



EL DORADO

THE FINE ART OF LIVING WELL

COMPREHENSIVE
**ANNUAL
FINANCIAL
REPORT**

2015

YEAR ENDED DECEMBER 31, 2015

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

for the
Year Ended December 31, 2015

Mayor
Vince Haines

Commissioner Kendra Wilkinson
Commissioner Gregg Lewis
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

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EL DORADO

THE FINE ART OF LIVING WELL

INTRODUCTION
SECTION



EL DORADO

THE FINE ART OF LIVING WELL

June 24, 2016

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, 2015, 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, 2015, are free of material misstatement. The opinion of Berberich Trahan & Co., P.A. is included in this report.

A CITY OF CHARACTER

220 E. First | El Dorado, KS 67042 | Phone 316.321.9100 | Fax 316.321.6282

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 12,931. 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, CNG (Compressed Natural Gas), 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.

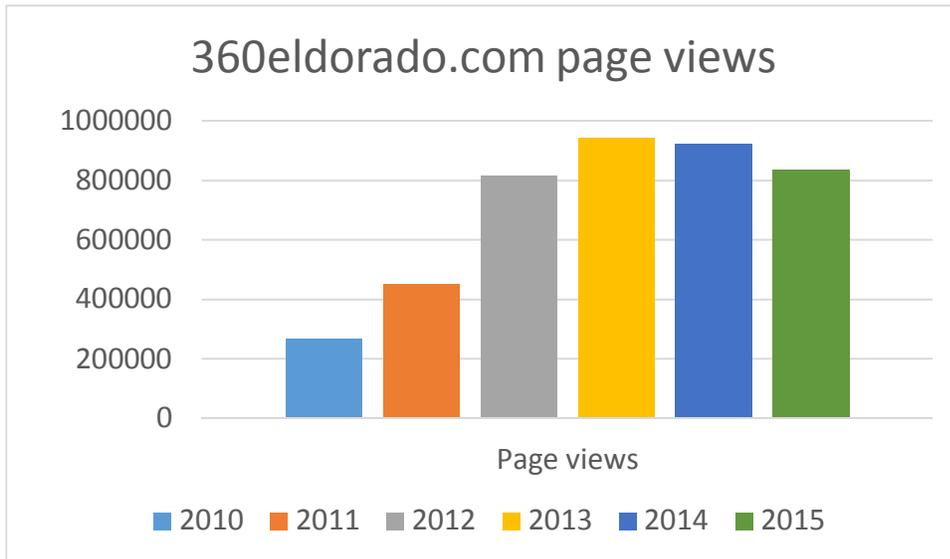
ECONOMIC CONDITION AND OUTLOOK

The City continues to monitor all 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 2015. 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 core 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 2015, one of the key community marketing efforts of El Dorado, Inc. continued to be the maintenance of the www.360eldorado.com web site. The web focus in 2015 featured civic organizations and private businesses in a visually appealing and informational format. The site also provided job information and available rental housing. 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 launched a free standing City of El Dorado government web site in third quarter 2014. The new site offers a number of enhanced capabilities such as utility bill payments on line and provides an attractive format to learn more about city government departments. The site found under www.eldoks.com hosts a vast amount of city-related information.



There were many positive results of economic development efforts during the 2015 year as reflected in the issuance of \$6,653,627 in commercial building permits. New Construction permits totaled \$3,184,865 with major addition permits totaling \$3,192,400. Permits issued in 2015 are two times higher than the average number of permits issued over the past 15 years.

HERE ARE THE 2015 HIGHLIGHTS:

INDUSTRY:

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, water and sewer extensions to serve the needs of BG Products, Barton Solvents, Pioneer Balloon and 17 acres owned by the City.

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. 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 industrial lead 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. Barton's presence in El Dorado continues to provide jobs and contribute to the El Dorado economy.

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 2013-2014, BG installed numerous processing lines and staffed the El Dorado manufacturing facility. In 2015, BG continues to grow and utilize their new home.

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 the fall of 2015, the City of El Dorado, El Dorado, Inc. and Grizzly Development LLC had the opportunity to make a presentation to the Kansas Department of Transportation proposing construction of a rail to highway transload facility on 420 acres owned by Grizzly Development LLC adjacent to the Kansas Turnpike. Although the project was not chosen for funding, the opportunity encourages ongoing interest in acquiring and marketing large parcels with rail service in the El Dorado community. The Union Pacific Railroad operates an industrial lead line between El Dorado and Wichita and one of the main lines of the Burlington Northern Santa Fe Railroad serves HollyFrontier El Dorado Refinery with the potential to serve unit train customers in El Dorado, the location of the Grizzly Development LLC property offers future opportunity for industrial growth. Additionally, the City of El Dorado and El Dorado, Inc. purchased 104 acre parcel located adjacent to the Union Pacific industrial lead line for future development in December 2015.

Another economic driver in 2015 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 2014 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 bed tax revenues.

From the 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.

PUBLIC SECTOR INVESTMENT:

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 to host community and large regional sporting events. Since late 2013, the City has promoted additional use of the facility with their 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. One of the highlighted events scheduled for 2017 is the Kansas Shrine Bowl.

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 BCC 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 to a 3 for the El Dorado community with the opportunity to lower insurance rates for businesses and individuals. In 2015, the City of El Dorado and BCC began collaborating to build a fire training tower in 2016.

PRIVATE SECTOR INVESTMENT:

Renovation of Brewski Barn, a liquor store and bait shop, at the corner of Main and 12th began in 2014 with \$50,000 in interior upgrades. Progress continued in 2015 with a \$90,000 building addition and the replacement of all coolers. Completion of the project with signage, parking and exterior upgrades is planned for 2016. Brewski Barn is located on the route to El Dorado Lake and State Park that hosts over 750,000 visitors per year.

Another project at the Main and 12th corner was the \$250,000 addition made by Casey's General Store allowing this location to better serve the local consumers and lake traffic. Other projects started in 2014

and completed in 2015 include the \$105,000 renovation of Grizzly Bowl, a bowling facility and restaurant on Haverhill Road near the Butler Community College campus and the \$185,000 renovation and expansion of Walnut River Brewing to including the installation of a canning line and a tasting room to open in early 2016.

Commercial addition projects in 2015, include a 13,150 sq. ft. YMCA expansion costing \$1,453,417. The new space will house a gymnasium with two hardwood courts, two new program studios and restrooms in addition to upgrades to the existing facility with an anticipated total project cost of \$4M.

Butler Community College upgraded their Student Union. The \$2.2M project included a complete reconfiguration of the interior of the building including a kitchen and food prep area expansion, remodeled student dining area with expanded seating as well as a bookstore expansion. The project includes an additional investment of over \$481,000 of new kitchen equipment.

Six new commercial construction projects filing \$3,185,865 in building permits began in 2015. In the El Dorado Business/Office Park located on the southwest corner of Boyer and West Central Avenue, developers built a forty-two room Days Inn and Suites filing a permit for \$1,420,000. The facility was started in early January, opened for business in late October of 2015. Each guest room includes a full size refrigerator, stove and microwave. The total project cost for this project exceeded \$3.3M. The rooms are well suited for extended stay use by contractors working at HollyFrontier El Dorado Refining as well as overnight guests to the community. The new rooms offer the opportunity to see a continued increase in bed tax collections for the City of El Dorado.

The next new construction project started and completed in 2015 was a 6,000 sq. ft. building to be leased to Becker Tire. The facility was built by local investors for Becker Tire a business operating in the El Dorado community for more than 15 years. Their new facility located at 409 N. Haverhill Road offers the opportunity for retail and service expansion. The building cost of \$459,287 provides an attractive new look to an existing business in El Dorado.

Project #3, a QuikTrip state-of-the-art convenience store, at the corner of West Central Ave. and Haverhill Road began construction in April and was completed by mid-November 2015. Located on the busiest traffic corner in the El Dorado community; with great access to Butler Community College, HollyFrontier El Dorado Refinery, the north truck route and El Dorado Industrial Park as well as downtown El Dorado. The 5,700 sq. ft. store boasts multiple entrances and a full service kitchen allowing them to offer a wider variety of fresh made foods. The 24-hour facility averages 18-24 employee on site each day and a building investment of \$575,578.

There has been a lot of activity on 6th Street between N. Geuda St. and N. El Rico St. in 2014/2015. The project began with the acquisition by Bryan Patten of approximately eight acres previously owned by Jack Greer. Over the years, the Greer property had accumulated over 20+ semi-dumpsters of treasures and was completely covered with trees and overgrown/untamed plant materials. After the clearing and clean-up of the property, Mr. Patten built two new structures and renovated existing buildings to provide space for four retail/service businesses. With additional property available, future development is anticipated in the area. The current progress has taken an area that was previously considered “slum and blighted” and turned it into a thriving hub of retail/service activity. The investment in two new buildings totaled \$230,000 plus the cost of equipment and fixtures.

The final new project in 2015 is the construction of a new Sunny Stop convenience store on the existing site of their west store at 2575 West Central with building construction cost estimated at \$500,000. With the project design phase completed in late 2015, the store broke ground in early 2016 with an anticipated completion by mid-year 2016. Once the new store is completed, the existing store will be demolished and a canopy will be installed over the existing fuel pumps.

HOUSING:

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 a 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. In 2015, there were 10 new home permit applications and five of the applications were made in December. Another challenge new home construction has faced in the past is the lack of available buildable lots. In 2013, developers started the process to plat two new residential subdivisions in El Dorado. Streets, water, sewer and storm water infrastructure began 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 on four lots by the end of 2015.

An initiative that continued in 2015 was the 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. Seven homes have utilized the program to date, four of the seven have sold with two available and one pending construction.

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 2015. New housing is eligible to receive a 95% tax rebate on the increase in assessed valuation up to \$250,000 for 5 years (program extended from 1/1/2016 to 12/31/2016) 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).

The City of El Dorado continues to address housing issues in the community. In late 2015, application was made and approved by the Kansas Housing Resource Corporation (KHRC) for a Moderate Income Housing (MIH) grant in the sum of \$90,000 to help build three infill rental units on N. Star Street in El Dorado. The units will be 3 bedroom, 2 ½ bath ADA accessible. The total project cost of the units is estimated to be \$800,000+. Construction is anticipated to begin by June 1, 2016 and be completed by June 2017. The goal of this project is to be a catalyst for similar high quality rental infill projects in the El Dorado community.

SCHOOLS:

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. Construction of the Skelly Pre-K through 5th grade school began in 2010, has a 360 student capacity and attendance at the center began in August 2012. Construction of a middle school with a 500 student capacity was started in 2011, completed in December 2013 with attendance beginning in January of 2014. In December 2015, USD 490 announced they were considering the final phase to upgrade their buildings. The \$36 million bond issue to build two new Pre-K through Grade 5 elementary schools and create a District Performing Arts Center will go to the USD 490 school district voters on May 24, 2016.

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 grade school project began in late November 2013 and was completed in time for the fall 2014 school opening. During 2015, construction continued on the new high school in Towanda that serves El Dorado students within the USD 375 school district.

SUMMARY:

With the exception of new housing starts which are slightly 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 2013/2014 and increased commercial investment in 2015. The public sector investment in new schools, BG Veteran Sports Complex, the BCC Student Union and not for profit investment in the expansion of the YMCA demonstrate the pride and willingness of the El Dorado 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 the private sector in new industries such as BG Products and Barton Solvents help to increase the real property tax base. The new jobs they created enhance the job base of existing companies such as Valmont/Newmark, Pioneer Balloon and HollyFrontier El Dorado Refining to provide more core jobs in the El Dorado community and create an environment of growth and prosperity. This in turn helps to support and encourage the retail/service base growth and investment seen in 2015 by Brewski Barn, Walnut River Brewing, Grizzly Bowl, Becker Tire, QuikTrip, Casey's, Sunny Stop and Days Inn and Suites.

OTHER ECONOMIC CONDITIONS

El Dorado Main Street continued with its purpose of enhancing the downtown identity and heritage. 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 2015 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 in part through economic development efforts. Also, in El Dorado, there have been several industries that have increased their production and therefore have increased employment status. 2015 remains steady as the economy continues to be stable.

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 McDonnell 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. In 2016 the airport anticipates

receiving another 90% FAA grant to re-seal concrete joints, make minor repairs, some concrete panel replacement, and marking of Runway 15/33. This project is tentatively planned for the fall of 2016.

The City of El Dorado has been making significant investments in maintaining and rehabilitating our water distribution and sewer collection system infrastructure. Water Distribution crews replaced 1,846 feet of undersized 2-inch pipe in 2015. 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 396 water meters and 10 fire hydrants. Another important goal started in 2012 and continuing to improve on, is reducing the number of less than 500 gpm fire hydrants, commonly identified as “red” fire hydrants. In 2015, the Water Distribution team continued to make strides in meeting this goal and eliminated many of the red, low flow hydrants in our system, by looping lines and replacing undersized water lines. In meeting this goal, in 2013, it helped the City lower our ISO insurance rating from a 5 to a 3, which should in turn lower property insurance rates for everyone in El Dorado. In addition to the replacement of water lines, we installed 1,388 feet of new 6-inch water mains in the new Belmont Heights Addition, just east of McCollum Water Tower.

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 2015 we continued city-wide “vapor rooting”, a chemical treatment that kills roots growing into sewer lines causing cracked sewer pipe, infiltration of storm water and even complete failure of sewer lines. In 2015, the Sewer Maintenance crew chemically treated 91,863 feet and flushed 26,572 feet of sewer lines. We completed a major sewer rehabilitation project in 2015. 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 is 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 had six-inch sewer mains. Utilizing pipe bursting, we replaced 6,600 feet of undersized, 6-inch sewer mains. We also completed 500 feet of 8-inch cured in place pipe, CIPP, a process of relining and rehabilitating old pipe. In addition, we completed 550 feet of 15-inch interceptor pipe with the CIPP process. The CDBG matching grant is a great funding mechanism for sewer improvements and allows the money for these projects to go further.

Each water line, hydrant and valve we replace, and each grant we receive requires the city to make significant investments into rebuilding our very old infrastructure. Readiness to Serve Fees (RTS), sometimes referred to as a base charge, typically are designed to cover debt service on infrastructure. For active debt on water, the fee would be \$9.91/month, we charge \$7.29/month. For sewer, the fee would be \$13.42/month, we charge \$7.16/month. In reviewing water and sewer base charges in the region, this would put us closer to the average base charge or RTS fee. City staff will recommend a change to RTS fees in 2016 to bring our charges closer to the needed debt amount.

The City began looking into the feasibility of wind power early in 2010. A consultant, GBA, was hired to determine the feasibility. 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. GBA recommended the Nordic N-1000 wind turbine and agreed to build the project for approximately \$2.133 million. The wind turbine was plagued with problems from the very beginning. Four days after the ribbon cutting, a blade tip fell off, which took nearly 6 months to repair. Equipment failures, some major and some minor, continued for the next two years until a major bearing failure occurred in January 2015. This repair was estimated to cost over \$400,000, so the City decided it was time to look into recovering its investment in the turbine through litigation. This process is ongoing.

At year-end, the City had \$2,610,528 of sales tax collections, up 4.7% from 2014, and an overall record year in 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 2015 was \$623,505. 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 \$20,198 for Ball Fields Improvements, \$65,000 for Disc Golf/Cart Paths, \$35,000 for McDonald Stadium Improvements, \$18,000 for Solar Lighting for Engineering and \$59,000 for Bike Paths, \$85,000 for Storage Facility for the El Dorado Police Department, \$30,000 for Butler County Arena, \$3,000 for Façade Grant for Main Street, \$30,000 towards a new Elks Lodge, and property tax reduction of 3.49 mills of \$278,306.56. This 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, 2014. 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.

