	-	-	-	-	-	-	-
Restricted ¹	-	-	-	-	-	-	1,441,774	1,350,142	1,242,310	526,863
Committed ¹	-	-	-	-	-	-	290,226	12,254	3,409	179,440
Assigned ¹	-	-	-	-	-	-	4,536,209	280,604	387,152	302,679
Unassigned ¹	-	-	-	-	-	-	-	(1,382,393)	1,428,533	(3,876,124)
Total All Other Governmental Funds	<u>\$ (2,757,563)</u>	<u>\$ 1,513,431</u>	<u>\$ 529,535</u>	<u>\$ 2,486,433</u>	<u>\$ 3,461,845</u>	<u>\$ 473,904</u>	<u>\$ 6,268,209</u>	<u>\$ 260,607</u>	<u>\$ 3,061,404</u>	<u>\$ (2,867,142)</u>

Notes: Bonds are generally issued for the City's construction projects every two years. Bond issues in 2004, 2006, and 2008, reduced or eliminated the deficit in the Construction Fund. Although a bond was issued in 2010 to reduce the deficit, a liability was created on the Balance Sheet of \$3,842,274. This was partly due to temporary notes issued of \$2,162,134 to help cover excess expenses not included in the bond and part was to currently refund the remaining \$755,000 balance of the Series 2002 General Obligation bonds.

¹ New categories associated with implementation of GASB 54 for year ending December 31, 2011.

City of El Dorado
Changes in Fund Balances, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Taxes	\$ 6,493,410	\$ 6,779,708	\$ 7,404,565	\$ 8,124,087	\$ 8,200,812	\$ 7,238,553	\$ 7,477,631	\$ 7,245,914	\$ 7,524,177	\$ 7,736,225
Intergovernmental	1,709,223	2,420,539	982,750	923,801	1,228,511	2,779,121	1,132,263	2,031,138	862,696	713,441
Licenses and permits	90,126	119,693	130,329	112,214	140,719	128,612	128,930	148,891	106,354	126,432
Charges for services	788,675	636,989	659,960	953,987	864,245	1,631,740	1,390,018	1,527,311	1,383,555	1,570,319
Fines and forfeitures	151,686	161,239	209,248	261,838	266,283	331,678	248,445	295,843	312,345	331,806
Special assessment taxes	611,458	839,838	637,305	677,581	862,849	865,168	891,890	845,586	829,432	1,837,078
Use of money and property	581,624	995,840	1,085,384	807,482	5,360,556	28,447	19,829	6,731	5,050	2,774
Employee/Employer contributions	723,893	832,258	883,226	919,210	1,047,063	-	-	-	-	-
Miscellaneous	426,960	337,053	296,427	342,936	1,210,595	674,181	574,466	293,173	511,320	915,815
Total revenues	\$ 11,577,055	\$ 13,123,157	\$ 12,289,194	\$ 13,123,156	\$ 19,181,633	\$ 13,677,480	\$ 11,863,472	\$ 12,394,587	\$ 11,534,929	\$ 13,233,890
Expenditures										
General government	\$ 2,517,709	\$ 2,319,665	\$ 2,078,510	\$ 1,996,520	\$ 2,273,971	\$ 1,464,215	\$ 1,464,958	\$ 2,001,441	\$ 1,795,145	\$ 2,145,740
Public Safety	2,287,461	2,588,050	2,883,542	3,336,240	3,424,203	3,370,681	3,433,538	3,561,539	3,528,601	3,557,487
Highways and streets	1,051,181	1,001,635	1,313,579	1,375,937	1,834,963	1,743,191	1,802,441	1,740,316	1,664,529	1,702,826
Health and sanitation	259,284	295,704	385,370	338,867	376,353	398,288	353,701	393,732	375,751	462,797
Culture and recreation	903,834	925,308	1,029,816	1,143,942	3,995,766	1,919,208	1,448,000	1,271,625	1,190,358	1,359,086
Environmental protection	10,188	10,179	10,804	11,188	28,515	-	-	-	-	-
Economic development	190,213	393,230	447,454	514,590	245,674	173,459	201,758	176,039	191,459	176,134
Capital improvements	5,892,138	2,900,782	2,218,074	2,447,695	1,560,545	6,414,857	3,984,996	9,561,723	2,988,055	5,707,803
Debt service										
Principal	1,790,086	1,878,140	1,524,065	1,779,535	3,952,666	1,483,200	3,511,342	1,905,335	1,228,512	3,709,972
Interest	650,422	643,326	649,188	623,882	600,199	403,659	353,670	430,152	463,490	530,757
Debt Issuance Costs	-	-	-	-	-	-	-	-	40,016	-
Total expenditures	\$ 15,552,516	\$ 12,956,019	\$ 12,540,402	\$ 13,568,396	\$ 18,292,855	\$ 17,370,758	\$ 16,554,404	\$ 21,041,902	\$ 13,465,916	\$ 19,352,602
Excess of revenues over (under) expenditures	\$ (3,975,461)	\$ 167,138	\$ (251,208)	\$ (445,260)	\$ 888,778	\$ (3,693,278)	\$ (4,690,932)	\$ (8,647,315)	\$ (1,930,987)	\$ (6,118,712)
Other financing sources (uses)										
General obligation bonds issued	\$ -	\$ 3,932,239	\$ -	\$ 3,310,000	\$ -	\$ 890,641	\$ 5,715,000	\$ -	\$ 4,644,322	\$ -
Proceeds from capital lease obligations	-	-	-	-	55,210	-	-	-	-	569,354
Refunding bonds issued	-	-	-	-	-	757,621	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	(755,000)	-	-	-	-
Transfers in	1,541,769	1,792,942	1,608,575	1,640,980	1,687,190	2,731,795	4,219,322	4,948,663	2,892,525	4,543,673
Transfers out	(1,533,409)	(1,070,536)	(1,592,794)	(1,640,980)	(1,509,580)	(2,692,394)	(2,576,623)	(3,055,850)	(2,644,498)	(4,794,712)
Total other financing sources (uses)	\$ 8,360	\$ 4,654,645	\$ 15,781	\$ 3,310,000	\$ 232,820	\$ 932,663	\$ 7,357,699	\$ 1,892,813	\$ 4,892,349	\$ 318,315
Net change in Fund Balances	\$ (3,967,101)	\$ 4,821,783	\$ (235,427)	\$ 2,864,740	\$ 1,121,598	\$ (2,760,615)	\$ 2,666,767	\$ (6,754,502)	\$ 2,961,362	\$ (5,800,397)
Fund balances, beginning of year, as originally stated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,802,130	\$ 8,018,087	\$ 10,684,854	\$ 3,930,352	\$ 6,891,714
Prior period adjustment	-	-	-	-	-	236,572	-	-	-	-
Fund balances, beginning of year, as restated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,038,702	\$ 8,018,087	\$ 10,684,854	\$ 3,930,352	\$ 6,891,714
Fund balances, end of year	\$ (3,967,101)	\$ 4,821,783	\$ (235,427)	\$ 2,864,740	\$ 1,121,598	\$ 5,278,087	\$ 10,684,854	\$ 3,930,352	\$ 6,891,714	\$ 1,091,317
Debt service as a percentage of noncapital expenditures	23.3%	24.8%	22.3%	24.3%	42.9%	16.7%	27.9%	16.1%	16.2%	30.3%