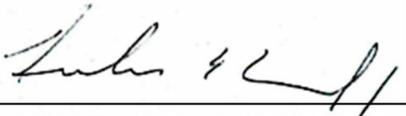
A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program’s

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,



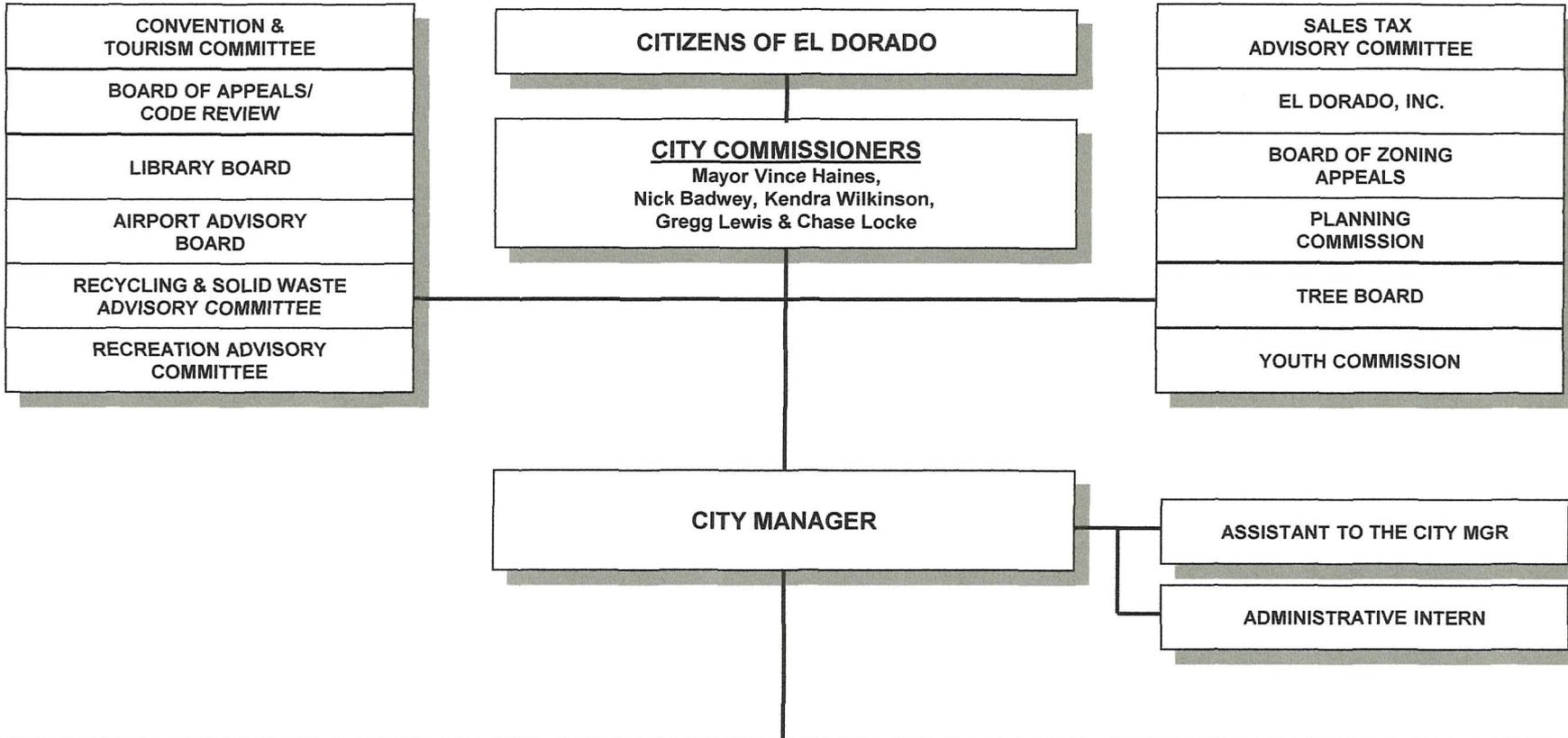
Herbert E. Llewellyn, Jr.

City Manager

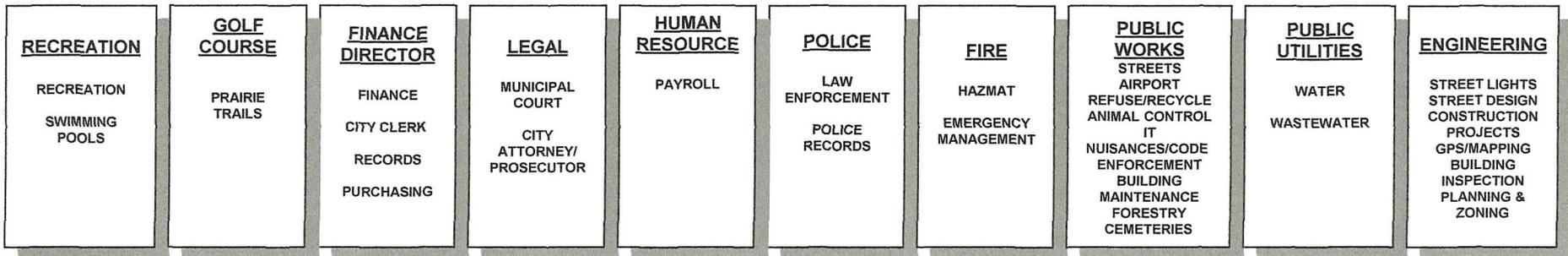


Tammy Schaffer

Finance Director



III





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, 2014



Executive Director/CEO



EL DORADO

THE FINE ART OF LIVING WELL

**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 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, 2015, 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 applicable provisions of 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 City'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 City'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, 2015, 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.

Emphasis of Matter

As discussed in Note 10 to the financial statements, on January 1, 2015, the City adopted Governmental Accounting Standards Board Statement No. 68: Accounting and Financial Reporting for Pensions and Governmental Accounting Standards Board Statement No. 71: Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information listed in the table of contents 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 statements and schedules listed under supplementary information in the accompanying table of contents and other information including the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules and statements listed under supplementary information in the accompanying table of contents 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 basic 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 24, 2016, 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 24, 2016
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, 2015. 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, deferred outflows of resources, liabilities and deferred inflows of resources. Net Position, the difference between assets and liabilities, 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, 2015
 (with comparative totals for December 31, 2014)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--------------------------------------|----------------------------|----------------------|-----------------------------|---------------------|-----------------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$ 17,291,637 | \$ 11,181,396 | \$ 9,238,471 | \$ 9,061,489 | \$ 26,530,108 | \$ 20,242,885 |
| Capital assets | 47,820,246 | 47,638,206 | 59,195,413 | 59,977,411 | 107,015,659 | 107,615,617 |
| Total assets | <u>65,111,883</u> | <u>58,819,602</u> | <u>68,433,884</u> | <u>69,038,900</u> | <u>133,545,767</u> | <u>127,858,502</u> |
| Deferred outflows of resources: | | | | | | |
| Deferred outflows - pension | 441,384 | - | 107,416 | - | 548,800 | - |
| Long-term liabilities | 23,473,071 | 13,597,808 | 63,379,725 | 61,000,749 | 86,852,796 | 74,598,557 |
| Other liabilities | 1,055,881 | 607,060 | 379,658 | 353,725 | 1,435,539 | 960,785 |
| Total liabilities | <u>24,528,952</u> | <u>14,204,868</u> | <u>63,759,383</u> | <u>61,354,474</u> | <u>88,288,335</u> | <u>75,559,342</u> |
| Deferred inflows of resources: | | | | | | |
| Deferred inflows - pension | 591,435 | - | 112,890 | - | 704,325 | - |
| Deferred receivable - Property taxes | 3,437,368 | 3,347,152 | - | - | 3,437,368 | 3,347,152 |
| | <u>4,028,803</u> | <u>3,347,152</u> | <u>112,890</u> | <u>-</u> | <u>4,141,693</u> | <u>3,347,152</u> |
| Net position: | | | | | | |
| Net invested in capital assets | 29,539,248 | 34,296,398 | 20,861,680 | 21,429,958 | 50,400,928 | 55,726,356 |
| Restricted | 5,570,106 | 3,629,818 | - | - | 5,570,106 | 3,629,818 |
| Unrestricted | 1,886,158 | 3,341,366 | (16,192,653) | (13,745,532) | (14,306,495) | (10,404,166) |
| Total net position | <u>\$ 36,995,512</u> | <u>\$ 41,267,582</u> | <u>\$ 4,669,027</u> | <u>\$ 7,684,426</u> | <u>\$ 41,664,539</u> | <u>\$ 48,952,008</u> |

The City's overall financial position has diminished, with a decrease in net position of \$7,287,469. The amount is the combination of a decrease in the governmental activities and a decrease in the business-type activities. The governmental activities decreased \$4,272,070 due to the net effect of several items. Long-Term Liabilities, which include General Obligation Bonds, Issuance Premiums, Temporary Notes, Capital Leases, Compensated Absences, and Net Pension Liability, increased due to the General Obligation Refunding and Improvement Bonds, Series 2015A for \$3,937,000. This new bond increased the total principal due within one year as well as the total obligation for general obligation bonds. Temporary Notes, Series 1885 was issued on June 11, 2015 for \$2,548,000 to cover the cost of Belmont Heights 3rd Addition and Criss 9th Addition until the projects are bonded. With the implementation of GASB 68, a prior year adjustment was made for Net Pension Liability in the amount of \$4,413,161 and a current year addition of \$492,454 totaling \$4,905,615. Deferred inflows of Resources, which include Deferred Inflows – Pension, increased as well by \$591,435.

The net position of business-type activities decreased by \$3,015,399 due to the net effect of several items. Current Liabilities increased overall \$106,281. Long-Term Liabilities, which include Compensated Absences Payable, General Obligation Bonds Payable, Revolving Loan Note Payable, Water Storage Space Payable, Capital Lease Payable, Net Pension Liability, and Advances from Other Funds increased due to the General Obligation Refunding and Improvement Bonds, Series 2015A for \$3,937,000 of which \$580,000 belongs to the Waterworks System. With the implementation of GASB 68, a prior year adjustment was made for Net Pension Liability in the amount of \$1,166,585 and a current year addition of \$104,518 totaling \$1,271,103. The Net Pension Liability is split between Waterworks System \$657,109, Sewer System \$313,059, and Refuse \$300,935. Deferred inflows of Resources, which include Deferred inflows – Pension, increased due to the recording of GASB 68 by \$112,890 of which Waterworks System is responsible for \$58,359, Sewer System \$27,804, and Refuse \$26,727.

Governmental Activities

The table below shows the condensed revenues, expenses and change in net position for 2015 and 2014.

| | Governmental Activities | |
|---|--------------------------------|----------------------|
| | 2015 | 2014 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 3,285,340 | \$ 2,210,009 |
| Operating Grants and Contributions | 619,314 | 603,208 |
| Capital Grants and Contributions | 2,106,387 | 2,422,225 |
| General Revenues: | | |
| Property Taxes | 3,806,019 | 3,830,127 |
| Sales Taxes | 2,610,716 | 2,508,095 |
| Franchise Taxes | 1,171,972 | 1,225,660 |
| Tourism Taxes | 206,669 | 172,343 |
| Investment Earnings | 63,304 | 2,774 |
| Total Revenues | <u>13,869,721</u> | <u>12,974,441</u> |
| Expenses: | | |
| General Government | 3,345,911 | 2,755,952 |
| Public Safety | 4,055,854 | 3,906,171 |
| Public Works | 3,748,977 | 3,476,247 |
| Health & Sanitation | 457,600 | 478,020 |
| Culture & Recreation | 1,362,045 | 1,476,436 |
| Economic Development | 261,256 | 199,198 |
| Interest on Long-Term Debt | 549,125 | 486,109 |
| Total Expenses | <u>13,780,768</u> | <u>12,778,133</u> |
| Excess Before Transfers | 88,953 | 196,308 |
| Transfers In (Out) | 999,723 | (251,039) |
| Change In Net Position | <u>1,088,676</u> | <u>(54,731)</u> |
| Net Position January 1 | 41,267,582 | 41,322,313 |
| Prior Period Adjustments | (5,360,746) | - |
| Net Position, Beginning of the Year as Restated | <u>35,906,836</u> | <u>-</u> |
| Net Position December 31 | <u>\$ 36,995,512</u> | <u>\$ 41,267,582</u> |

The net change in net position increased \$1,143,407. There were several revenue sources that increased in 2015 which included Charges for Services, Operating Grants and Contributions, Sales Tax, Tourism Taxes, and Investment Earnings. The major increase was in Charges for Services which increased \$1,075,331 due to several large projects that were charged engineering refunds; project 471 – KLINK Resurfacing (Central), project 484 – Resurfacing Summit, Pine, High, Topeka, Emporia, project 295 – Paving Towanda Ave (Fredrick to Edgemoor), project 447 – Paving Towanda Ave (Haverhill to Fredrick), project 434 – G.I. Central and Topeka, project 473 – Paving Alley-Walnut River Brewery, and project 478 – Sewer Rehab-SBA to Taylor. Sales Tax hit an all-time high in 2015 breaking the 2008 record and exceeding the budgeted amount by \$260,716. Tourism Tax increase by \$34,326 due to a Days Inn being built and HollyFrontier Refinery performing an extended maintenance program. A significant decrease in revenue was in the Capital Grants and Contributions. In the prior year, we received KDOT – Connecting Link Federal Exchange dollars in the amount of \$1,318,882 and in the current year received only \$178,629.

The net change in expenses increased by \$1,002,635. There were increases in General Government, Public Safety, Public Works, Economic Development, and Interest on Long-Term Debt. 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 the implementation of GASB 68, there was a prior year adjustment \$5,360,746 in the governmental activities. Insurance premiums increased on average 8-9 percent across the board due to the storms that occurred across the state of Kansas. Increased Public Works projects created additional Public Works expenses.

Business-Type Activities

The table below shows the condensed revenues, expenses and changes in net position for 2015 and 2014.

| | Business-Type Activities | |
|---|---------------------------------|---------------------|
| | 2015 | 2014 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 7,678,193 | \$ 7,754,984 |
| Capital Grants and Contributions | 207,958 | 61,330 |
| Investment Earnings (Loss) | 132,906 | 568,181 |
| Total Revenues | <u>8,019,057</u> | <u>8,384,495</u> |
| Expenses: | | |
| Waterworks System | 4,838,768 | 4,845,259 |
| Sewer System | 2,441,626 | 2,109,698 |
| Refuse | 1,386,909 | 1,522,051 |
| Compressed Natural Gas | 16,839 | - |
| Total Expenses | <u>8,684,142</u> | <u>8,477,008</u> |
| Excess Before Transfers | (665,085) | (92,513) |
| Transfers In (Out) | (999,723) | 251,039 |
| Changes in Net Assets | <u>(1,664,808)</u> | <u>158,526</u> |
| Net Position January 1 | 7,684,426 | 7,525,900 |
| Prior Period Adjustments | <u>(1,350,591)</u> | - |
| Net Position, Beginning of the Year as Restated | 6,333,835 | - |
| Net Position December 31 | <u>\$ 4,669,027</u> | <u>\$ 7,684,426</u> |

The Waterworks System, Sewer System, Refuse, and Compressed Natural Gas (CNG) utilities are the Business-type Activities of the City of El Dorado. The Waterworks System, Sewer System, and Refuse had no major changes in Charges for Services. There were no water or sewer rate increases in 2015. The City Commission would rather do small rate increases each year versus large increases after several years. It was voted to increase water and sewer rates in 2016. The City built a CNG station during 2014 and began operations in late fall. The station was built to accommodate the converted CNG vehicles for the City, however, due to several inquiries, it is now available to the public as well and has contributed \$130,893 in Capital Grants and Contributions. The Waterworks System had no major changes in expenses from prior year. The Sewer System increased due to an increase in costs and services. Refuse decreased because they purchased new recycle carts in 2014 and did not purchase any in 2015. Transfers In (Out) increased in the Waterworks System due to an adjusting journal entry to adjust for misposted premiums on the General Obligation Refunding and Improvement Bonds, Series 2015A. With the implementation of GASB 68, there was a prior year adjustment of \$1,350,591 in the business-type activities funds.

FUND ANALYSIS

There was a net change in fund balance of approximately \$5.4 million in the City's Governmental funds as a result of 2015 operations. In the General fund, Property Tax improved with a slight increase in the assessed valuation. Sales Tax collections achieved an all-time high partly due to HollyFrontier's large preventive maintenance program that carried over into 2015. Franchise Taxes improved due to a request from the Commission that the utilities consider increasing the rate from 5% to 6% of sales, Westar Energy agreed to the increase. With the large hail storm that hit El Dorado in May of 2015, came an increase in permits for roofing thus increasing Licenses and Permits. Tourism Tax, an Other Governmental fund, increased approximately 20% from 2014. This is believed to be partially the result of the completed construction of the new Days Inn hotel.

An increase of \$1,791,639 occurred in the Debt Service fund. Property tax and Special Assessments increased slightly enhancing revenues. Expenses decreased due to less interest paid on general obligation bonds. The major increase is due to the issuance of the General Obligation Refunding and Improvement Bonds, Series 2015A for \$3,937,000 of which \$1,725,000 belonged to the Debt Service fund.

The net change in the Construction fund is an increase of \$3,718,125. The increase was mostly due to the General Obligation Refunding and Improvement Bonds, Series 2015A. The major projects covered by the bond 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, 385-Water Lines-Middle School, 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).

The change in net position in the Business-Type Activities decreased \$1,664,808. There were no major changes in operating revenues or expenses. The change in transfers participated in the change in net position when Transfers to Other Funds increased in the Waterworks System due to an adjusting journal entry of \$566,485 to adjust for misposted premiums on the General Obligation Refunding and Improvement Bonds, Series 2015A. The implementation of GASB 68 resulted in a prior year adjustment of \$1,350,591, and contributed to the decrease of the Business-Type Activities-Enterprise Funds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget was not amended. The actual amount of revenue exceeded the budgeted amount by \$546,852. Ad Valorem tax was the only tax revenue reported lower than budgeted. The actual amount of Franchise fees exceeded the budgeted amount by \$870,300 mainly due to Westar increasing the rate from 5% to 6%. Licenses & Permits increased in Building Permits due to the hail storm that hit El Dorado in May of 2015. The budgeted amount of building permits was \$39,500 and the actual revenue received was \$199,243.

The Prairie Trails Restaurant/Golf fund, which is included in the financials of the general fund, was not amended even though the City Commission voted to reconstruct the front 9 greens. This provided only a 9 hole course versus an 18 hole course which reduced the amount of tee times causing revenues to decrease.

Expenditures were \$3,069,595 less than budgeted. Administration expenditures reflect a positive variance due to increased monitoring of spending, based on an anticipated increase in expenses. Public Safety expenditures were less than expected mainly due to reduced personnel costs in the police department and vacant positions. Public Works expenditures were less than budgeted due to 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 2015, net of current year depreciation, was \$3,300,802. The capital assets to Governmental Activities include Buildings, Improvements other than buildings, Infrastructure, and Machinery and Equipment. The additions to Governmental Activities include the following: Additions to Buildings include McDonald Stadium \$7,522, Community Market Building \$16,312, New Furnace and Condenser \$5,973, 5T Carrier Rooftop Unit \$6,154, and Airport T-Hangers \$398,828. The additions to Improvements other than buildings include Airport AWOS (Automatic Weather Operating System) \$85,701, Taxiway C \$387,706, East Park Ballfield Lighting \$133,061, Sidewalks-SW Quadrant Mandatory Rehab \$148,571, and the Girls Softball Diamonds-Dugouts \$9,139. Additions to Infrastructure include; Paving 4th and 5th (Boyer-School) \$11,285, Intersection Improvements 6th and Haverhill \$178,629, KLINK Resurfacing Main (Kansas-4th) \$412,622, Repaving 500 Blocks Atchinson and 600 Block W Cave Springs \$89,544, Curb and Gutter (300 Block N Atchinson \$31,683 and Resurfacing Olive (High to Gordy) \$212,676.

The additions to Machinery and Equipment were spread amongst many departments. For the Administration Department, Administration Division a Phone System NEC SV9100 \$29,645, and a Channel 7 Upgrade \$18,781. For the Prairie Trails Division a 2015 Bobcat Track Loader \$58,924, and a 2015 Bobcat Trencher \$5,765. For the Police Department, Police Division improvements to three police cars totaling \$6,026 and a 2014 Dodge Charger \$24,755, and two 2016 Ford Explorer Utility Police Interceptors \$34,757 and \$31,607. For the Engineering Department and Division a 2015 Dodge Ram Bright Silver \$35,105, Trimble RTK GPS \$41,825, and Nivo Total Station \$12,010. For the Public Works Department a Caterpillar Track Excavator \$19,618, and a 2015 Bobcat Compact Track Loader \$49,593 for the Stormwater Division. For the Public Works Department and Division a 2015 Dodge Ram \$34,393. For the Public Works Department, Major Street Division, a 2015 GMC Sierra \$40,295, and an Elgin Pelican NP Street Sweeper \$250,000. For the Recreation Department and Division a Commercial Ztrak Mower \$7,890, and a 2012 John Deere TX Turf Gator \$5,500. For the Recreation Department, Cemetery Division, a 2014 John Deere Z920M Mower \$7,109, and a 2015 GMC Sierra 2500 for \$35,961.

The additions to Business-Type Activities include Buildings, Improvements other than buildings, and Machinery and equipment. There were no additions to Buildings for 2015. Improvements other than buildings include; Waterlines to New Middle School \$60,850, and Waterline @ Criss 9th \$77,065 for the Waterworks System. Machinery and Equipment include; 2011 GMC Sierra \$9,168, 2014 John Deere Backhoe Loader \$57,580, 2015 Bobcat Compact Track Loader \$42,699, 2015 Bobcat Landscape Rake \$5,240, 2015 Bobcat Compact Excavator \$51,806, WIFI Backbone \$60,000, and Post Chlorinator – 10” Auto Actuator \$5,360, for the Waterworks System. For the Sewer System; 2014 and 2015 Bobcat Skid-Steer Loader \$37,026 and \$37,396. For Compressed Natural Gas; a Compressed Natural Gas Station \$130,893.

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 issued General Obligation bonds in the amount of \$3,937,000 in 2015. The capacity of the City to issue additional general obligation debt decreased in 2015 from \$19,070,369 to \$18,081,504. 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 increased from 2.86% in 2014 to 2.99% in 2015, and the net bonded debt per capita increased from \$1,163 in 2014 to \$1,230 in 2015.

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

The City Commission is considering the proposed 2017 budget before making any decisions regarding the mill levy. 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 2016. 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:

- The City of El Dorado continues to look for opportunities to utilize our reservoir as a regional water supply. The Kansas Water Office has long identified El Dorado Lake as an important regional water supply. El Dorado has met with city staff from Andover, Rose Hill, Bel Aire, Park City and Kechi to talk about long term water supply planning. Most of these cities currently have contracts with the City of Wichita that expire at various times between the next two to eighteen years. All were interested in securing a long-term, affordable, high quality water supply for the future. We will continue to visit with these and other cities about water, as well as planning to construct a pipeline west to expand our role as a regional water supplier.
- The City of El Dorado continues to recognize the need for more and better quality housing in the El Dorado community. The City, leaders of the business community, and El Dorado, Inc. have formed an ongoing Ad Hoc Housing committee to identify opportunities to address the challenging housing issues our community faces. In early 2016, the City learned they were chosen by the Kansas Housing Resources Corporation to receive a \$90,000 Moderate Income Housing (MIH) Grant. The MIH grant will be used to build three single family three bedroom, two bath rental units as infill in an existing neighborhood. With the addition of two new platted subdivisions and infrastructure in 2014/2015, fifty buildable lots have become available for new construction. The City and El Dorado, Inc. launched a spec housing program in late 2014 through 2016 to encourage local builders and developers to build spec houses within the community. Seven applications have been received to date; four completed spec homes have been sold, two completed spec homes are currently available and one spec housing start is anticipated in 2016. The City has also renewed the Neighborhood Revitalization Program (NRP) to include new housing starts. The NRP provides a 95% tax rebate on new construction value up to \$250,000 for five year. Applications will be accepted through 12/31/2016. Additionally, the City and El Dorado, Inc. are working to complete a Housing Assessment Tool (HAT) which is one of the steps needed to make application for Community Development Block Grants (CDBG) for housing rehabilitation with the State of Kansas. The City hopes to be eligible to submit an application in the fall of 2016. The City continues to work with developers interested in multi-family housing projects.

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, 2015

| | Primary Government | | | Component |
|--|----------------------------|-----------------------------|----------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | Unit Library |
| Assets: | | | | |
| Cash and investments | \$ 3,772,893 | \$ 7,656,125 | \$ 11,429,018 | \$ 576,952 |
| Receivables, net of allowance for uncollectibles: | | | | |
| Taxes | 7,284,051 | - | 7,284,051 | 399,125 |
| Accounts | 967,921 | 236,798 | 1,204,719 | 251 |
| Due from other governments | 7,813 | 1,355 | 9,168 | - |
| Due from component unit | 1,322,583 | - | 1,322,583 | - |
| Due from primary government | - | - | - | 278,937 |
| Internal balances | (953,993) | 953,993 | - | - |
| Inventories | 54,701 | 390,200 | 444,901 | - |
| Restricted cash and investments | 1,835,668 | - | 1,835,668 | 261,706 |
| Investment in joint venture | 3,000,000 | - | 3,000,000 | - |
| Capital assets, net of accumulated depreciation (where applicable): | | | | |
| Land | 4,787,926 | 751,376 | 5,539,302 | - |
| Buildings | 8,608,934 | 10,819,301 | 19,428,235 | 497,860 |
| Improvements other than buildings | 8,548,426 | 12,485,933 | 21,034,359 | - |
| Infrastructure | 19,735,449 | - | 19,735,449 | - |
| Water storage space | - | 28,951,577 | 28,951,577 | - |
| Machinery and equipment | 2,331,317 | 5,133,266 | 7,464,583 | 62,813 |
| Construction in progress | 3,808,194 | 1,053,960 | 4,862,154 | 1,225,198 |
| Total assets | <u>65,111,883</u> | <u>68,433,884</u> | <u>133,545,767</u> | <u>3,302,842</u> |
| Deferred outflows of resources: | | | | |
| Deferred outflows - pension | 441,384 | 107,416 | 548,800 | 10,602 |
| Liabilities: | | | | |
| Accounts payable and other current liabilities | 662,536 | 286,290 | 948,826 | 153,943 |
| Accrued interest payable | 114,292 | 93,368 | 207,660 | - |
| Due to primary government | - | - | - | 1,322,583 |
| Due to other government | 116 | - | 116 | - |
| Due to component unit | 278,937 | - | 278,937 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 3,392,535 | 1,211,760 | 4,604,295 | 39,506 |
| Due in more than one year | 20,080,536 | 62,167,965 | 82,248,501 | 180,111 |
| Total liabilities | <u>24,528,952</u> | <u>63,759,383</u> | <u>88,288,335</u> | <u>1,696,143</u> |
| Deferred inflows of resources: | | | | |
| Deferred inflows - pension | 591,435 | 112,890 | 704,325 | 42,435 |
| Deferred receivable - property taxes | 3,437,368 | - | 3,437,368 | 399,125 |
| Total deferred inflows of resources | <u>4,028,803</u> | <u>112,890</u> | <u>4,141,693</u> | <u>441,560</u> |
| Net position: | | | | |
| Net investment in capital assets | 29,539,248 | 20,861,680 | 50,400,928 | 1,785,871 |
| Restricted for: | | | | |
| Debt service | 5,171,755 | - | 5,171,755 | - |
| Public safety | 24,813 | - | 24,813 | - |
| Public works | 251,289 | - | 251,289 | - |
| Economic development | - | - | - | - |
| Culture and recreation | 45,728 | - | 45,728 | - |
| Other purposes | 76,521 | - | 76,521 | 234,154 |
| Unrestricted | 1,886,158 | (16,192,653) | (14,306,495) | (844,284) |
| Total net position | <u>\$ 36,995,512</u> | <u>\$ 4,669,027</u> | <u>\$ 41,664,539</u> | <u>\$ 1,175,741</u> |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2015

| 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 | \$ 3,345,911 | \$ 1,639,486 | \$ 66,932 | \$ 173,897 | \$ (1,465,596) | \$ - | \$ (1,465,596) | \$ - |
| Public safety | 4,055,854 | 587,195 | 16,000 | 18,948 | (3,433,711) | - | (3,433,711) | - |
| Public works | 3,748,977 | 243,059 | 498,720 | 1,567,129 | (1,440,069) | - | (1,440,069) | - |
| Health and sanitation | 457,600 | 100,789 | 562 | 346,413 | (9,836) | - | (9,836) | - |
| Culture and recreation | 1,362,045 | 714,811 | 37,100 | - | (610,134) | - | (610,134) | - |
| Economic development | 261,256 | - | - | - | (261,256) | - | (261,256) | - |
| Interest on long-term debt | 549,125 | - | - | - | (549,125) | - | (549,125) | - |
| Total governmental activities | 13,780,768 | 3,285,340 | 619,314 | 2,106,387 | (7,769,727) | - | (7,769,727) | - |
| Business-type activities: | | | | | | | | |
| Waterworks System | 4,838,768 | 3,947,993 | - | 77,065 | - | (813,710) | (813,710) | - |
| Sewer System | 2,441,626 | 2,175,079 | - | - | - | (266,547) | (266,547) | - |
| Refuse | 1,386,909 | 1,538,748 | - | - | - | 151,839 | 151,839 | - |
| Compressed Natural Gas | 16,839 | 16,373 | - | 130,893 | - | 130,427 | 130,427 | - |
| Total business-type activities | 8,684,142 | 7,678,193 | - | 207,958 | - | (797,991) | (797,991) | - |
| Total primary government | \$ 22,464,910 | \$ 10,963,533 | \$ 619,314 | \$ 2,314,345 | (7,769,727) | (797,991) | (8,567,718) | - |
| Component unit: | | | | | | | | |
| Bradford Memorial Library | \$ 453,573 | \$ 33,331 | \$ 37,311 | \$ - | - | - | - | (382,931) |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 3,806,019 | - | 3,806,019 | 461,424 |
| Sales taxes | | | | | 2,610,716 | - | 2,610,716 | - |
| Franchise taxes | | | | | 1,171,972 | - | 1,171,972 | - |
| Tourism taxes | | | | | 206,669 | - | 206,669 | - |
| Unrestricted investment earnings | | | | | 63,304 | 132,906 | 196,210 | (59,057) |
| Transfers | | | | | 999,723 | (999,723) | - | - |
| Total general revenues and transfers | | | | | 8,858,403 | (866,817) | 7,991,586 | 402,367 |
| Change in net position | | | | | 1,088,676 | (1,664,808) | (576,132) | 19,436 |
| Net position, beginning of year as previously stated | | | | | 41,267,582 | 7,684,426 | 48,952,008 | 1,382,381 |
| Prior period adjustments | | | | | (5,360,746) | (1,350,591) | (6,711,337) | (226,076) |
| Net position, beginning of year as restated | | | | | 35,906,836 | 6,333,835 | 42,240,671 | 1,156,305 |
| Net position, end of year | | | | | \$ 36,995,512 | \$ 4,669,027 | \$ 41,664,539 | \$ 1,175,741 |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2015

| | General | Debt Service | Construction | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|---------------------|--------------------------------|--------------------------------|
| Assets: | | | | | |
| Cash and investments | \$ 2,380,535 | \$ 39,006 | \$ - | \$ 1,353,352 | \$ 3,772,893 |
| Restricted cash | - | 1,835,668 | - | - | 1,835,668 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Property tax | 2,505,314 | 783,098 | - | 148,956 | 3,437,368 |
| Special assessment tax | - | 3,164,489 | - | 241,084 | 3,405,573 |
| Sales tax | 441,110 | - | - | - | 441,110 |
| Accounts | 315,020 | 6,601 | 445,570 | 200,730 | 967,921 |
| Due from other governments | 858 | - | - | 6,955 | 7,813 |
| Due from component unit | - | - | 1,322,583 | - | 1,322,583 |
| Due from other funds | 1,102,701 | - | - | - | 1,102,701 |
| Inventories | 33,820 | - | - | 20,881 | 54,701 |
| Total assets | \$ 6,779,358 | \$ 5,828,862 | \$ 1,768,153 | \$ 1,971,958 | \$ 16,348,331 |
| Liabilities, deferred inflows of resources and fund balances: | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 208,423 | \$ 801 | \$ 200,588 | \$ 35,228 | \$ 445,040 |
| Accrued payroll | 183,290 | - | - | 34,206 | 217,496 |
| Due to other governments | - | - | - | 116 | 116 |
| Due to other funds | - | - | 1,102,701 | - | 1,102,701 |
| Due to component unit | - | - | 278,937 | - | 278,937 |
| Advances from other funds | - | - | - | 974,496 | 974,496 |
| Total liabilities | 391,713 | 801 | 1,582,226 | 1,044,046 | 3,018,786 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue - property taxes | 2,505,314 | 783,098 | - | 148,956 | 3,437,368 |
| Unavailable revenue - special assessments | - | 3,164,489 | - | 241,084 | 3,405,573 |
| Total deferred inflows of resources | 2,505,314 | 3,947,587 | - | 390,040 | 6,842,941 |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories | 33,820 | - | - | 20,881 | 54,701 |
| Restricted: | | | | | |
| Police operations | - | - | - | 24,813 | 24,813 |
| Tourism | - | - | - | 76,521 | 76,521 |
| Park improvements | - | - | - | 45,728 | 45,728 |
| Stormwater systems | - | - | - | 251,289 | 251,289 |
| Debt service | - | 1,880,474 | - | - | 1,880,474 |
| Committed: | | | | | |
| Public safety equipment | - | - | - | 3,409 | 3,409 |
| Business development | - | - | - | 188,004 | 188,004 |
| Assigned | | | | | |
| Airport improvements | - | - | - | 23,946 | 23,946 |
| Economic development sales tax | - | - | - | 630 | 630 |
| Street improvements | - | - | - | 208,973 | 208,973 |
| Park improvements | - | - | - | 4,680 | 4,680 |
| Police equipment | - | - | - | 34,729 | 34,729 |
| Self-insurance reserve | 625,355 | - | - | - | 625,355 |
| Unassigned | 3,223,156 | - | 185,927 | (345,731) | 3,063,352 |
| Total fund balances | 3,882,331 | 1,880,474 | 185,927 | 537,872 | 6,486,604 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 6,779,358 | \$ 5,828,862 | \$ 1,768,153 | \$ 1,971,958 | \$ 16,348,331 |