City of El Dorado
Tax Revenues by Source, Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Motor Vehicle Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Transient Guest Tax</u>	<u>Total</u>
2005	\$ 2,603,408	\$ 537,966	\$ 2,076,768	\$ 1,174,076	\$ 101,192	\$ 6,493,410
2006	2,702,223	531,307	2,186,737	1,248,377	111,064	6,779,708
2007 ¹	3,219,602	511,030	2,318,150	1,258,919	96,864	7,404,565
2008 ²	3,506,113	563,862	2,544,465	1,320,150	189,497	8,124,087
2009	3,693,414	560,635	2,295,901	1,496,324	154,538	8,200,812
2010 ³	3,377,300	479,769	2,149,953	1,090,324	141,187	7,238,533
2011	3,515,651	468,202	2,266,633	1,075,331	151,814	7,477,630
2012	3,158,613	493,271	2,377,070	1,050,082	166,878	7,245,914
2013	3,350,856	455,464	2,370,532	1,174,104	173,221	7,524,177
2014	3,348,253	481,874	2,508,095	1,225,660	172,343	7,736,225

Notes:

¹An explanation for the increase in Property Tax Revenues can be found on the Direct & Overlapping Property Tax Rates schedule.

²The increase in Transient Guest Tax Revenues is due to the combination of a new Holiday Inn Express opening in El Dorado and many additional laborers in town seeking lodging while working on capital projects for Frontier Oil Corporation.

³A prior period adjustment was made to record taxes that were not recorded in prior year.

City of El Dorado
Property Tax Levies and Collections
Last Ten Years

Fiscal Year ²	Total Tax Levy ¹	Collected within the Current Year		Delinquent Tax Collections	Total Collected	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005 ³	\$ 2,731,085	\$ 2,492,472	91.26%	\$ 110,936	\$ 2,603,408	95.33%
2006	2,771,416	2,590,007	93.45%	112,216	2,702,223	97.50%
2007 ^{3,4}	3,486,822	3,095,084	88.77%	124,518	3,219,602	92.34%
2008	3,658,934	3,357,533	91.76%	148,580	3,506,113	95.82%
2009	3,855,346	3,568,745	92.57%	124,669	3,693,414	95.80%
2010	3,877,462	3,329,764	85.87%	177,149	3,506,913	90.44%
2011	4,042,000	3,799,242	93.99%	184,611	3,983,853	98.56%
2012	3,620,912	3,177,108	87.74%	162,868	3,339,976	92.24%
2013	3,880,933	3,362,613	86.64%	180,643	3,543,256	91.30%
2014	3,858,827	3,541,256	91.77%	197,988	3,739,244	96.90%

Notes:

¹ As computed and certified by Butler County Clerk on November 1 of levy year.

² The year in which the tax was collected.

³ The percentage of collections were low as a result of exemption of real & personal property taxes on a large manufacturing company after taxes had been levied on the property.

⁴ The percentage of collections were low due to additional factors. Taxes levied were considerably higher than in previous years; however, since delinquency collections were for prior years with lower levies, the delinquency collections did not increase at the same rate as the levy. Additionally, the City increases the amount levied each year to offset collections that are rebated to property owners under the Neighborhood Revitalization Program (NRP). In 2007, an incorrect valuation on the NRP properties was certified to the City, thus rebates were higher (i.e. collections lower) than anticipated.