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, 2015

| | |
|---|-----------------------------|
| Total fund balance in Governmental Fund Balance Sheet | \$ 6,486,604 |
| 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. | 47,820,246 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. | 3,405,573 |
| Other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 3,000,000 |
| Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then. Deferred pension outflow | 441,384 |
| 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. | 20,503 |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | (23,587,363) |
| Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then. Deferred inflows - pension | <u>(591,435)</u> |
| Net position of governmental activities | <u><u>\$ 36,995,512</u></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, 2015

| | General | Debt Service | Construction | Other Governmental Funds | Total Governmental Funds |
|--|------------------|------------------|------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes: | | | | | |
| Property | \$ 2,769,949 | \$ 939,253 | \$ - | \$ 96,817 | \$ 3,806,019 |
| Sales | 2,560,716 | - | - | 50,000 | 2,610,716 |
| Franchise | 1,171,972 | - | - | - | 1,171,972 |
| Tourism | - | - | - | 206,669 | 206,669 |
| Intergovernmental | 230,217 | - | 174,920 | 655,075 | 1,060,212 |
| Licenses and permits | 293,919 | - | - | 5,299 | 299,218 |
| Charges for services | 1,312,483 | - | - | 185,105 | 1,497,588 |
| Fines and forfeitures | 355,959 | - | - | - | 355,959 |
| Special assessments | - | 339,386 | 18,948 | 249,114 | 607,448 |
| Investment earnings | 62,801 | 390 | - | 113 | 63,304 |
| Miscellaneous | 212,648 | 127,364 | 1,381,708 | 214,738 | 1,936,458 |
| Total revenues | 8,970,664 | 1,406,393 | 1,575,576 | 1,662,930 | 13,615,563 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 1,233,225 | 2,353 | 431,797 | 486,150 | 2,153,525 |
| Public safety | 3,734,445 | - | - | - | 3,734,445 |
| Highways and streets | 916,719 | - | - | 747,933 | 1,664,652 |
| Health and sanitation | 324,365 | - | - | 118,764 | 443,129 |
| Culture and recreation | 1,190,820 | - | - | 24,329 | 1,215,149 |
| Economic development | - | - | - | 224,736 | 224,736 |
| Debt service: | | | | | |
| Principal | 229,357 | 1,049,387 | - | - | 1,278,744 |
| Interest and other fiscal charges | 11,713 | 403,013 | 21,177 | 47,394 | 483,297 |
| Capital outlay | 678,344 | - | 3,498,002 | 63,910 | 4,240,256 |
| Total expenditures | 8,318,988 | 1,454,753 | 3,950,976 | 1,713,216 | 15,437,933 |
| Excess (deficiency) of revenues over (under) expenditures | 651,676 | (48,360) | (2,375,400) | (50,286) | (1,822,370) |
| Other financing sources (uses): | | | | | |
| Premium on bonds issued | - | 224,421 | - | 23,824 | 248,245 |
| Transfers in | 1,191,175 | - | 5,154,440 | 348,226 | 6,693,841 |
| Transfers out | (1,983,668) | (109,422) | (3,240,915) | (360,113) | (5,694,118) |
| Temporary notes issued | - | - | 2,548,000 | - | 2,548,000 |
| Refunding bonds issued | - | 1,725,000 | 1,632,000 | - | 3,357,000 |
| Other financing source - capital lease | 64,689 | - | - | - | 64,689 |
| Total other financing sources (uses) | (727,804) | 1,839,999 | 6,093,525 | 11,937 | 7,217,657 |
| Net change in fund balances | (76,128) | 1,791,639 | 3,718,125 | (38,349) | 5,395,287 |
| Fund balances, beginning of year | 3,958,459 | 88,835 | (3,532,198) | 576,221 | 1,091,317 |
| Fund balances, end of year | \$ 3,882,331 | \$ 1,880,474 | \$ 185,927 | \$ 537,872 | \$ 6,486,604 |

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, 2015

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds | \$ 5,395,287 |
| 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. | 236,566 |
| The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals, donations) is to decrease net position | (54,527) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 254,154 |
| 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. | (4,939,190) |
| 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. | (12,409) |
| 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>208,795</u> |
| Change in net position of governmental activities | <u>\$ 1,088,676</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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|----------------------------|------------------|------------------|---|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 6,195,467 | \$ 6,195,467 | \$ 6,502,448 | \$ 306,981 |
| Intergovernmental | 52,000 | 52,000 | 228,012 | 176,012 |
| Licenses, fees and permits | 127,309 | 127,309 | 293,919 | 166,610 |
| Charges for services | 959,459 | 959,459 | 937,885 | (21,574) |
| Fines and forfeitures | 377,300 | 377,300 | 188,073 | (189,227) |
| Interest | 2,800 | 2,800 | 20,553 | 17,753 |
| Miscellaneous | 82,490 | 82,490 | 211,104 | 128,614 |
| Reimbursements | 38,317 | 38,317 | - | (38,317) |
| Total revenues | <u>7,835,142</u> | <u>7,835,142</u> | <u>8,381,994</u> | <u>546,852</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Administration | 732,691 | 732,691 | 637,179 | 95,512 |
| Engineering | 295,468 | 295,468 | 279,161 | 16,307 |
| Civic Center | 107,218 | 107,218 | 105,052 | 2,166 |
| Legal and judicial | 210,248 | 210,248 | 203,783 | 6,465 |
| Cemetery | 124,756 | 124,756 | - | 124,756 |
| Special projects | 1,872,957 | 1,872,957 | - | 1,872,957 |
| Total general government | <u>3,343,338</u> | <u>3,343,338</u> | <u>1,225,175</u> | <u>2,118,163</u> |
| Public safety: | | | | |
| Police division | 2,306,823 | 2,306,823 | 2,112,107 | 194,716 |
| Fire division | 1,648,626 | 1,648,626 | 1,601,053 | 47,573 |
| Building and zoning | 224,897 | 224,897 | 23,539 | 201,358 |
| Building demolition | 16,000 | 16,000 | 224,940 | (208,940) |
| Civil defense | - | - | 453 | (453) |
| Hazardous materials | 23,942 | 23,942 | 21,133 | 2,809 |
| Total public safety | <u>4,220,288</u> | <u>4,220,288</u> | <u>3,983,225</u> | <u>237,063</u> |
| Public works: | | | | |
| Public works | 1,121,746 | 1,121,746 | 540,258 | 581,488 |
| Street lights | 180,000 | 180,000 | 177,862 | 2,138 |
| Total public works | <u>1,301,746</u> | <u>1,301,746</u> | <u>718,120</u> | <u>583,626</u> |
| Health and sanitation: | | | | |
| Animal control | \$ 136,216 | \$ 136,216 | \$ 147,664 | \$ (11,448) |

(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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|--|--------------------|--------------------|---|---|
| | Original | Final | | |
| Culture and recreation: | | | | |
| Park maintenance | \$ 285,905 | \$ 285,905 | \$ 286,300 | \$ (395) |
| Recreation | 606,805 | 606,805 | 529,205 | 77,600 |
| Swimming pool | 154,133 | 154,133 | 152,575 | 1,558 |
| Band | 7,000 | 7,000 | 7,004 | (4) |
| Recreation concessions | 73,099 | 73,099 | 51,758 | 21,341 |
| Total culture and recreation | <u>1,126,942</u> | <u>1,126,942</u> | <u>1,026,842</u> | <u>100,100</u> |
| Conservation of natural resources: | | | | |
| Forestry | <u>75,670</u> | <u>75,670</u> | <u>89,069</u> | <u>(13,399)</u> |
| Miscellaneous: | | | | |
| Neighborhood Revitalization Rebate | <u>55,490</u> | <u>55,490</u> | <u>-</u> | <u>55,490</u> |
| Total expenditures | <u>10,259,690</u> | <u>10,259,690</u> | <u>7,190,095</u> | <u>3,069,595</u> |
| Excess of revenues over (under) expenditures | <u>(2,424,548)</u> | <u>(2,424,548)</u> | <u>1,191,899</u> | <u>3,616,447</u> |
| Other financing sources (uses): | | | | |
| Capital lease | - | - | 64,689 | 64,689 |
| Transfers in | 816,172 | 816,172 | 815,801 | (371) |
| Transfers out | <u>(600,000)</u> | <u>(600,000)</u> | <u>(1,983,668)</u> | <u>(1,383,668)</u> |
| Total other financing sources (uses) | <u>216,172</u> | <u>216,172</u> | <u>(1,103,178)</u> | <u>(1,319,350)</u> |
| Net change in fund balances | <u>(2,208,376)</u> | <u>(2,208,376)</u> | <u>88,721</u> | <u>2,297,097</u> |
| Fund balance, beginning of year | <u>2,208,376</u> | <u>2,208,376</u> | <u>2,100,895</u> | <u>(107,481)</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>2,189,616</u> | <u>\$ 2,189,616</u> |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus receivables at December 31, 2015 | | | 743,718 | |
| Less payables outstanding at December 31, 2015 | | | (32,593) | |
| Less salaries payable outstanding at December 31, 2015 | | | <u>(169,166)</u> | |
| Fund balances on the basis of GAAP - General Fund only | | | 2,731,575 | |
| Fund balances for separately budgeted funds included with the General Fund on GAAP basis financials: | | | | |
| Cemetery | | | 20,986 | |
| External Stores | | | (61,904) | |
| Prairie Trails Restaurant/Golf | | | 33,145 | |
| Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials: | | | | |
| Equipment Reserve | | | 772,546 | |
| Self-Insurance Reserve | | | 385,983 | |
| | | | <u>\$ 3,882,331</u> | |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2015

| | Business-Type Activities - Enterprise Funds | | | | | Business-Type |
|---|---|----------------------|---------------------|---------------------------|----------------------|---|
| | Major Funds | | | Nonmajor | Total | Internal |
| | Waterworks System | Sewer System | Refuse | Compressed Natural Gas | Enterprise Funds | Service Fund (Data Processing Fund) |
| Assets: | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | \$ 6,788,548 | \$ 464,877 | \$ 204,528 | \$ 7,235 | \$ 7,465,188 | \$ 190,937 |
| Accounts receivable (net of allowance for uncollectibles) | 71,326 | 78,791 | 82,860 | 19 | 232,996 | 3,802 |
| Intergovernmental receivable | 387 | - | 968 | - | 1,355 | - |
| Advances to other funds | 2,010,074 | - | - | - | 2,010,074 | - |
| Inventories | 369,571 | 15,888 | 4,741 | - | 390,200 | - |
| Total current assets | 9,239,906 | 559,556 | 293,097 | 7,254 | 10,099,813 | 194,739 |
| 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 | 10,418,309 | 11,150,305 | 55,860 | - | 21,624,474 | - |
| Machinery and equipment | 2,650,991 | 4,981,326 | 810,227 | 130,893 | 8,573,437 | 40,472 |
| Construction in process | 912,686 | 141,274 | - | - | 1,053,960 | - |
| Total capital assets | 44,988,377 | 31,253,648 | 1,857,554 | 130,893 | 78,230,472 | 40,472 |
| Less accumulated depreciation | (6,635,390) | (11,230,030) | (1,174,058) | (6,544) | (19,046,022) | (29,509) |
| Capital assets, net | 38,352,987 | 20,023,618 | 683,496 | 124,349 | 59,184,450 | 10,963 |
| Deferred Outflows of resources: | | | | | | |
| Deferred outflows - pension | 55,530 | 26,455 | 25,431 | - | 107,416 | - |
| Total assets | \$ 47,648,423 | \$ 20,609,629 | \$ 1,002,024 | \$ 131,603 | \$ 69,391,679 | \$ 205,702 |

See accompanying notes to basic financial statements.

| | Business-Type Activities - Enterprise Funds | | | | | Business-Type |
|--|---|----------------------|-------------------|-----------------------------------|-------------------|---------------------|
| | Major Funds | | Refuse | Nonmajor | Total | Activities |
| | Waterworks System | Sewer System | | Fund Compressed Natural Gas | | Enterprise Funds |
| Liabilities: | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 130,883 | \$ 17,421 | \$ 20,208 | \$ 970 | \$ 169,482 | \$ 2,742 |
| Accrued payroll | 44,133 | 22,636 | 21,892 | - | 88,661 | 25,405 |
| Current portion of compensated absences payable | 53,660 | 31,146 | 24,444 | - | 109,250 | 28,275 |
| Current portion of general obligation bonds payable | 173,883 | 67,618 | - | - | 241,501 | - |
| Current portion of revolving loan note payable | - | 591,967 | - | - | 591,967 | - |
| Accrued interest payable | 25,004 | 68,364 | - | - | 93,368 | - |
| Current portion of water storage space payable | 139,672 | - | - | - | 139,672 | - |
| Current portion of capital lease payable | 93,329 | 11,302 | - | - | 104,631 | - |
| Total current liabilities | 660,564 | 810,454 | 66,544 | 970 | 1,538,532 | 56,422 |
| Noncurrent liabilities: | | | | | | |
| Long-term portion of compensated absences payable | - | - | 514 | - | 514 | - |
| Long-term portion of general obligation bonds payable | 1,975,131 | 430,845 | - | - | 2,405,976 | - |
| Long-term portion of revolving loan note payable | - | 7,702,717 | - | - | 7,702,717 | - |
| Long-term portion of water storage space payable | 50,736,057 | - | - | - | 50,736,057 | - |
| Long-term portion of capital lease payable | 16,021 | 32,041 | - | - | 48,062 | - |
| Net pension liability | 657,109 | 313,059 | 300,935 | - | 1,271,103 | - |
| Advances from other funds | - | 791,813 | 243,765 | - | 1,035,578 | - |
| Total noncurrent liabilities | 53,384,318 | 9,270,475 | 545,214 | - | 63,200,007 | - |
| Total liabilities | 54,044,882 | 10,080,929 | 611,758 | 970 | 64,738,539 | 56,422 |
| Deferred inflows of resources: | | | | | | |
| Deferred inflows - pension | 58,359 | 27,804 | 26,727 | - | 112,890 | - |
| Net position: | | | | | | |
| Net investment in capital assets | 8,980,095 | 11,187,128 | 683,496 | - | 20,850,719 | 10,963 |
| Unrestricted | (15,434,913) | (686,232) | (319,957) | 130,633 | (16,310,469) | 138,317 |
| Total net position | \$ (6,454,818) | \$ 10,500,896 | \$ 363,539 | \$ 130,633 | 4,540,250 | \$ 149,280 |

Some amounts reported for business-type activities in the statement of net position are difference because internal service fund assets and liabilities are included with business-type activities

128,777

Net position of business-type activities

\$ 4,669,027

CITY OF EL DORADO, KANSAS

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

Year Ended December 31, 2015

| | Business-Type Activities - Enterprise Funds | | | | Business-Type | |
|---|---|-----------------|---------------------------|---------------------|---|------------|
| | Major Funds | | Nonmajor | Total | Activities | |
| | Waterworks System | Sewer System | Compressed Natural Gas | Enterprise Funds | Internal Service Fund (Data Processing Fund) | |
| Operating revenues: | | | | | | |
| Charges for services | \$ 3,925,565 | \$ 1,844,143 | \$ 1,436,874 | \$ 6,276 | \$ 7,212,858 | \$ 891,200 |
| Miscellaneous | 12,112 | 289,356 | 101,874 | 10,097 | 413,439 | 4,913 |
| Rents and royalties | 10,316 | 41,580 | - | - | 51,896 | - |
| Total operating revenues | 3,947,993 | 2,175,079 | 1,538,748 | 16,373 | 7,678,193 | 896,113 |
| Operating expenses: | | | | | | |
| Costs of sales and services | 2,318,378 | 775,836 | 721,728 | 9,761 | 3,825,703 | 256,123 |
| Administration | 406,659 | 559,233 | 566,894 | 534 | 1,533,320 | 673,934 |
| Depreciation | 310,414 | 853,216 | 44,681 | 6,544 | 1,214,855 | 3,217 |
| Total operating expenses | 3,035,451 | 2,188,285 | 1,333,303 | 16,839 | 6,573,878 | 933,274 |
| Operating income (loss) | 912,542 | (13,206) | 205,445 | (466) | 1,104,315 | (37,161) |
| Nonoperating revenues (expense): | | | | | | |
| Investment income (loss) | 132,701 | 151 | 54 | - | 132,906 | - |
| Interest expense | (1,817,819) | (248,405) | (10,146) | - | (2,076,370) | - |
| Debt issuance cost | (10,428) | - | - | - | (10,428) | - |
| Other revenue | 36,873 | - | - | - | 36,873 | - |
| Gain/(loss) on disposal of assets | 2,937 | - | (38,524) | - | (35,587) | - |
| Total nonoperating revenues (expense) | (1,655,736) | (248,254) | (48,616) | - | (1,952,606) | - |
| Income (loss) before capital contributions and transfers | (743,194) | (261,460) | 156,829 | (466) | (848,291) | (37,161) |
| Capital contributions | 77,065 | - | - | 130,893 | 207,958 | - |
| Transfers from other funds | 39,432 | 76,503 | - | 149 | 116,084 | 90,000 |
| Transfers to other funds | (1,004,146) | (116,000) | (85,661) | - | (1,205,807) | - |
| Change in net position | (1,630,843) | (300,957) | 71,168 | 130,576 | (1,730,056) | 52,839 |
| Net position, beginning of year as previously stated | (4,125,774) | 11,134,489 | 612,125 | 57 | 7,620,897 | 96,441 |
| Prior period adjustments | (698,201) | (332,636) | (319,754) | - | (1,350,591) | - |
| Net position, beginning of year as restated | (4,823,975) | 10,801,853 | 292,371 | 57 | 6,270,306 | 96,441 |
| Net position, end of year | \$ (6,454,818) | \$ 10,500,896 | \$ 363,539 | \$ 130,633 | \$ 4,540,250 | \$ 149,280 |
| Change in net position per fund statements | | | | | \$ (1,730,056) | |
| 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 | | | | | 65,248 | |
| Change in net position of business-type activities | | | | | \$ (1,664,808) | |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

Year Ended December 31, 2015

| | Business-Type Activities - Enterprise Funds | | | | | Business-Type |
|--|---|-----------------|--------------|-----------------------------------|--------------|---------------------|
| | Major Funds | | | Nonmajor | Total | Activities |
| | Waterworks System | Sewer System | Refuse | Fund Compressed Natural Gas | | Enterprise Funds |
| Cash flows from operating activities: | | | | | | |
| Receipts from customers and users | \$ 3,994,512 | \$ 2,191,139 | \$ 1,544,490 | \$ 16,354 | \$ 7,746,495 | \$ 896,020 |
| Payments to suppliers | (2,461,059) | (793,079) | (772,182) | (8,791) | (4,035,111) | (255,040) |
| Payments to employees | (435,796) | (568,115) | (576,963) | (534) | (1,581,408) | (664,569) |
| Net cash provided by (used in) operating activities | 1,097,657 | 829,945 | 195,345 | 7,029 | 2,129,976 | (23,589) |
| Cash flows from capital and related financing activities: | | | | | | |
| Principal paid on general obligation bonds | (124,472) | (66,141) | - | - | (190,613) | - |
| Principal paid on revolving loan note payable | - | (576,543) | - | - | (576,543) | - |
| Principal paid on water storage space payable | (134,947) | - | - | - | (134,947) | - |
| Principal paid on capital lease payable | (104,589) | (11,124) | - | - | (115,713) | - |
| Proceeds from general obligation bonds | 580,000 | - | - | - | 580,000 | - |
| Interest paid on debt | (339,661) | (253,200) | (10,146) | - | (603,007) | - |
| Acquisition and construction of capital assets | (24,281) | (76,503) | (66,170) | - | (166,954) | - |
| Net cash used in capital and related financing activities | (147,950) | (983,511) | (76,316) | - | (1,207,777) | - |
| Cash flows from noncapital financing activities: | | | | | | |
| Transfers (to) from other funds | (964,714) | (39,497) | (85,601) | 149 | (1,089,663) | 90,000 |
| Advances (to) from other funds | 81,560 | (32,128) | (9,891) | - | 39,541 | - |
| Net cash provided by (used in) noncapital financing activities | (883,154) | (71,625) | (95,492) | 149 | (1,050,122) | 90,000 |
| Cash flows from investing activities: | | | | | | |
| Investment income (loss) | 132,701 | 151 | 54 | - | 132,906 | - |
| Net increase (decrease) in cash and investments | 199,254 | (225,040) | 23,591 | 7,178 | 4,983 | 66,411 |
| Cash and investments, beginning of year | 6,589,294 | 689,917 | 180,937 | 57 | 7,460,205 | 124,526 |
| Cash and investments, end of year | \$ 6,788,548 | \$ 464,877 | \$ 204,528 | \$ 7,235 | \$ 7,465,188 | \$ 190,937 |

(Continued)

CITY OF EL DORADO, KANSAS

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
(Continued)

Year Ended December 31, 2015

| | Business-Type Activities - Enterprise Funds | | | | | Business-Type |
|--|---|-----------------|------------|-----------------------------------|--------------|---------------------|
| | Major Funds | | | Nonmajor | Total | Activities |
| | Waterworks System | Sewer System | Refuse | Fund Compressed Natural Gas | | Enterprise Funds |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Operating income (loss) | \$ 912,542 | \$ (13,206) | \$ 205,445 | \$ (466) | \$ 1,104,315 | \$ (37,161) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation expense | 310,414 | 853,216 | 44,681 | 6,544 | 1,214,855 | 3,217 |
| Decrease (increase) in accounts receivable | 46,518 | 16,060 | 5,742 | (19) | 68,301 | (91) |
| Decrease (increase) in inventories | (192,974) | (7,956) | - | - | (200,930) | - |
| Decrease (increase) in deferred outflows - pension | (18,581) | (8,883) | (8,584) | - | (36,048) | - |
| Increase (decrease) in salaries and accrued payroll | 5,439 | 4,680 | 4,335 | - | 14,454 | 4,804 |
| Increase (decrease) in accounts payable | 50,293 | (9,287) | (50,454) | 970 | (8,478) | 1,083 |
| Increase (decrease) in compensated absences payable | 3,688 | 4,666 | 3,119 | - | 11,473 | 4,559 |
| Increase (decrease) deferred inflows - pension | (73,669) | (35,091) | (33,724) | - | (142,484) | - |
| Net pension liability | 53,987 | 25,746 | 24,785 | - | 104,518 | - |
| Net cash provided by (used in) operating activities | \$ 1,097,657 | \$ 829,945 | \$ 195,345 | \$ 7,029 | \$ 2,129,976 | \$ (23,589) |
| Schedule of noncash capital and related financing activities: | | | | | | |
| Capital assets acquired through capital lease | \$ 99,745 | \$ - | \$ - | \$ - | \$ 99,745 | |
| Contributions of capital assets | \$ 77,065 | \$ - | \$ - | \$ 130,893 | \$ 207,958 | \$ - |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION -
FIDUCIARY FUNDS

December 31, 2015

| | Retiree Health Care Benefit Plan Trust Fund | Agency Funds |
|---|--|-----------------------------|
| | <u> </u> | <u> </u> |
| Assets: | | |
| Cash and investments: | | |
| Cash | \$ - | \$ 13,804 |
| Common stocks | 55,995 | - |
| Fixed income securities | 113,774 | - |
| Accounts receivable | <u>52,810</u> | <u>1,150</u> |
| Total assets | 222,579 | 14,954 |
| Liabilities: | | |
| Accounts payable | <u>-</u> | <u>14,954</u> |
| Net position held in trust for other post employment benefits | <u>\$ 222,579</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, 2015

| | <u>Retiree Health Care Benefit Plan Trust Fund</u> |
|--|--|
| Additions: | |
| Employer contributions | \$ 52,810 |
| Investment income (loss) | <u>(1,103)</u> |
| Total additions | 51,707 |
| Deductions: | |
| Benefits | <u>47,861</u> |
| Change in net position held in trust for other post employment benefits | 3,846 |
| Net position held in trust for other post employment benefits, beginning of year | <u>218,733</u> |
| Net position held in trust for other post employment benefits, end of year | <u><u>\$ 222,579</u></u> |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

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 Butler County Community College (the College) and 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, 2015 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 generally 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 except property taxes. 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 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, 2015, interest earnings allocated to various funds were \$ 9,850. Deposits are reported at their carrying amount which approximates fair value.

The City maintains investments in Federal National Mortgage Corporation, Federal Home Loan Mortgage Corporation and mutual funds that are recorded at 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)

Cash Flow Statement

For purposes of the cash flow statement, the City considers deposits and highly liquid investments with an original maturity of three months or less to be cash equivalents.

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 | \$ 2,505,314 |
| Debt service fund property taxes receivable | 783,098 |
| Debt service fund special assessments receivable | 3,164,489 |
| Nonmajor funds property taxes receivable | 148,956 |
| Nonmajor funds special assessment receivable | 241,084 |
| | <hr/> |
| | \$ 6,842,941 |
| | <hr/> <hr/> |

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 2015 levy was based was \$ 79,584,768.

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 2015 tax levy per \$ 1,000 of assessed valuation was as follows:

| | | |
|-------------------|----|-------------|
| General Fund | \$ | 30.306 |
| Debt Service Fund | | 10.734 |
| Nonmajor funds | | 1.018 |
| Component unit: | | |
| Library | | 4.992 |
| | | <hr/> |
| | \$ | 47.050 |
| | | <hr/> <hr/> |

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.

The City has one item that qualifies for reporting in this category – deferred outflows for pension, reported in the government-wide statement of net position. See Note 10 for more information on the deferred outflows for pension.

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 two items that qualify for reporting in this category. One item, *unavailable revenue/ deferred receivable* 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 deferred receivable only from property taxes. The second item is deferred inflows for pension. See Note 10 for more information on the deferred inflows for the pension.

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.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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, 2015, fund balances for governmental funds are made up of the following:

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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.

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 \$ 5,570,106 of restricted net position, of which \$ 48,321 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.

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

1 - Summary of Significant Accounting Policies (Continued)

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.

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.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements

At December 31, 2015, 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. 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.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about the OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The provisions of this statement are effective for periods beginning after June 15, 2017.

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. 77, *Tax Abatement Disclosures*, increases the disclosure requirements for tax abatements affecting the government entity and its ability to raise resources in the future. This standard applies to a reporting government's own tax abatement agreements or agreements entered into by other governments and that reduce the reporting government's tax revenues. The government that enters into the agreement must begin disclosing (1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provision for recapturing abated taxes, and the types of commitments made by tax abatement recipients, (2) the gross dollar amount of taxes abated during the period and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. For governments impacted by other governments' tax abatements, the following must be disclosed: (1) the names of the governments that entered into the agreements, (2) the specific taxes being abated, and (3) the gross dollar amount of taxes abated during the period. The provisions of this statement are effective for periods beginning after December 15, 2015.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The provisions of this statement are effective for periods beginning after December 15, 2015.

GASB Statement No. 80, *Blending Requirement for Certain Component Units*, amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The provisions of this statement are effective for periods beginning after June 15, 2016.

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 \$ (23,587,363) difference are as follows:

| | |
|---|------------------------|
| Bonds payable | \$ (15,134,523) |
| Certification of participation | (2,548,000) |
| Premiums on bonds sold | (248,245) |
| Capital leases payable | (350,230) |
| Accrued interest payable | (114,292) |
| Compensated absences | (286,458) |
| Net pension liability | <u>(4,905,615)</u> |
| Net adjustment to decrease fund balance - total governmental funds to arrive at net position of governmental activities | <u>\$ (23,587,363)</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 \$ 236,566 difference are as follows:

| | |
|--|--------------------|
| Capital outlay | \$ 2,979,955 |
| Depreciation expense | <u>(2,743,389)</u> |
| Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | <u>\$ 236,566</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 \$ (4,939,190) difference are as follows:

| | |
|--|------------------------------|
| Debt issued or incurred: | |
| Issuance of capital leases | \$ (64,689) |
| Plus premium | (248,245) |
| General obligation bonds | (3,357,000) |
| Temporary notes | (2,548,000) |
| Principal repayments: | |
| Capital leases | 229,357 |
| Bonds | <u>1,049,387</u> |
| Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | <u><u>\$ (4,939,190)</u></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 \$ 208,795 difference are as follows:

| | |
|--|--------------------------|
| Compensated absences | \$ (30,458) |
| Pension contributions | 305,081 |
| Accrued interest | <u>(65,828)</u> |
| Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | <u><u>\$ 208,795</u></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 \$ (6,454,818) at December 31, 2015 due to the recording of the water storage space payable.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the Cemetery Fund by \$ 12,241.

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.

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

4 - Deposits and Investments (Continued)

Deposits (Continued)

Custodial Credit Risk (Continued)

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, 2015, 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, 2015, 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 | \$ 1,397,926 | \$ - | \$ - | \$ 763,198 | \$ 629,728 |
| Federal Home Loan Mortgage Corporation | 750,425 | - | - | - | 750,425 |
| Fixed income securities | 113,774 | 113,774 | - | - | - |
| Equities | 55,995 | 55,995 | - | - | - |
| | <u>\$ 2,318,120</u> | <u>\$ 169,769</u> | <u>\$ -</u> | <u>\$ 763,198</u> | <u>\$ 1,380,153</u> |

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.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments

Investments (Continued)

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+ and AAA by Standard & Poor's and the Federal National Mortgage Corporation investments are rated AA2 by Moody's and AA- 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, 2015, 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, 2015 was as follows:

Primary Government

| | Balance January 1, 2015 | Increase | Decrease | Balance December 31, 2015 |
|---|-------------------------------|--------------|----------------|---------------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,787,270 | \$ 8,215 | \$ (7,559) | \$ 4,787,926 |
| Construction in progress | 3,721,418 | 3,296,026 | (3,209,250) | 3,808,194 |
| Total capital assets not being depreciated | 8,508,688 | 3,304,241 | (3,216,809) | 8,596,120 |
| Capital assets being depreciated: | | | | |
| Buildings | 11,542,559 | 434,789 | - | 11,977,348 |
| Improvements other than buildings | 10,665,982 | 764,178 | - | 11,430,160 |
| Infrastructure | 35,397,630 | 936,439 | - | 36,334,069 |
| Machinery and equipment | 6,073,569 | 749,559 | (233,946) | 6,589,182 |
| Total capital assets being depreciated | 63,679,740 | 2,884,965 | (233,946) | 66,330,759 |
| Less accumulated depreciation for: | | | | |
| Buildings | 3,102,668 | 265,746 | - | 3,368,414 |
| Improvements other than buildings | 2,529,070 | 352,664 | - | 2,881,734 |
| Infrastructure | 14,943,705 | 1,654,915 | - | 16,598,620 |
| Machinery and equipment | 3,974,779 | 470,064 | (186,978) | 4,257,865 |
| Total accumulated depreciation | 24,550,222 | 2,743,389 | (186,978) | 27,106,633 |
| Total capital assets being depreciated, net | 39,129,518 | 141,576 | (46,968) | 39,224,126 |
| Governmental activities capital assets, net | \$ 47,638,206 | \$ 3,445,817 | \$ (3,263,777) | \$ 47,820,246 |

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

5 - Capital Assets (Continued)

| | Balance January 1, 2015 | Increase | Decrease | Balance December 31, 2015 |
|--|-------------------------------|--------------|--------------|---------------------------------|
| 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 | 1,019,978 | 497,974 | (463,992) | 1,053,960 |
| Total capital assets not being depreciated | 30,722,931 | 497,974 | (463,992) | 30,756,913 |
| Capital assets being depreciated: | | | | |
| Buildings | 17,275,648 | - | - | 17,275,648 |
| Improvements other than buildings | 21,486,559 | 137,915 | - | 21,624,474 |
| Machinery and equipment | 8,438,735 | 437,168 | (261,994) | 8,613,909 |
| Total capital assets being depreciated | 47,200,942 | 575,083 | (261,994) | 47,514,031 |
| Less accumulated depreciation for: | | | | |
| Buildings | 6,077,207 | 379,140 | - | 6,456,347 |
| Improvements other than buildings | 8,793,617 | 344,924 | - | 9,138,541 |
| Machinery and equipment | 3,075,638 | 494,008 | (89,003) | 3,480,643 |
| Total accumulated depreciation | 17,946,462 | 1,218,072 | (89,003) | 19,075,531 |
| Total capital assets being depreciated, net | 29,254,480 | (642,989) | (172,991) | 28,438,500 |
| Business-type activities capital assets, net | \$ 59,977,411 | \$ (145,015) | \$ (636,983) | \$ 59,195,413 |

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 | | \$ | 340,896 |
| Public safety | | | 321,409 |
| Public works (including depreciation of infrastructure assets) | | | 1,896,325 |
| Health and sanitation | | | 13,121 |
| Culture and recreation | | | 135,118 |
| Economic development | | | 36,520 |
| Total depreciation expense - governmental activities | | \$ | <u>2,743,389</u> |
| Business-type activities: | | | |
| Waterworks utility | | \$ | 310,414 |
| Sewer utility | | | 853,216 |
| Refuse | | | 44,681 |
| Compressed Natural Gas | | | 6,544 |
| Capital assets held by the City's internal service fund are charged to the various functions based on their usage | | | 3,217 |
| Total depreciation expense - business-type activities | | \$ | <u>1,218,072</u> |

Capital asset activity for the Library component unit for the year ended December 31, 2015 was as follows:

| | Balance January 1, 2015 | Increase | Decrease | Balance December 31, 2015 |
|---|-------------------------------|------------|----------|---------------------------------|
| Discretely presented component unit: | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | \$ 291,624 | \$ 933,574 | \$ - | \$ 1,225,198 |
| Capital assets being depreciated: | | | | |
| Buildings | 990,119 | - | - | 990,119 |
| Machinery and equipment | 202,068 | - | (8,360) | 193,708 |
| Total capital assets being depreciated | 1,192,187 | - | (8,360) | 1,183,827 |
| Less accumulated depreciation for: | | | | |
| Buildings | 468,560 | 23,699 | - | 492,259 |
| Machinery and equipment | 139,756 | - | (8,861) | 130,895 |
| Total accumulated depreciation | 608,316 | 23,699 | (8,861) | 623,154 |
| Total capital assets being depreciated, net | 583,871 | (23,699) | 501 | 560,673 |
| Discretely presented component unit capital assets, net | \$ 875,495 | \$ 909,875 | \$ 501 | \$ 1,785,871 |