City of El Dorado
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Years

<u>Levy Year</u>	<u>Real Property</u>	<u>Personal Property</u> ¹	<u>Utilities</u>	<u>Oil & Gas</u>	<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
2005	\$ 59,942,605	\$ 7,657,836	\$ 3,671,307	\$ 40,720	\$ 71,312,468	38.863	\$ 473,630,300	15.06%
2006	63,532,483	9,180,146	3,753,209	81,813	76,547,651	45.551	502,246,861	15.24%
2007	69,465,387	7,118,214	3,716,185	95,140	80,394,926	45.512	526,474,246	15.27%
2008	72,305,376	5,575,066	3,894,863	146,999	81,922,304	47.061	543,546,896	15.07%
2009	73,854,674	4,737,185	3,881,799	30,794	82,504,452	46.997	549,408,643	15.02%
2010	74,505,823	3,939,697	4,043,772	17,350	82,506,642	48.990	547,503,613	15.07%
2011	73,009,479	3,708,714	4,171,358	2,993	80,892,544	44.762	539,390,248	15.00%
2012	74,272,212	3,650,271	4,360,055	5,130	82,287,668	47.163	386,914,778	21.27%
2013	73,878,484	3,372,708	4,436,778	2,808	81,690,778	47.237	543,353,468	15.03%
2014	72,925,530	2,335,516	4,322,469	1,253	79,584,768	47.050	525,111,705	15.16%

Source: Butler County Clerk

Notes: The assessed value of each class is calculated by varying percentages of appraised or market value. Residential real property is assessed at 11.5% of fair market value, commercial property at 25%, and all other property rates ranging from 12% to 33%.

¹ Assessed values for Personal Property do not include motor vehicle valuation.

City of El Dorado
 Direct and Overlapping Property Tax Rates
 (Per \$1,000 of Assessed Value)
 Last Ten Years

Year ¹	City of El Dorado							Other Overlapping Governments ²					
	General	Library	Employee Benefits	Industrial Mill Levy	Debt Service	Airport	Total City	Butler County	Butler Community College	State of Kansas	Unified School District No. 490	Unified School District No. 375	Unified School District No. 205
2005	11.805	3.934	5.827	0.498	16.510	0.289	38.863	35.932	17.478	1.500	46.762	53.207	50.970
2006 ³	19.643	4.745	0.000	1.002	19.872	0.289	45.551	35.723	17.363	1.500	48.177	52.209	49.169
2007 ⁴	23.312	4.554	0.000	0.999	16.358	0.289	45.512	35.440	17.225	1.500	46.936	52.430	50.767
2008 ³	24.784	4.675	0.000	1.012	16.298	0.292	47.061	36.434	18.195	1.500	49.865	53.001	51.181
2009 ⁵	26.768	4.322	0.000	0.999	13.779	1.129	46.997	36.522	18.194	1.500	50.745	53.019	58.947
2010 ⁶	29.207	4.771	0.000	1.042	13.321	0.649	48.990	35.822	18.002	1.500	51.443	55.790	61.609
2011 ⁸	27.841	4.613	0.000	0.730	10.902	0.676	44.762	35.775	18.005	1.500	60.404	58.165	60.327
2012	31.354	4.724	0.000	1.000	8.958	1.127	47.163	35.273	18.005	1.500	60.371	57.940	64.391
2013	32.905	4.951	0.000	0.973	8.202	0.206	47.237	35.164	18.021	1.500	61.194	64.055	56.578
2014	30.306	4.992	0.000	1.018	10.734	0.000	47.050	35.133	18.003	1.500	59.828	66.358	47.071

Source: Butler County Clerk

Notes:

¹ The year shown is the year in which taxes are levied for collection in the following fiscal year.

² Overlapping rates are those of local and county governments that apply to property owners within the city limits of El Dorado. Not all overlapping rates apply to all property owners. The rates for Unified School District No. 490 and Unified School District No. 375 only apply to approximately 82.1% and 17.9%, respectively, of the property in El Dorado. The rates for Unified School District No. 205 only apply to two businesses located at the El Dorado municipal airport.

³ In 2006 the Employee Benefits fund was eliminated, which resulted in increases in the City of El Dorado's General and Library mill levies. The increase in the total City mill levy was due to several factors. In an effort to delay a mill levy increase, cash reserves in the Debt Service fund were decreased over the previous several years; however, an increase in the mill levy was necessary in 2006 to restore cash balance in the fund to an adequate level to fund the City's debt and maintain a prudent fund balance. Additionally, due to inadequate gas tax revenues to properly maintain the City's streets, the City had to begin supplementing the Major Street fund through transfers from the General fund. Due to increased activity in the recruitment of new businesses to El Dorado, the Industrial Mill Levy fund was also increased 1/2 mill.

⁴ In 2007 the one-year increase in the Debt Service mill levy that was necessary in 2006 to restore fund balance was no longer needed, so the fund's mill levy was returned to approximately the same level as 2005. The General mill levy was increased to provide a substantially larger transfer to the Major Street fund to allow the City's streets to be maintained at a higher level.

⁵ The General mill levy was increased to accumulate funds for implementation of a new retirement plan for City employees in 2010.