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, 2015 for capital projects compared to the amount authorized:

| Project | Costs-to-Date | Amount Authorized |
|---------------------|---------------|----------------------|
| Sewer improvements | \$ 1,171,550 | \$ 2,323,390 |
| Street improvements | 1,629,811 | 1,788,758 |
| | \$ 2,801,361 | \$ 4,112,148 |

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, 2015 are comprised of the following issues:

| | Interest Rates | Original Issue | Final Maturity Date | Principal Payments During 2015 | Outstanding December 31, 2015 |
|---------------------------|-------------------|-------------------|---------------------------|--------------------------------------|-------------------------------------|
| General Obligation Bonds: | | | | | |
| Governmental activities: | | | | | |
| Series 2008 | 3.60 - 4.25% | \$ 3,310,000 | 11/1/2023 | \$ 210,000 | \$ 1,985,000 |
| Series 2010 | 1.60 - 3.35% | 1,648,262 | 11/1/2025 | 130,543 | 849,645 |
| Series 2011 | 2.00 - 3.50% | 5,715,000 | 11/1/2032 | 245,000 | 4,890,000 |
| Series 2013 | 1.00 - 2.75% | 4,644,322 | 11/1/2028 | 463,844 | 4,052,878 |
| Series 2015 | 2.0 - 4.0% | 3,357,000 | 11/1/2025 | - | 3,357,000 |
| | | | | <u>1,049,387</u> | <u>15,134,523</u> |
| Business-type activities: | | | | | |
| Series 2010 | 1.60 - 3.35% | 546,738 | 11/1/2025 | 39,457 | 305,355 |
| Series 2013 | 1.00 - 2.75% | 2,000,678 | 11/1/2028 | 151,156 | 1,762,122 |
| Series 2015 | 2.0 - 4.0% | 580,000 | 11/1/2025 | - | 580,000 |
| | | | | <u>190,613</u> | <u>2,647,477</u> |
| | | | | <u>\$ 1,240,000</u> | <u>\$ 17,782,000</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
- Series 2015: Callable November 1, 2023 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 | \$ 215,000 | \$ 290,000 |
| Series 2010 | 72,951 | 134,382 |
| Series 2011 | 245,000 | 360,000 |
| Series 2013 | 154,000 | 498,480 |
| Series 2015 | 137,967 | 452,071 |
| Business-type activities: | | |
| Series 2010 | 22,049 | 40,618 |
| Series 2013 | 111,000 | 161,520 |
| Series 2015 | 49,033 | 64,239 |

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, 2015 are as follows:

| Governmental activities | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------------------|----------------------|---------------------|----------------------|
| 2016 | \$ 2,975,500 | \$ 432,801 | \$ 3,408,301 |
| 2017 | 1,216,251 | 310,577 | 1,526,828 |
| 2018 | 1,202,738 | 291,064 | 1,493,802 |
| 2019 | 1,206,577 | 267,548 | 1,474,125 |
| 2020 | 1,244,029 | 242,144 | 1,486,173 |
| 2021-2025 | 4,545,828 | 789,308 | 5,335,136 |
| 2026-2030 | 2,158,600 | 294,073 | 2,452,673 |
| 2031-2035 | 585,000 | 28,125 | 613,125 |
| | <u>\$ 15,134,523</u> | <u>\$ 2,655,640</u> | <u>\$ 17,790,163</u> |

| Business-type activities | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|---------------------|-------------------|---------------------|
| 2016 | \$ 241,501 | \$ 57,767 | \$ 299,268 |
| 2017 | 243,747 | 51,268 | 295,015 |
| 2018 | 237,262 | 47,951 | 285,213 |
| 2019 | 238,422 | 44,107 | 282,529 |
| 2020 | 240,973 | 39,873 | 280,846 |
| 2021-2025 | 1,079,172 | 124,156 | 1,203,328 |
| 2026-2030 | 366,400 | 19,598 | 385,998 |
| | <u>\$ 2,647,477</u> | <u>\$ 384,720</u> | <u>\$ 3,032,197</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 \$ 7,157,592 is shown as a liability in the sewer fund. The future annual debt service requirements for the construction loan payable as of December 31, 2015 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest and Service Fees</u> | <u>Total</u> |
|-------------|---------------------|--------------------------------------|---------------------|
| 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 | 599,700 | 115,749 | 715,449 |
| 2021-2025 | 3,250,110 | 350,610 | 3,600,720 |
| 2026-2030 | 1,062,438 | 25,932 | 1,088,370 |
| | <u>\$ 7,157,592</u> | <u>\$ 1,094,432</u> | <u>\$ 8,252,024</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 \$ 1,137,092 is shown as a liability in the sewer fund. The future annual debt service requirements for the construction loan payable as of December 31, 2015 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest and Service Fees</u> | <u>Total</u> |
|-------------|---------------------|--------------------------------------|---------------------|
| 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 | 58,205 | 19,694 | 77,899 |
| 2021-2025 | 313,077 | 78,683 | 391,760 |
| 2026-2030 | 353,264 | 42,630 | 395,894 |
| 2031-2035 | 193,290 | 6,372 | 199,662 |
| | <u>\$ 1,137,092</u> | <u>\$ 238,320</u> | <u>\$ 1,375,412</u> |

During 2015, the City entered into a loan agreement with the Kansas Department of Health and Environment. The agreement enabled the City to borrow \$ 939,739 to finance significant waste water collection system improvements. The loan will be repaid over twenty years at an interest rate of 2.20%. As of December 31, 2015, the City has drawn \$ 0 on this loan. No payments were made in 2015, leaving a total outstanding balance of \$ 939,739. The debt service requirements to the maturity dates will not be determinable until the final draws have been made.

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 2015 by \$ 1,429,912 representing accrued interest. At December 31, 2015 the liability including accrued interest is \$ 42,261,226. 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, 2015, the City has cash and investments of \$ 5,918,614 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 \$ 2,119,874 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, 2015 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|---------------------|---------------------|---------------------|
| 2016 | \$ 51,296 | \$ 74,239 | \$ 125,535 |
| 2017 | 53,094 | 72,441 | 125,535 |
| 2018 | 54,953 | 70,582 | 125,535 |
| 2019 | 56,877 | 68,658 | 125,535 |
| 2020 | 58,869 | 66,666 | 125,535 |
| 2021-2025 | 326,752 | 300,924 | 627,676 |
| 2026-2030 | 388,116 | 239,559 | 627,675 |
| 2031-2035 | 461,004 | 166,671 | 627,675 |
| 2036-2040 | 547,581 | 80,094 | 627,675 |
| 2041-2045 | 121,332 | 4,249 | 125,581 |
| | <u>\$ 2,119,874</u> | <u>\$ 1,144,083</u> | <u>\$ 3,263,957</u> |

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 \$ 6,494,629 is shown as a liability in the waterworks system fund.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Liability for Water Storage Space (Continued)

The future annual debt service requirements for this water storage space payable as of December 31, 2015 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|---------------------|---------------------|----------------------|
| 2016 | \$ 88,376 | \$ 227,442 | \$ 315,818 |
| 2017 | 91,471 | 224,347 | 315,818 |
| 2018 | 94,674 | 221,144 | 315,818 |
| 2019 | 97,990 | 217,828 | 315,818 |
| 2020 | 101,421 | 214,396 | 315,817 |
| 2021-2025 | 562,935 | 1,016,153 | 1,579,088 |
| 2026-2030 | 668,655 | 910,433 | 1,579,088 |
| 2031-2035 | 794,229 | 784,859 | 1,579,088 |
| 2036-2040 | 943,386 | 635,701 | 1,579,087 |
| 2041-2045 | 1,120,555 | 458,533 | 1,579,088 |
| 2046-2050 | 1,330,997 | 248,091 | 1,579,088 |
| 2051-2052 | 599,940 | 31,695 | 631,635 |
| | <u>\$ 6,494,629</u> | <u>\$ 5,190,622</u> | <u>\$ 11,685,251</u> |

Temporary Notes

Kansas statutes permit the issuance of bond anticipation notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. During the year, bond anticipation notes totaling \$ 2,548,000 were issued for governmental activities to provide temporary financing for general capital improvements.

The City has issued \$ 2,548,000 of temporary notes series No. 1885 with an interest rate of 1.76% and with a final maturity in 2019. Total principal payment of \$ 2,548,000 is due in 2019.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Temporary Notes (Continued)

Future maturities of the temporary notes are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|---------------------|-------------------|---------------------|
| 2016 | \$ - | \$ 43,599 | \$ 43,599 |
| 2017 | - | 44,845 | 44,845 |
| 2018 | - | 44,845 | 44,845 |
| 2019 | 2,548,000 | 22,422 | 2,570,422 |
| | <u>\$ 2,548,000</u> | <u>\$ 155,711</u> | <u>\$ 2,703,711</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.

The assets acquired through capital leases are as follows:

| | | |
|-------------------------------|--|------------------|
| Asset: | | |
| Wheel loader | | \$ 99,700 |
| Less accumulated depreciation | | (60,928) |
| Net book value | | <u>\$ 38,772</u> |
| Compact excavator | | \$ 51,428 |
| Less accumulated depreciation | | (857) |
| Net book value | | <u>\$ 50,571</u> |
| Compact truck loader | | \$ 42,308 |
| Less accumulated depreciation | | (1,058) |
| Net book value | | <u>\$ 41,250</u> |

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

7 - Long-Term Debt (Continued)

Capital Leases (Continued)

| | |
|-------------------------------|-------------------|
| Landscape rake | \$ 5,317 |
| Less accumulated depreciation | <u>(133)</u> |
| Net book value | <u>\$ 5,184</u> |
| | |
| Landscape rake | \$ 5,240 |
| Less accumulated depreciation | <u>(262)</u> |
| Net book value | <u>\$ 4,978</u> |
| | |
| Compact excavator | \$ 51,806 |
| Less accumulated depreciation | <u>(863)</u> |
| Net book value | <u>\$ 50,943</u> |
| | |
| Track loader | \$ 42,699 |
| Less accumulated depreciation | <u>(2,135)</u> |
| Net book value | <u>\$ 40,564</u> |
| | |
| Pumper apparatus | \$ 444,354 |
| Less accumulated depreciation | <u>(59,247)</u> |
| Net book value | <u>\$ 385,107</u> |
| | |
| Dump truck | \$ 125,000 |
| Less accumulated depreciation | <u>(32,738)</u> |
| Net book value | <u>\$ 92,262</u> |
| | |
| Loader | \$ 58,924 |
| Less accumulated depreciation | <u>(982)</u> |
| Net book value | <u>\$ 57,942</u> |
| | |
| Trencher | \$ 5,765 |
| Less accumulated depreciation | <u>(96)</u> |
| Net book value | <u>\$ 5,669</u> |

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, 2015:

| | Governmental Activities | Business-type Activities |
|------------------------------|----------------------------|-----------------------------|
| 2016 | \$ 145,266 | \$ 105,678 |
| 2017 | 97,059 | 48,836 |
| 2018 | 97,060 | - |
| 2019 | 24,264 | - |
| | 363,649 | 154,514 |
| Amount representing interest | (13,419) | (1,821) |
| | \$ 350,230 | \$ 152,693 |

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, 2015 was as follows:

| | Outstanding January 1, 2015 | Additions | Reductions | Outstanding December 31, 2015 | Due Within One Year |
|---|-----------------------------------|---------------------|---------------------|-------------------------------------|---------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 12,826,910 | \$ 3,357,000 | \$ 1,049,387 | \$ 15,134,523 | \$ 2,975,500 |
| Issuance premiums | - | 248,245 | - | 248,245 | - |
| Temporary notes | - | 2,548,000 | - | 2,548,000 | - |
| Capital leases | 514,898 | 64,689 | 229,357 | 350,230 | 145,806 |
| Compensated absences | 256,000 | 188,994 | 158,536 | 286,458 | 271,229 |
| Net pension liability | 4,413,161 | 492,454 | - | 4,905,615 | - |
| Total long-term liabilities - governmental activities | <u>\$ 18,010,969</u> | <u>\$ 6,899,382</u> | <u>\$ 1,437,280</u> | <u>\$ 23,473,071</u> | <u>\$ 3,392,535</u> |
| Business-type activities: | | | | | |
| General obligation bonds | \$ 2,258,090 | \$ 580,000 | \$ 190,613 | \$ 2,647,477 | \$ 241,501 |
| Construction loans payable | 8,871,227 | - | 576,543 | 8,294,684 | 591,967 |
| Water storage space payable | 49,580,764 | 1,429,912 | 134,947 | 50,875,729 | 139,672 |
| Capital leases | 168,661 | 99,745 | 115,713 | 152,693 | 104,631 |
| Compensated absences | 122,007 | 92,210 | 76,178 | 138,039 | 133,989 |
| Net pension liability | 1,166,585 | 104,518 | - | 1,271,103 | - |
| Total long-term liabilities - business-type activities | <u>\$ 62,167,334</u> | <u>\$ 2,306,385</u> | <u>\$ 1,093,994</u> | <u>\$ 63,379,725</u> | <u>\$ 1,211,760</u> |
| Component unit: | | | | | |
| Compensated absences | \$ 45,560 | \$ 9,194 | \$ 13,028 | \$ 41,726 | \$ 39,506 |
| Net pension liability | 174,492 | 3,399 | - | 177,891 | - |
| | <u>\$ 220,052</u> | <u>\$ 12,593</u> | <u>\$ 13,028</u> | <u>\$ 219,617</u> | <u>\$ 39,506</u> |

For the governmental activities, compensated absences and the net pension liability are generally liquidated by the general fund.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Defeased Bonds

During the year ended December 31, 2015, the City issued \$ 1,725,000 of general obligation refunding bonds (Series 2015A) to purchase securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments related to \$ 1,770,000 of Series 2008 general obligation bonds. However, the bonds are not considered to be defeased until the crossover date of November 1, 2016 since they were refunded through a crossover refunding transaction. Because there is no defeasance in such a transaction until the crossover date of November 1, 2016, the assets held in trust by the escrow agent are reported in the debt service fund as restricted cash and investments in the amount of \$ 1,835,668. The refunded bonds are reported in the current liabilities until the crossover date. The transaction resulted in an economic gain of approximately \$ 105,983 and a reduction of approximately \$ 260,000 in future debt service payments.

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, 2015, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of approximately \$ 56,115,427.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

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 | \$ 2,010,074 | Sewer system | \$ 791,813 |
| | | Refuse | 243,765 |
| | | Other governmental | 974,496 |
| | | | <u>\$ 2,010,074</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.

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, 2015, consisted of the following:

| | <u>Transfers In</u> | <u>Transfers Out</u> |
|-----------------------------|---------------------|----------------------|
| Major governmental funds: | | |
| General | \$ 1,191,175 | \$ 1,983,668 |
| Debt Service | - | 109,422 |
| Construction | 5,154,440 | 3,240,915 |
| Nonmajor governmental funds | 348,226 | 360,113 |
| Major proprietary funds: | | |
| Waterworks System | 39,432 | 1,004,146 |
| Sewer System | 76,503 | 116,000 |
| Refuse | - | 85,661 |
| Nonmajor proprietary funds | 149 | - |
| Internal Service Fund: | | |
| Data Processing | 90,000 | - |
| Total transfers | <u>\$ 6,899,925</u> | <u>\$ 6,899,925</u> |

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

9 - Interfund Transfers (Continued)

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.

10 - Pension Plan

General Information About the Pension Plan

Description of Pension Plan. The City and the Library participate in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
 - State/School employees
 - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City and the Library are included in the Local and Police and Firemen employee groups.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

10 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

Benefits Provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

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

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0% of total payroll for the KPERS fiscal year ended June 30, 2015.

The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.48% for KPERS and 21.36% for KP&F for the year ended December 31, 2015. Contributions to the Pension Plan from the City were \$ 386,792 for KPERS and \$ 407,628 for KP&F for the year ended December 31, 2015.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS

(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the City reported a liability of \$ 3,201,320 for KPERS and \$ 2,975,398 for KP&F and the Library reported a liability of \$ 177,891 for KPERS for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2015, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015.

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City 's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2015. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015 the City's proportion for KPERS was .243809%, which was an increase of .005098% from its proportion measured as of June 30, 2014. At June 30, 2015, the City's proportion for KP&F was .409768%, which was an increase of .006979% from its proportion measured as of June 30, 2014. At June 30, 2015, the Library's proportion for KPERS was .0135548%, which is a decrease of .000629% from its proportion measured as of June 30, 2014.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended December 31, 2015, the City recognized pension expense of \$ 218,059 for KPERS, \$ 215,246 for KP&F and \$ 4,851 for the Library. At December 31, 2015, the City and the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | City | |
|--|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 27,152 | \$ 140,428 |
| Net difference between projected and actual earnings on pension plan investments | - | 219,106 |
| Change of assumptions | - | 74,495 |
| Changes in proportionate share | 108,062 | 270,296 |
| City contributions subsequent to measurement date | 413,586 | - |
| Total | <u>\$ 548,800</u> | <u>\$ 704,325</u> |
| | Library | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ - | \$ 5,036 |
| Net difference between projected and actual earnings on pension plan investments | - | 6,925 |
| Change of assumptions | - | 2,486 |
| Changes in proportionate share | - | 27,988 |
| City contributions subsequent to measurement date | 10,602 | - |
| Total | <u>\$ 10,602</u> | <u>\$ 42,435</u> |

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The \$ 413,586 and \$ 10,602 for the City and the Library, respectively, reported as deferred outflows of resources related to pensions resulting from the City's and Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | <u>City</u> |
|--------------------------------|---------------------|
| 2016 | \$ (214,547) |
| 2017 | (214,547) |
| 2018 | (214,547) |
| 2019 | 80,640 |
| 2020 | (6,110) |
| | <u>\$ (569,111)</u> |
| | |
| <u>Year Ended June 30,</u> | <u>Library</u> |
| 2016 | \$ (12,263) |
| 2017 | (12,263) |
| 2018 | (12,263) |
| 2019 | (3,669) |
| 2020 | (1,977) |
| | <u>\$ (42,435)</u> |

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|--|
| Price inflation | 3.00 percent |
| Wage inflation | 4.00 percent |
| Salary increases, including wage increases | 4.00 to 16.00 percent, including inflation |
| Long-term rate of return net of investment expense, and including price inflation | 8.00 percent |

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for the three year period ending December 31, 2012.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2015 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------|-------------------|--|
| Global equity | 47% | 6.30% |
| Fixed income | 13% | 0.80% |
| Yield driven | 8% | 4.20% |
| Real return | 11% | 1.70% |
| Real estate | 11% | 5.40% |
| Alternatives | 8% | 9.40% |
| Short-term investments | 2% | (0.50%) |
| Total | 100% | |

Discount rate. The discount rate used by KPERS to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for KP&F. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in future years. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF EL DORADO, KANSAS

NOTES TO FINANCIAL STATEMENTS
(Continued)

10 - Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City's and the Library's proportionate share of the collective net pension liability calculated using the discount rate of 8.00%, as well as what the proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

| | <u>1% Decrease (7.00%)</u> | <u>Current Discount Rate (8.00%)</u> | <u>1% Increase (9.00%)</u> |
|---|--------------------------------|--|--------------------------------|
| City's KPERS proportionate share of the collective net pension liability | \$ 4,544,443 | \$ 3,201,320 | \$ 2,062,615 |
| City's KP&F proportionate share of the collective net pension liability | 4,320,798 | 2,975,398 | 1,838,995 |
| Bradford Memorial Library's KPERS proportionate share of the collective net pension liability | 252,526 | 177,891 | 114,616 |

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

Prior period adjustment. The implementation of GASB 68 resulted in the following as of December 31, 2014.

| | <u>City</u> | <u>Library</u> |
|-----------------------|--------------|----------------|
| Increase to: | | |
| Net pension liability | \$ 5,579,746 | \$ 174,492 |
| Deferred outflows | 85,872 | 10,110 |
| Deferred inflows | 1,217,463 | 61,695 |
| Net position | 6,711,337 | 226,076 |

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 2015, 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 2015, the City contributed \$ 52,810 to the Plan. Plan members receiving benefits contributed approximately \$ 32,000, 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 2015:

| | |
|---|-----------|
| 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 2015 are as follows:

| Year | Annual OPEB Costs | Net Employer Contributions | Percentage Contributed | End of Year OPEB Obligation |
|------|----------------------|----------------------------------|---------------------------|-----------------------------------|
| 2013 | \$ 54,935 | \$ 54,935 | 100% | \$ - |
| 2014 | 52,810 | 52,810 | 100% | - |
| 2015 | 52,810 | 52,810 | 100% | - |

As of January 1, 2014, the most recent actuarial date, the Plan was 33% funded. The actuarial accrued liability for benefits was \$ 661,429 and the actuarial value of assets was \$ 218,773, resulting in an unfunded actuarial accrued liability of \$ 442,696. The covered payroll (annual payroll of active employees covered by the Plan) was \$ 5,138,162, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 8.9%.

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, 2015 was 28 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 \$ 148,682 reported at December 31, 2015 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, 2015, the City had approximately \$ 625,000 assigned in the General Fund for payment of health claims. The changes in health care claims payable for the years ended December 31, 2015 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 |
|------|-----------------------------------|---|-------------------|---------------------------|
| 2013 | \$ 79,644 | \$ 1,067,435 | \$ 1,050,084 | \$ 96,995 |
| 2014 | 96,995 | 1,204,977 | 1,164,368 | 137,604 |
| 2015 | 137,604 | 1,057,394 | 1,046,316 | 148,682 |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EL DORADO, KANSAS

Schedule of the City's Proportionate Share of the Collective Net Pension Liability
 Kansas Public Employees Retirement System
 Last Two Fiscal Years¹

| | <u>2015</u> | <u>2014</u> |
|--|--------------|--------------|
| City's proportion of the collective net pension liability: | | |
| KPERS City of El Dorado | 0.243809% | 0.238711% |
| KP&F | 0.409768% | 0.402789% |
| City's proportionate share of the collective net pension liability | \$ 6,176,718 | \$ 5,579,746 |
| City's covered-employee payroll | \$ 5,952,445 | \$ 5,741,758 |
| City's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll | 103% | 97% |
| Plan fiduciary net position as a percentage of the total pension liability | 64.95% | 66.60% |

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF EL DORADO, KANSAS

BRADFORD MEMORIAL LIBRARY

Schedule of the Library's Proportionate Share of the Collective Net Pension Liability
 Kansas Public Employees Retirement System
 Last Two Fiscal Years¹

| | <u>2015</u> | <u>2014</u> |
|---|-------------|-------------|
| Library's proportion of the collective net pension liability: | | |
| KPERs Bradford Memorial Library | 0.013548% | 0.014177% |
| Library's proportionate share of the collective net pension liability | \$ 177,891 | \$ 174,492 |
| Library's covered-employee payroll | \$ 226,266 | \$ 223,714 |
| Library's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll | 79% | 78% |
| Plan fiduciary net position as a percentage of the total pension liability | 64.95% | 66.60% |

¹ GASB 68 requires presentation of 10 years. Data was not available prior to fiscal year 2014.

CITY OF EL DORADO, KANSAS

Schedule of the City's Contributions
 Kansas Public Employees Retirement System
 Last Seven Fiscal Years¹

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution | \$ 401,217 | \$ 352,578 | \$ 310,747 | \$ 293,509 | \$ 257,819 | \$ 249,113 |
| Contributions in relation to the contractually required contribution | <u>401,217</u> | <u>352,578</u> | <u>310,747</u> | <u>293,509</u> | <u>257,819</u> | <u>249,113</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| City's covered-employee payroll | \$ 6,369,673 | \$ 6,039,625 | \$ 6,014,997 | \$ 6,018,005 | \$ 5,792,461 | \$ 5,709,858 |
| Contributions as a percentage of covered-employee payroll | 6.30% | 5.84% | 5.17% | 4.88% | 4.45% | 4.36% |

¹ GASB 68 requires presentation of ten years. Required information was not available prior to fiscal year 2010: therefore, ten years of data is unavailable.

CITY OF EL DORADO, KANSAS

BRADFORD MEMORIAL LIBRARY

Schedule of the Library's Contributions
 Kansas Public Employees Retirement System
 Last Five Fiscal Years¹

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 23,375 | \$ 22,235 | \$ 20,924 | \$ 21,145 | \$ 18,110 |
| Contributions in relation to the contractually required contribution | <u>23,375</u> | <u>22,235</u> | <u>20,924</u> | <u>21,145</u> | <u>18,110</u> |
| Contribution deficiency (excess) | <u>\$ -</u> |
| City's covered-employee payroll | \$ 247,351 | \$ 249,435 | \$ 254,058 | \$ 265,347 | \$ 260,170 |
| Contributions as a percentage of covered-employee payroll | 9.45% | 8.91% | 8.24% | 7.97% | 6.96% |

¹ GASB 68 requires presentation of ten years. Required information was not available prior to fiscal year 2011: therefore, ten years of data is unavailable.

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% | 5,138,162 | 8.9% |

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.

Police Department Seized Assets Fund – to account for any money obtained due to assets being seized; the state awards the money to the City for seizing said assets. The money cannot be used to reduce the operating fund instead it is used for police department purchases at the discretion of department heads.

CITY OF EL DORADO, KANSAS
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

| <u>ASSETS</u> | Airport | Major Street Improvement | Industrial Development | Special Parks and Recreation | Tourism Tax | Economic Development Sales Tax |
|---|-------------------|--------------------------|------------------------|------------------------------|-------------------|--------------------------------|
| Cash and investments | \$ 25,568 | \$ 118,462 | \$ 451,893 | \$ 50,408 | \$ 293,838 | \$ 219,164 |
| Inventory | 20,881 | - | - | - | - | - |
| Receivables (net of allowance for uncollectibles): | | | | | | |
| Property tax | 69,131 | - | 79,825 | - | - | - |
| Special assessment tax | - | - | - | - | - | - |
| Accounts | 3,039 | 109,253 | 30,240 | - | 56,783 | - |
| Due from other governments | - | - | - | - | - | - |
| Total assets | <u>\$ 118,619</u> | <u>\$ 227,715</u> | <u>\$ 561,958</u> | <u>\$ 50,408</u> | <u>\$ 350,621</u> | <u>\$ 219,164</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 1,874 | \$ (4,757) | \$ - | \$ - | \$ 1,366 | \$ 30,530 |
| Accrued payroll | 2,787 | 23,499 | - | - | 2,658 | - |
| Advances from other funds | - | - | 487,248 | - | 487,248 | - |
| Due to other governments | - | - | - | - | - | - |
| Total liabilities | <u>4,661</u> | <u>18,742</u> | <u>487,248</u> | <u>-</u> | <u>491,272</u> | <u>30,530</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue - property taxes | 69,131 | - | 79,825 | - | - | - |
| Unavailable revenue - special assessments | - | - | - | - | - | - |
| Total deferred inflows of resources | <u>69,131</u> | <u>-</u> | <u>79,825</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | | |
| Nonspendable: | | | | | | |
| Inventories | 20,881 | - | - | - | - | - |
| Restricted: | | | | | | |
| Police operations | - | - | - | - | - | - |
| Tourism | - | - | - | - | 76,521 | - |
| Park improvements | - | - | - | 45,728 | - | - |
| Stormwater systems | - | - | - | - | - | - |
| Committed: | | | | | | |
| Public safety equipment | - | - | - | - | - | - |
| Business development | - | - | - | - | - | 188,004 |
| Assigned | | | | | | |
| Airport improvements | 23,946 | - | - | - | - | - |
| Economic development sales tax | - | - | - | - | - | 630 |
| Street improvements | - | 208,973 | - | - | - | - |
| Park improvements | - | - | - | 4,680 | - | - |
| Police equipment | - | - | - | - | - | - |
| Unassigned | - | - | (5,115) | - | (217,172) | - |
| Total fund balances | <u>44,827</u> | <u>208,973</u> | <u>(5,115)</u> | <u>50,408</u> | <u>(140,651)</u> | <u>188,634</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 118,619</u> | <u>\$ 227,715</u> | <u>\$ 561,958</u> | <u>\$ 50,408</u> | <u>\$ 350,621</u> | <u>\$ 219,164</u> |

(Continued)

CITY OF EL DORADO, KANSAS
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 (Continued)

December 31, 2015

| | Stormwater Utility | Family Life Center | Expendable Trust | Customer Deposit | Law Enforcement Trust | Police Department Seized Assets | Total Nonmajor Special Revenue Funds |
|---|-----------------------|-----------------------|---------------------|---------------------|-----------------------------|---------------------------------------|--|
| <u>ASSETS</u> | | | | | | | |
| Cash and investments | \$ 131,068 | \$ - | \$ 33,412 | \$ 3,409 | \$ 24,813 | \$ 1,317 | \$ 1,353,352 |
| Inventory | - | - | - | - | - | - | 20,881 |
| Receivables (net of allowance for uncollectibles): | | | | | | | |
| Property tax | - | - | - | - | - | - | 148,956 |
| Special assessment tax | 241,084 | - | - | - | - | - | 241,084 |
| Accounts | 1,415 | - | - | - | - | - | 200,730 |
| Due from other governments | - | 6,955 | - | - | - | - | 6,955 |
| Total assets | <u>\$ 373,567</u> | <u>\$ 6,955</u> | <u>\$ 33,412</u> | <u>\$ 3,409</u> | <u>\$ 24,813</u> | <u>\$ 1,317</u> | <u>\$ 1,971,958</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ (740) | \$ 6,955 | \$ - | \$ - | \$ - | \$ - | \$ 35,228 |
| Accrued payroll | 5,262 | - | - | - | - | - | 34,206 |
| Advances from other funds | - | - | - | - | - | - | 974,496 |
| Due to other governments | 116 | - | - | - | - | - | 116 |
| Total liabilities | <u>4,638</u> | <u>6,955</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,044,046</u> |
| Deferred inflows of resources: | | | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | - | - | 148,956 |
| Unavailable revenue - special assessments | 241,084 | - | - | - | - | - | 241,084 |
| Total deferred inflows of resources | <u>241,084</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>390,040</u> |
| Fund balances: | | | | | | | |
| Nonspendable: | | | | | | | |
| Inventories | - | - | - | - | - | - | 20,881 |
| Restricted: | | | | | | | |
| Police operations | - | - | - | - | 24,813 | - | 24,813 |
| Tourism | - | - | - | - | - | - | 76,521 |
| Park improvements | - | - | - | - | - | - | 45,728 |
| Stormwater systems | 251,289 | - | - | - | - | - | 251,289 |
| Committed: | | | | | | | |
| Public safety equipment | - | - | - | 3,409 | - | - | 3,409 |
| Business development | - | - | - | - | - | - | 188,004 |
| Assigned | | | | | | | |
| Airport improvements | - | - | - | - | - | - | 23,946 |
| Economic development sales tax | - | - | - | - | - | - | 630 |
| Street improvements | - | - | - | - | - | - | 208,973 |
| Park improvements | - | - | - | - | - | - | 4,680 |
| Police equipment | - | - | 33,412 | - | - | 1,317 | 34,729 |
| Unassigned | (123,444) | - | - | - | - | - | (345,731) |
| Total fund balances | <u>127,845</u> | <u>-</u> | <u>33,412</u> | <u>3,409</u> | <u>24,813</u> | <u>1,317</u> | <u>537,872</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 373,567</u> | <u>\$ 6,955</u> | <u>\$ 33,412</u> | <u>\$ 3,409</u> | <u>\$ 24,813</u> | <u>\$ 1,317</u> | <u>\$ 1,971,958</u> |

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

Year Ended December 31, 2015

| | Airport | Major Street Improve- ment | Industrial Develop- ment | Special Parks and Recreation | Tourism Tax | Economic Develop- ment Sales Tax |
|--|------------------|-------------------------------------|--------------------------------|---------------------------------------|---------------------|---|
| Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property | \$ 5,805 | \$ - | \$ 91,012 | \$ - | \$ - | \$ - |
| Sales | - | - | - | - | - | 50,000 |
| Tourism | - | - | - | - | 206,669 | - |
| Intergovernmental | - | 498,720 | - | 37,100 | - | - |
| Licenses and permits | - | - | - | 2,555 | 2,744 | - |
| Charges for services | 184,630 | 475 | - | - | - | - |
| Special assessments | - | - | - | - | - | - |
| Investment earnings | 29 | 4 | - | - | 68 | - |
| Miscellaneous | 3,927 | 3,518 | 205,353 | - | 503 | 21 |
| Total revenues | 194,391 | 502,717 | 296,365 | 39,655 | 209,984 | 50,021 |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| General government | 220,472 | - | - | - | 1,226 | - |
| Highways and streets | - | 747,813 | - | - | 120 | - |
| Health and sanitation | - | - | - | - | - | - |
| Culture and recreation | - | - | - | 24,329 | - | - |
| Economic development | - | - | 44,209 | - | 142,500 | 38,027 |
| Capital outlay | - | 17,215 | 16,656 | - | 22,000 | - |
| Debt service: | | | | | | |
| Interest and other fiscal charges | 6,832 | - | 20,281 | - | 20,281 | - |
| Total expenditures | 227,304 | 765,028 | 81,146 | 24,329 | 186,127 | 38,027 |
| Excess (deficiency) of revenues over (under) expenditures | (32,913) | (262,311) | 215,219 | 15,326 | 23,857 | 11,994 |
| Other financing sources (uses): | | | | | | |
| Premiums on bonds sold | 23,824 | - | - | - | - | - |
| Transfers in | 14,424 | 315,309 | - | - | 16,567 | 609 |
| Transfers out | (18,828) | (25,099) | (290,664) | (7,522) | - | - |
| Total other financing sources (uses) | 19,420 | 290,210 | (290,664) | (7,522) | 16,567 | 609 |
| | (13,493) | 27,899 | (75,445) | 7,804 | 40,424 | 12,603 |
| Fund balances, beginning of year | 58,320 | 181,074 | 70,330 | 42,604 | (181,075) | 176,031 |
| Fund balances, end of year | \$ 44,827 | \$ 208,973 | \$ (5,115) | \$ 50,408 | \$ (140,651) | \$ 188,634 |