⁶ A portion of the proceeds from the sale of a building was used to pay off two bonds previously issued to construct that facility; this allowed elimination of bond reserve accounts and a decrease in the Debt Service mill levy. This decrease allowed a mill increase in the Airport fund to build funds for the local match of future FAA grant projects and a General mill increase to provide funds to offset a possible decrease in revenues due to the current economic environment.

⁷ The mill increase in the Airport fund to build funds for the local match of future FAA grant projects was no longer needed, so the fund's mill levy was returned to approximately the same level as 2008. The General mill levy was increased due to several businesses were taken off the tax rolls, but the City was not notified of this change. This resulted in an increase in the General which will be reversed in 2011.

⁸ In 2010 several large properties were exempted after the City formally approved the budget, which caused the total levy to increase by 1.993 mills. The City Commission elected to refund taxpayers for this unanticipated increase by decreasing the levy by 4 mills.

City of El Dorado
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2014			2005		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Wal-Mart Real Estate	\$2,524,383	1	2.76%	\$2,766,485	1	3.29%
Kansas Gas & Electric	1,582,945	2	1.73%	\$1,357,735	2	1.62%
Barton Solvents	1,203,893	3	1.32%			---
Kansas Gas Service ¹	1,057,663	4	1.16%	\$703,480	6	0.84%
Vlami Enterprises	982,845	5	1.07%			---
Pioneer Balloon Co	558,125	6	0.61%	\$691,822	7	0.82%
Villas at BCC LLC	544,417	7	0.59%			---
El Dorado Group II LLC	473,151	8	0.52%			---
Butler Rural Elec Coop Assn	453,085	9	0.50%			---
Union Pacific Railroad Co	450,075	10	0.49%			---
Southwestern Bell Tele Co	---		---	971,118	4	1.16%
Ted A Vlami	---		---	587,053	10	0.70%
Wal-Mart Stores Inc	---		---	609,585	8	0.73%
E & P Financing Limited Partnership	---		---	739,200	5	0.88%
Valmont Industries	---		---	1,226,106	3	1.46%
Larry Fugate	---		---	591,206	9	0.70%
Total	\$9,830,582		10.74%	\$10,243,790		12.19%
Total Assessed Value ²	\$91,512,573			\$84,000,169		

Source: Butler County 2014 tax roll

Notes:

¹ Formerly Western Resources - Gas Division

² Includes motor vehicle valuation

City of El Dorado
Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	Governmental Activities				Business-Type Activities						Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Temporary Notes	Capital Leases	KS Dept of Commerce & Housing Note Payable	General Obligation Bonds	Temporary Notes	Revenue Bonds	US Corps of Engineering Contract	KS Dept of Health & Environment Loans	Capital Leases			
2005	\$ 12,406,600	\$ 4,789,228	\$ 21,803	\$ 26,892	\$ 718,400	\$ -	\$ 775,000	\$ 4,893,090	\$ 3,585,696	\$ 55,068	\$ 27,271,777	10.76%	\$ 2,154
2006	14,493,000	395,305	-	16,286	1,283,000	-	400,000	4,934,495	10,407,629	111,717	32,041,432	12.39%	2,519
2007	12,979,753	2,511,305	-	5,468	1,211,247	-	-	4,979,957	11,318,899	88,348	33,094,977	13.41%	2,627
2008	14,515,687	95,000	-	-	1,104,313	-	-	5,029,875	10,762,309	52,098	31,559,282	12.43%	2,506
2009	10,563,021	655,000	55,210	-	991,979	-	-	43,734,257	10,190,382	171,698	66,361,547	25.35%	5,249
2010	10,028,293	4,000,000	-	-	1,421,707	1,260,000	-	44,824,478	10,060,824	74,764	71,670,066	25.57%	5,504
2011	14,231,951	740,000	-	-	1,238,049	1,260,000	-	45,952,878	10,290,701	-	73,713,579	25.87%	5,629
2012	13,066,616	-	-	-	1,048,384	1,260,000	-	47,120,795	9,955,211	-	72,451,006	27.25%	5,570
2013	16,482,426	-	-	-	2,882,574	-	-	48,329,613	9,432,748	-	77,127,361	27.84%	6,001
2014	12,826,910	-	537,502	-	2,258,090	-	-	49,580,764	8,871,227	171,797	74,246,290	26.50%	5,758

Notes:

Personal income and population information can be found on the Demographics and Economic Statistics schedule.

Prior year adjustment was made to the US Army Corps of Engineering Contract in 2010 due to new auditor's interpretation of the loan. This changed the Percentage of Personal Income and Debt Per Capita for both 2009 and 2010.

City of El Dorado
Ratios of General Bonded Debt Outstanding
Last Ten Years

Fiscal Year	General Obligation Bonds	Less Debt Service Funds	Net Bonded Debt	Net Bonded Debt Per Capita	Net Bonded Debt to Estimated Actual Value
2005	\$ 13,125,000 ¹	\$ 261,816	\$ 12,863,184	\$ 1,011.42	2.72%
2006	15,776,000 ¹	117,689	15,658,311	1,243.12	3.12%
2007	14,191,000 ¹	503,723	13,687,277	1,087.07	2.60%
2008	15,620,000 ¹	592,941	15,027,059	1,188.57	2.76%
2009	11,555,000 ^{1,2}	599,126	10,955,874	841.40	1.99%
2010	11,450,000 ³	736,524	10,713,476	823.61	1.96%
2011	15,470,000	796,642	14,673,358	1,120.70	2.72%
2012	14,115,000	749,354	13,365,646	1,036.10	3.45%
2013	19,365,000	586,235	18,778,765	1,461.16	3.46%
2014	15,085,000	88,835	14,996,165	1,162.94	2.86%

Notes: Population and estimated actual value data can be found on the Demographics and Economic Statistics schedule and the Assessed Value and Estimated Actual Value of Taxable Property schedule, respectively.

¹ Includes the portion of 1991, 2004 and 2006 General Obligation Bonds funded from water and sewer funds.

² The reduction in the General Obligation Debt is due to the City paying off two general obligation bonds from proceeds of the sale of the building for which the bonds were issued.

³ The increase in the Less Debt Service Funds is due to a prior period adjustment.

City of El Dorado
Direct and Overlapping Debt
December 31, 2014

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Butler County ²	\$ 878,000	12.48%	\$ 109,586
Unified School District No. 490	52,800,000	39.79%	21,007,454
Unified School District No. 375	62,445,000	15.75%	9,837,057
Butler Community College	-	12.48%	-
	<u>\$ 116,123,000</u>		<u>\$ 30,954,098</u>
Direct Debt:			
City of El Dorado Direct Debt	<u>15,085,000</u>		<u>15,085,000</u>
Total direct and overlapping debt	<u><u>\$ 131,208,000</u></u>		<u><u>\$ 46,039,098</u></u>

Source: The debt outstanding was provided by each entity.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property owners of El Dorado. USD 205's tax rates apply to only two businesses, and therefore the estimated share of overlapping debt is not significant and has not been included above.

¹ The percentage of overlapping debt applicable is estimated using assessed valuations. The City of El Dorado's assessed valuation was multiplied by the percentage of property owners in each taxing entity's jurisdiction, and the resulting amount was divided by each entity's assessed valuation.

² Butler County has \$18,265,464 outstanding in lease debt that is not included in this debt outstanding figure.

City of El Dorado
Legal Debt Margin
Last Ten Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Assessed Valuation	\$ 71,312,468	\$ 76,547,651	\$ 80,394,926	\$ 81,922,304	\$ 82,504,452	\$ 82,506,642	\$ 80,892,544	\$ 82,287,668	\$ 81,690,778	\$ 79,584,768
Assessed Valuation on Motor Vehicles	12,687,701	12,811,634	13,124,330	13,404,428	13,020,077	12,106,043	11,807,736	11,870,038	12,132,153	11,927,805
Total Assessed Valuation ¹	\$ 84,000,169	\$ 89,359,285	\$ 93,519,256	\$ 95,326,732	\$ 95,524,529	\$ 94,612,685	\$ 92,700,280	\$ 94,157,706	\$ 93,822,931	\$ 91,512,573
Legal Debt Limit ²	\$ 25,200,051	\$ 26,807,786	\$ 28,055,777	\$ 28,598,020	\$ 28,657,359	\$ 28,383,806	\$ 27,810,084	\$ 28,247,312	\$ 28,146,879	\$ 27,453,772
Bonded Indebtedness	\$ 13,900,000	\$ 16,176,000	\$ 14,191,000	\$ 15,620,000	\$ 11,555,000	\$ 11,450,000	\$ 15,470,000	\$ 14,115,000	\$ 16,755,000	\$ 15,085,000
Temporary Notes	4,789,228	395,305	2,511,305	95,000	655,000	4,000,000	2,000,000	1,260,000	-	-
Total Debt	18,689,228	16,571,305	16,702,305	15,715,000	12,210,000	15,450,000	17,470,000	15,375,000	16,755,000	15,085,000
Less:										
Assets in Debt Service Fund	\$ 261,816	\$ 117,689	\$ 503,723	\$ 592,941	\$ 599,126	\$ 736,524	\$ 796,642	\$ 749,354	\$ 586,235	\$ 88,835
Exempted Debt (KSA 10-309)-G.O. Bonds	3,053,370	4,830,905	4,408,652	3,853,726	4,034,440	4,658,939	5,256,448	4,733,138	7,256,969	6,612,762
Exempted Debt (KSA 10-309)-Temporary Notes	1,979,124	-	56,945	-	-	-	1,711,400	1,260,000	-	-
Waterworks Revenue Bonds	775,000	400,000	-	-	-	-	-	-	-	-
Sewer System Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Deductions	6,069,310	5,348,594	4,969,320	4,446,667	4,633,566	5,395,463	7,764,490	6,742,492	7,843,204	6,701,597
Total Amount Applicable to Debt Limit	12,619,918	11,222,711	11,732,985	11,268,333	7,576,434	10,054,537	9,705,510	8,632,508	8,911,796	8,383,404
Legal Debt Margin	\$ 12,580,133	\$ 15,585,075	\$ 16,322,792	\$ 17,329,687	\$ 21,080,925	\$ 18,329,269	\$ 18,104,574	\$ 19,614,804	\$ 19,235,083	\$ 19,070,368
Legal Debt Margin as a percentage of the Debt Limit	49.92%	58.14%	58.18%	60.60%	73.56%	64.58%	65.10%	69.44%	68.34%	69.46%

Notes:

¹ Computed in accordance with KSA 10-310.

² 30% of Assessed Valuation (KSA 10-308).

City of El Dorado
Revenue Bond Coverage
Waterworks System Revenue Bonds
Last Ten Years

<u>Fiscal Year</u>	<u>Gross Revenue</u>	<u>Less: Operating Expenses ¹</u>	<u>Net Available Revenue</u>	<u>Principal Requirements ²</u>	<u>Interest Requirements ²</u>	<u>Total</u>	<u>Coverage</u>
2005	\$ 3,350,268	\$ 1,918,348	\$ 1,431,920	\$ 375,000	\$ 36,625	\$ 411,625	3.48
2006	3,881,436	2,011,828	1,869,608	400,000	19,000	419,000	4.46
2007	4,121,758	1,999,237	2,122,521	-	-	-	N/A
2008	3,988,284	2,271,883	1,716,401	-	-	-	N/A
2009	3,615,955	2,648,132	967,823	-	-	-	N/A
2010	4,064,826	2,418,809	1,646,017	-	-	-	N/A
2011	4,590,919	2,705,438	1,885,481	-	-	-	N/A
2012	4,269,918	2,469,957	1,799,961	-	-	-	N/A
2013	3,583,458	2,692,350	891,108	-	-	-	N/A
2014	4,723,423	2,666,306	2,057,117	-	-	-	N/A

Notes:

¹ Excludes capital depreciation.

² Bond ordinance provides that computation is for the succeeding year's debt service requirements. All bonds were fully retired prior to December 31, 2007.

City of El Dorado
Demographic and Economic Statistics
Last Ten Years

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Personal Income</u>	<u>Per Capita Personal Income²</u>	<u>Unemployment Rate³</u>
2005	12,659	\$ 253,483,816	\$ 20,024	4.8%
2006	12,718	\$ 258,633,248	\$ 20,336	4.7%
2007	12,596	\$ 244,488,360	\$ 19,410	3.9%
2008	12,591	\$ 254,048,607	\$ 20,177	4.1%
2009	12,643	\$ 261,785,958	\$ 20,706	7.2%
2010	13,021	\$ 280,250,983	\$ 21,523	8.3%
2011	13,093	\$ 284,937,902	\$ 21,758	7.7%
2012	12,900	\$ 265,866,458	\$ 20,439	6.6%
2013	12,852	\$ 277,012,008	\$ 21,554	6.7%
2014	12,895	\$ 280,178,986	\$ 21,728	5.4%

Sources:

¹ Population estimates, with the exception of 2011, are taken from the Kansas Division of the Budget. The most recent year was estimated based on the average growth rate of the previous 5 years.

² Estimate based on Claritas software information obtained through Wichita State University's Economics Department. The software utilizes census data and estimates rates of change in median household income, first for large areas, then for progressively smaller areas. Per capita personal income is derived from the resulting income distributions.

³ Bureau of Labor Statistics. Rate is for Butler county, as unemployment rate information is not available for El Dorado.

City of El Dorado
Principal Employers
Current Year and Nine Years Ago

Employer	2014			2005		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
HollyFrontier Corporation ²	457	1	7.72%	382	3	6.35%
El Dorado Correctional Facility	430	2	7.27%	603	2	10.02%
Butler Community College	415	3	7.01%	384	4	6.38%
USD #490 ¹	385	4	6.51%	890	1	14.79%
Butler County Government	370	5	6.25%	295	5	4.90%
Susan B. Allen Memorial Hospital	312	6	5.27%	332	6	5.52%
C-Tech ³	206	7	3.48%	150	9	2.49%
Pioneer Balloon	189	8	3.19%	284	8	4.72%
City of El Dorado	136	9	2.30%			0.00%
Walmart	128	10	2.16%	245	7	4.07%
Valmont			0.00%	57	10	0.95%
Total	<u>3,028</u>		<u>51.17%</u>	<u>2,253</u>		<u>37.43%</u>

Total Employment ⁴ 5,918 6,019

Source: City of El Dorado Survey of Employers

Notes:

¹ USD 490 previously included Butler County Special Cooperative Employees. In 2014, the school district split from the Coop.

² Formerly Texaco Refining & Marketing, Equilon Enterprises, and El Dorado Frontier Refinery.

³ Formerly Blackburn Construction.

⁴ Estimated using Butler County's percentage of the population in the labor force and percentage of the labor force employed, based on data obtained from the Bureau of Labor Statistics.

City of El Dorado
Full-Time City Government Employees by Function/Program
Last Ten Years

Function	Full-Time Equivalent Employees as of December 31									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Administration	3	1	1	1	1	1	1	1	1	1
CVB	0	0	0	0	0	0	0	0	1	1
Airport	0	0	0	1	1	1	1	1	1	1
Engineering	5	4	4	4	4	4	4	4	4	4
Legal/Judicial	3	2	4	3	3	3	3	4	3	3
Public Safety										
Police	28	25	26	28	28	28	29	29	29	27
Fire	12	16	14	17	17	17	16	17	17	17
Building/Zoning	1	2	3	2	2	2	2	3	3	3
Public Works										
Public Works	4	4	3	6	7	7	7	7	7	8
Major Street Improvements	8	8	9	10	9	10	10	15	12	6
Culture/Recreation										
Park Maintenance	3	2	2	1	2	3	3	4	2	2
Recreation	2	3	3	4	6	3	6	7	7	8
Health & Sanitation										
Health & Sanitation	2	2	2	2	2	2	2	2	2	2
Cemetery	1	2	2	2	2	2	2	2	2	2
Water	16	15	15	18	18	19	18	18	18	17
Sewer	5	6	7	5	5	6	6	6	6	6
Refuse	14	12	20	17	16	16	16	12	10	10
Stormwater	0	0	0	0	2	2	2	2	2	2
Data Processing	6	11	10	11	12	12	12	11	11	12
Total	113	115	125	132	137	138	140	145	138	132

Source: City Budget Office

Notes: Grant funds were received in 2006, enabling the City to hire additional firemen. Several employees were reclassified to Data Processing in 2006 to more accurately reflect internal service costs. A Code Enforcement officer was also hired in Building/Zoning in 2006. Several vacant positions were not rehired in the Major Street department in 2005 and 2006 due to inadequate funding.

In 2007, numerous part-time recycle laborer positions in the Refuse Department were replaced with full-time positions with benefits in order to reduce turnover at the Recycling Center. At the end of 2006, the position of City Attorney, which also included the duties of a prosecutor, was vacant. Due to difficulties in filling the dual-role position, separate City Attorney and City Prosecutor positions were created and filled in 2007. A new Planning Director position was also hired in the Building/Zoning Department in 2007 in order to eliminate the more costly contract labor previously used.

In 2008, the Code Enforcement Officer was moved from the Building/Zoning Department to the Public Works Department. Upon the vacancy of the City Attorney position, the duties were again combined with the City Prosecutor, reinstating the former dual role. A new Finance Assistant position was hired in Data Processing. The Airport Manager and the Senior Center positions, formerly contract laborers, were rehired as employees.

In 2009, a Refuse position moved to Public Works which increased Public Works and decreased Refuse by one position. A new Stormwater department was formed with two positions. One of those positions was filled with a Major Street Improvements employee which decreased Major Street Improvements by one position. In Park Maintenance, a vacant position was filled. In Recreation, two positions were added when the City purchased the American Legion Golf Course. Data Processing increased by one when a new Human Resource position was created.

In 2010, Refuse reallocated a position to Major Street Improvements increasing Major Street Improvements by one. The City hired Kemper Management to manage the American Legion Golf Course purchased in 2009. Two of the employees hired in 2009 in Recreation went to work for Kemper decreasing Recreation by two. A Recreation position moved to Park Maintenance which increased Park Maintenance and decreased Recreation by one position. Both Water and Sewer added an employee.

In 2011, the Police Department had three officers retire and only replaced one. Two firefighter positions were vacant at the end of the year, however, were planned to be filled in early 2012. Two positions in Major Street Improvements became vacant and only one was filled. A new Recreation Leader position was created, and Kemper Management returned the operation of Prairie Trails in November, which increased Recreation by four positions. The Water Department had one vacant position at the end of the year, decreasing the staffing to 18.

In 2013, the Convention and Visitor's Bureau was transferred from El Dorado Inc. to the City. There was one employee in that department as of December 31, 2013 and plans to add a part time employee in 2014. Also, the judge's position was changed from full-time to contract.

City of El Dorado
Operating Indicators by Function/Program
Last Ten Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Municipal Court										
Citations Issued	3,067	3,271	3,230	3,687	3,616	3,870	3,612	4,304	3,841	3,575
Warrants Issued	322	332	230	292	170	301	150	182	341	376
Warrants Served	146	159	139	198	127	227	202	235	409	362
Airport										
Fuel Sales (gallons)	26,146	23,691	18,869	17,101	24,380	18,523	18,461	19,210	30,880	31,001
Fire										
Total Number of Incidents	969	1,154	1,267	1,285	1,380	1,238	1,263	1,295	1,299	1,302
Fire Calls	183	227	144	129	158	122	187	180	109	180
Rescue & Emergency Medical Calls	321	517	665	752	768	719	662	787	781	743
Hazardous Materials Calls	167	48	73	65	107	77	69	40	89	54
Inspections	1,049	1,165	1,079	1,145	1,104	1,156	1,218	1,094	1,026	925
Hydrants Tested	291	648	0	406	567	705	695	782	720	735
Police										
Criminal Violations Reported	1,902	1,636	1,578	1,668	1,516	1,383	1,350	1,532	1,442	1,523
Traffic Accidents	486	634	490	481	387	307	275	237	117	311
DUI Arrests	69	54	57	94	89	80	72	77	98	60
Building & Zoning										
New Residential Construction Permits	22	30	29	22	15	17	5	7	4	10
New Commercial Construction Permits	5	7	5	4	6	14	8	5	5	1
Street Operations										
Streets Swept (Curb Miles)	2,246	2,925	3,673	4,406	3,744	4,619	3,747	4,167	3,798	3,941
Animal Control										
Animal Licenses	1,628	1,436	1,543	1,480	1,500	1,477	1,432	1,579	1,606	1,654
Animal Control Calls	916	843	1,051	984	979	1,575	987	1,602	1,883	1,904
Animal Citations	98	130	188	196	163	162	125	220	207	247
Cemetery										
Burials	154	147	151	138	135	162	138	128	130	127
Parks and Recreation										
Youth Soccer Participants	297	312	276	259	218	170	202	294	345	366
Swimming Pool Attendance	17,877	17,052	12,223	15,567	18,569	20,179	21,299	21,174	19,284	16,590
Youth Baseball/Softball Participants	715	628	595	369	324	385	407	580	827	703
Youth Basketball Participants	248	150	138	145	114	114	172	172	287	260
Youth Volleyball Participants	148	170	196	222	295	311	305	378	407	350
Adult Softball Teams	41	39	33	27	21	24	25	19	17	16
Adult Flag Football Teams	6	5	8	5	8	9	9	5	4	4
Adult Basketball Teams	10	7	5	7	5	8	8	12	9	8
Adult Volleyball Teams	55	44	35	29	26	33	32	22	21	22
Water										
New Meters	46	41	54	32	19	26	11	19	17	5
Treated Water Pumped (millions of gallons)	1,236	1,286	1,194	1,159	1,153	1,200	1,329	1,350	1,223	1,254
Water Distribution Service Calls	530	307	326	303	289	256	275	336	251	236
Water Leaks Repaired	137	108	92	100	33	70	93	94	58	40
Sewer										
Sewer Maintenance Service Calls	315	341	420	506	326	203	263	230	244	208
Refuse										
Refuse Collected (tons)	6,722	6,717	6,896	6,852	6,478	6,392	6,255	6,237	8,946	8,125
Recycling Material (tons)	1,295	1,288	1,303	1,553	1,286	1,469	1,637	1,731	1,956	1,845
Yardwaste Collected (tons)	4,000	4,000	4,200	4,500	4,600	4,500	4,500	4,000	3,800	4,000

Source: Various City Departments

Note: Refuse collected now includes residential, commercial and roll off containers. Prior to 2013 it only included residential and commercial. Airport sales went up because of crop dusting businesses using our airport to fuel.

City of El Dorado
Capital Asset Statistics by Function/Program
Last Ten Years

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Square Miles of the City	7.70	7.70	8.00	8.10	8.10	8.1	8.1	8.1	9.1	9.1
Fire										
Stations	1	1	1	1	1	1	1	2	2	2
Paid Firefighters	17	17	17	17	17	17	17	17	17	17
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Police Officers	28	28	28	28	28	28	28	27	27	28
Street Operations										
Miles of Paved City Streets	79.80	79.80	79.86	79.98	79.98	82.2	82.2	82.2	83.77	84.65
Miles of Unpaved City Streets	2.89	2.89	2.89	2.89	2.89	2.89	2.89	2.89	2.89	2.89
Traffic Operations										
Traffic Signals	13	13	13	13	13	13	13	13	13	14
Parks and Recreation										
Swimming Pools	1	1	1	1	1	2	2	2	2	2
Activity Center	1	1	1	1	1	1	1	1	1	1
Ball Diamonds	9	9	9	9	9	9	9	10	12	12
Soccer Fields	6	6	6	6	6	6	6	6	6	6
Water										
Water Mains (miles)	103.64	103.64	103.99	104.34	104.63	106.85	106.85	106.85	122.70	123.20
Elevated Storage Capacity (millions of gallons)	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Underground Storage Capacity (millions of gallons)	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Water Storage Space -El Dorado Reservoir (MGD)	22.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20	22.20	50.00
Sewer										
Sanitary Sewers (miles)	52.88	52.93	53.10	53.36	53.41	53.94	53.94	53.94	90.80	91.30

Source: Various City Departments

Note: Indicators are not available for the general government & administration functions. The increase in Water Mains and Sanitary Sewers is due to the more accurate numbers provided by the GIS system.

CITY OF EL DORADO, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2014

Finding 2014-001 – Significant Deficiency

Condition – During the course of our audit, we identified significant adjustments to the trial balance that were not initially identified by the City’s internal control structure.

Criteria – The financial statements are the responsibility of management. As such, the City’s internal control over the financial statements should identify misstatements.

Cause – Inappropriate application of generally accepted accounting principles.

Effect – There is the potential that the financial statements may be materially misstated.

Recommendation – We recommend that the City review its trial balance at year-end to ensure that all adjustments have been made.

Management’s Response (Unaudited) – City staff will review the trial balance at year end to ensure that all adjustments have been made in accordance with generally accepted accounting principles.

Corrective Action Plan (Unaudited) – City staff will review revenues and expenses and the balance sheet accounts to ensure proper reporting.

CITY OF EL DORADO, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Year Ended December 31, 2014

Finding 2013-1 – Significant Deficiency

Condition – During the course of our audit, we identified significant adjustments to the trial balance that were not initially identified by the City’s internal control structure.

Criteria – The financial statements are the responsibility of management. As such, the City’s internal control over the financial statements should identify misstatements.

Cause – Inappropriate application of generally accepted accounting principles.

Effect – There is the potential that the financial statements may be materially misstated.

Recommendation – We recommend that the City review its trial balance at year-end to ensure that all adjustments have been made.

Management’s Response/Corrective Action Plan (Unaudited) – City staff will review the trial balance at year end to ensure that all adjustments have been made in accordance with generally accepted accounting principles.

Follow-up – Although the City had improvements in this area resulting in fewer adjustments in 2014, significant adjustments were still made. As such, this finding is repeated.



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

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

Honorable Mayor, City Manager and City Commissioners
City of El Dorado, Kansas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Dorado, Kansas (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 15, 2015.

Internal Control Over Financial Reporting

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2014-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

The City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Berberich Trahan & Co., P.A.

June 15, 2015
Topeka, Kansas