(Continued)

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

Year Ended December 31, 2015

| | Stormwater Utility | Family Life Center | Expendable Trust | Customer Deposit | Law Enforcement Trust | Police Department Seized Assets | Total No major Special Revenue Funds |
|--|-----------------------|--------------------------|---------------------|---------------------|-----------------------------|---------------------------------------|---|
| Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 96,817 |
| Sales | - | - | - | - | - | - | 50,000 |
| Tourism | - | - | - | - | - | - | 206,669 |
| Intergovernmental | - | 118,764 | - | - | 491 | - | 655,075 |
| Licenses and permits | - | - | - | - | - | - | 5,299 |
| Charges for services | - | - | - | - | - | - | 185,105 |
| Special assessments | 249,114 | - | - | - | - | - | 249,114 |
| Investment earnings | 12 | - | - | - | - | - | 113 |
| Miscellaneous | 1,416 | - | - | - | - | - | 214,738 |
| Total revenues | 250,542 | 118,764 | - | - | 491 | - | 1,662,930 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | 264,452 | - | - | - | - | - | 486,150 |
| Highways and streets | - | - | - | - | - | - | 747,933 |
| Health and sanitation | - | 118,764 | - | - | - | - | 118,764 |
| Culture and recreation | - | - | - | - | - | - | 24,329 |
| Economic development | - | - | - | - | - | - | 224,736 |
| Capital outlay | 8,039 | - | - | - | - | - | 63,910 |
| Debt service: | | | | | | | |
| Interest | - | - | - | - | - | - | 47,394 |
| Total expenditures | 272,491 | 118,764 | - | - | - | - | 1,713,216 |
| Excess (deficiency) of revenues over (under) expenditures | (21,949) | - | - | - | 491 | - | (50,286) |
| Other financing sources (uses): | | | | | | | |
| Premiums on bonds sold | - | - | - | - | - | - | 23,824 |
| Transfers in | - | - | - | - | - | 1,317 | 348,226 |
| Transfers out | (18,000) | - | - | - | - | - | (360,113) |
| Total other financing sources (uses) | (18,000) | - | - | - | - | 1,317 | 11,937 |
| Net change in fund balances | (39,949) | - | - | - | 491 | 1,317 | (38,349) |
| Fund balances, beginning of year | 167,794 | - | 33,412 | 3,409 | 24,322 | - | 576,221 |
| Fund balances, end of year | \$ 127,845 | \$ - | \$ 33,412 | \$ 3,409 | \$ 24,813 | \$ 1,317 | \$ 537,872 |

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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|------------------|----------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 650 | \$ 650 | \$ 379 | \$ (271) |
| Charges for services | 60,800 | 60,800 | 57,459 | (3,341) |
| Miscellaneous | - | - | 562 | 562 |
| Total revenues | <u>61,450</u> | <u>61,450</u> | <u>58,400</u> | <u>(3,050)</u> |
| Expenditures: | | | | |
| Personal services | 113,189 | 113,189 | 122,956 | (9,767) |
| Contractual services | 51,336 | 51,336 | 21,584 | 29,752 |
| Commodities | 38,050 | 38,050 | 35,206 | 2,844 |
| Capital outlay | 8,000 | 8,000 | 43,070 | (35,070) |
| Total expenditures | <u>210,575</u> | <u>210,575</u> | <u>222,816</u> | <u>(12,241)</u> |
| Excess of revenues over (under) expenditures | (149,125) | (149,125) | (164,416) | (15,291) |
| Other financing sources: | | | | |
| Transfers in | <u>124,756</u> | <u>124,756</u> | <u>156,156</u> | <u>31,400</u> |
| Net change in fund balances | (24,369) | (24,369) | (8,260) | 16,109 |
| Fund balance, beginning of year | <u>24,369</u> | <u>24,369</u> | <u>36,753</u> | <u>12,384</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>28,493</u> | <u>\$ 28,493</u> |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus receivables at December 31, 2015 | | | 507 | |
| Less payables outstanding at December 31, 2015 | | | (3,831) | |
| Less salaries payable outstanding at December 31, 2015 | | | <u>(4,183)</u> | |
| Fund balances on the basis of GAAP | | | <u>\$ 20,986</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

EXTERNAL STORES

Year Ended December 31, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|------------------|-----------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Miscellaneous | \$ 80,000 | \$ 80,000 | \$ 51,823 | \$ (28,177) |
| Expenditures: | | | | |
| Contractual services | 80,000 | 80,000 | 2,433 | 77,567 |
| Net change in fund balances | - | - | 49,390 | 49,390 |
| Fund balance, beginning of year | - | - | (109,934) | (109,934) |
| Fund balance, end of year | \$ - | \$ - | (60,544) | \$ (60,544) |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus inventory at December 31, 2015 | | | 10,585 | |
| Less payables outstanding at December 31, 2015 | | | (11,945) | |
| Fund balances on the basis of GAAP | | | \$ (61,904) | |

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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|------------------|------------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ 461,345 | \$ 461,345 | \$ 264,167 | \$ (197,178) |
| Reimbursements | - | - | 1,499 | 1,499 |
| | <u>461,345</u> | <u>461,345</u> | <u>265,666</u> | <u>(195,679)</u> |
| Expenditures: | | | | |
| Personal services | 300,494 | 300,494 | 298,849 | 1,645 |
| Contractual services | 219,314 | 219,314 | 94,151 | 125,163 |
| Commodities | 155,600 | 155,600 | 111,485 | 44,115 |
| Capital outlay | - | - | 5,805 | (5,805) |
| Total expenditures | <u>675,408</u> | <u>675,408</u> | <u>510,290</u> | <u>165,118</u> |
| Excess of revenues over (under) expenditures | (214,063) | (214,063) | (244,624) | (30,561) |
| Other financing sources (uses): | | | | |
| Lease purchase | - | - | (9,072) | (9,072) |
| Transfers in | 98,263 | 98,263 | 194,191 | 95,928 |
| Net change in fund balances | <u>(115,800)</u> | <u>(115,800)</u> | <u>(59,505)</u> | <u>56,295</u> |
| Fund balance, beginning of year | <u>115,800</u> | <u>115,800</u> | <u>84,138</u> | <u>(31,662)</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>24,633</u> | <u>\$ 24,633</u> |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus receivables at December 31, 2015 | | | 1,572 | |
| Plus inventory at December 31, 2015 | | | 23,235 | |
| Less payables outstanding at December 31, 2015 | | | (6,354) | |
| Less salaries payable outstanding at December 31, 2015 | | | <u>(9,941)</u> | |
| Fund balances on the basis of GAAP | | | <u>\$ 33,145</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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|----------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 2,301 | \$ 2,301 | \$ 5,805 | \$ 3,504 |
| Charges for services | 232,000 | 232,000 | 189,066 | (42,934) |
| Investment earnings | - | - | 29 | 29 |
| Miscellaneous | 2,100 | 2,100 | 3,927 | 1,827 |
| Total revenues | 236,401 | 236,401 | 198,827 | (37,574) |
| Expenditures: | | | | |
| Personal services | 75,972 | 75,972 | 75,359 | 613 |
| Contractual services | 129,770 | 129,770 | 41,481 | 88,289 |
| Commodities | 124,300 | 124,300 | 123,118 | 1,182 |
| Cost of issuance of bonds | - | - | 6,832 | (6,832) |
| Total expenditures | 330,042 | 330,042 | 246,790 | 83,252 |
| Excess of revenues over (under) expenditures | (93,641) | (93,641) | (47,963) | 45,678 |
| Other financing sources (uses): | | | | |
| Premiums on bonds sold | - | - | 23,824 | 23,824 |
| Transfers in | - | - | 14,424 | 14,424 |
| Transfers out | - | - | (18,828) | (18,828) |
| Net change in fund balances | (93,641) | (93,641) | (28,543) | 65,098 |
| Fund balance, beginning of year | 93,641 | 93,641 | 54,111 | (39,530) |
| Fund balance, end of year | \$ - | \$ - | 25,568 | \$ 25,568 |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus receivables at December 31, 2015 | | | 3,039 | |
| Less payables outstanding at December 31, 2015 | | | (4,661) | |
| Plus inventory at December 31, 2015 | | | 20,881 | |
| Fund balances on the basis of GAAP | | | \$ 44,827 | |

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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|------------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 499,520 | \$ 499,520 | \$ 497,472 | \$ (2,048) |
| Licenses and permits | 1,000 | 1,000 | - | (1,000) |
| Investment earnings | - | - | 4 | 4 |
| Reimbursements | - | - | 3,993 | 3,993 |
| Total revenues | 500,520 | 500,520 | 501,469 | 949 |
| Expenditures: | | | | |
| Personal services | 638,241 | 638,241 | 507,460 | 130,781 |
| Contractual services | 279,286 | 279,286 | 66,781 | 212,505 |
| Commodities | 181,458 | 181,458 | 175,460 | 5,998 |
| Capital outlay | 35,000 | 35,000 | 17,215 | 17,785 |
| Total expenditures | 1,133,985 | 1,133,985 | 766,916 | 367,069 |
| Excess of revenues over (under) expenditures | (633,465) | (633,465) | (265,447) | 368,018 |
| Other financing sources: | | | | |
| Transfers in | 495,000 | 495,000 | 315,309 | (179,691) |
| Transfers out | - | - | (25,099) | (25,099) |
| Net change in fund balances | (138,465) | (138,465) | 24,763 | 163,228 |
| Fund balance, beginning of year | 138,465 | 138,465 | 93,699 | (44,766) |
| Fund balance, end of year | \$ - | \$ - | 118,462 | \$ 118,462 |
| Reconciliation to GAAP | | | | |
| Plus receivables at December 31, 2015 | | | 109,253 | |
| Less payables outstanding at December 31, 2015 | | | (18,742) | |
| Fund balances on the basis of GAAP | | | \$ 208,973 | |

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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|----------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 89,995 | \$ 89,995 | \$ 91,012 | \$ 1,017 |
| Miscellaneous | 1,843 | 1,843 | 175,113 | 173,270 |
| Total revenues | <u>91,838</u> | <u>91,838</u> | <u>266,125</u> | <u>174,287</u> |
| Expenditures: | | | | |
| Contractual services | 609,894 | 609,894 | 45,209 | 564,685 |
| Capital outlay | - | - | 16,656 | (16,656) |
| Miscellaneous | 40,051 | 40,051 | 40,051 | - |
| Total expenditures | <u>649,945</u> | <u>649,945</u> | <u>101,916</u> | <u>548,029</u> |
| Excess of revenues over (under) expenditures | (558,107) | (558,107) | 164,209 | 722,316 |
| Other financing uses: | | | | |
| Transfers out | - | - | (290,664) | (290,664) |
| Net change in fund balances | (558,107) | (558,107) | (126,455) | 431,652 |
| Fund balance, beginning of year | <u>558,107</u> | <u>558,107</u> | <u>578,348</u> | <u>20,241</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>451,893</u> | <u>\$ 451,893</u> |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus receivables at December 31, 2015 | | | 30,240 | |
| Less advances outstanding at December 31, 2015 | | | <u>(487,248)</u> | |
| Fund balances on the basis of GAAP | | | <u>\$ (5,115)</u> | |

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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|-----------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 36,000 | \$ 36,000 | \$ 37,100 | \$ 1,100 |
| Fees | 1,740 | 1,740 | 2,555 | 815 |
| Total revenues | <u>37,740</u> | <u>37,740</u> | <u>39,655</u> | <u>1,915</u> |
| Expenditures: | | | | |
| Contractual services | 65,183 | 65,183 | 13,000 | 52,183 |
| Commodities | 8,500 | 8,500 | 11,329 | (2,829) |
| Total expenditures | <u>73,683</u> | <u>73,683</u> | <u>24,329</u> | <u>49,354</u> |
| Excess of revenues over (under) expenditures | (35,943) | (35,943) | 15,326 | 51,269 |
| Other financing sources: | | | | |
| Transfers out | - | - | (7,522) | (7,522) |
| Net change in fund balances | <u>(35,943)</u> | <u>(35,943)</u> | <u>7,804</u> | <u>43,747</u> |
| Fund balance, beginning of year | <u>35,943</u> | <u>35,943</u> | <u>42,604</u> | <u>6,661</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 50,408</u> | <u>\$ 50,408</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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 171,110 | \$ 171,110 | \$ 208,751 | \$ 37,641 |
| Miscellaneous | - | - | 503 | 503 |
| Licenses and permits | - | - | 2,744 | 2,744 |
| Investment earnings | 179 | 179 | 68 | (111) |
| Total revenues | 171,289 | 171,289 | 212,066 | 40,777 |
| Expenditures: | | | | |
| Personal services | 73,935 | 73,935 | 71,569 | 2,366 |
| Contractual services | 257,983 | 257,983 | 67,951 | 190,032 |
| Commodities | 1,200 | 1,200 | 3,395 | (2,195) |
| Capital outlay | - | - | 22,000 | (22,000) |
| Miscellaneous | 40,051 | 40,051 | 40,051 | - |
| Total expenditures | 373,169 | 373,169 | 204,966 | 168,203 |
| Excess of revenues over (under) expenditures | (201,880) | (201,880) | 7,100 | 208,980 |
| Other financing uses: | | | | |
| Transfers in | - | - | 16,567 | 16,567 |
| Net change in fund balances | (201,880) | (201,880) | 23,667 | 225,547 |
| Fund balance, beginning of year | 201,880 | 201,880 | 270,171 | 68,291 |
| Fund balance, end of year | \$ - | \$ - | 293,838 | \$ 293,838 |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus receivables at December 31, 2015 | | | 56,783 | |
| Less payables outstanding at December 31, 2015 | | | (4,024) | |
| Less advances outstanding at December 31, 2015 | | | (487,248) | |
| Fund balances on the basis of GAAP | | | \$ (140,651) | |

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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|-----------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ - |
| Miscellaneous | - | - | 22 | 22 |
| Total revenues | 50,000 | 50,000 | 50,022 | 22 |
| Expenditures: | | | | |
| Contractual services | 380,867 | 380,867 | 7,497 | 373,370 |
| Excess of revenues over (under) expenditures | (330,867) | (330,867) | 42,525 | 373,392 |
| Other financing sources: | | | | |
| Transfers in | - | - | 608 | 608 |
| Net change in fund balances | (330,867) | (330,867) | 43,133 | 374,000 |
| Fund balance, beginning of year | 330,867 | 330,867 | 176,031 | (154,836) |
| Fund balance, end of year | \$ - | \$ - | 219,164 | \$ 219,164 |
| <u>Reconciliation to GAAP</u> | | | | |
| Less payables outstanding at December 31, 2015 | | | (30,530) | |
| | | | \$ 188,634 | |

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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|-----------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Special assessment taxes | \$ 257,000 | \$ 257,000 | \$ 249,114 | \$ (7,886) |
| Reimbursements | 2,500 | 2,500 | 1,409 | (1,091) |
| Investment earnings | - | - | 12 | 12 |
| Total revenues | <u>259,500</u> | <u>259,500</u> | <u>250,535</u> | <u>(8,965)</u> |
| Expenditures: | | | | |
| Personal services | 240,463 | 240,463 | 208,117 | 32,346 |
| Contractual services | 120,590 | 120,590 | 13,101 | 107,489 |
| Commodities | 24,450 | 24,450 | 46,109 | (21,659) |
| Capital outlay | - | - | 8,039 | (8,039) |
| Total expenditures | <u>385,503</u> | <u>385,503</u> | <u>275,366</u> | <u>110,137</u> |
| Excess of revenues over (under) expenditures | (126,003) | (126,003) | (24,831) | 101,172 |
| Other financing uses: | | | | |
| Transfers out | <u>(84,000)</u> | <u>(84,000)</u> | <u>(18,000)</u> | <u>66,000</u> |
| Net change in fund balances | (210,003) | (210,003) | (42,831) | 167,172 |
| Fund balance, beginning of year | <u>210,003</u> | <u>210,003</u> | <u>173,899</u> | <u>(36,104)</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>131,068</u> | <u>\$ 131,068</u> |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus receivables at December 31, 2015 | | | 1,415 | |
| Less payables outstanding at December 31, 2015 | | | <u>(4,638)</u> | |
| Fund balances on the basis of GAAP | | | <u>\$ 127,845</u> | |

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, 2015

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|------------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 926,073 | \$ 926,073 | \$ 939,253 | \$ 13,180 |
| Special assessments | 310,908 | 310,908 | 339,386 | 28,478 |
| Investment earnings | 970 | 970 | 390 | (580) |
| Miscellaneous | 132,576 | 132,576 | 120,763 | (11,813) |
| Total revenues | <u>1,370,527</u> | <u>1,370,527</u> | <u>1,399,792</u> | <u>29,265</u> |
| Expenditures: | | | | |
| Contractual services | 189,302 | 189,302 | 1,552 | 187,750 |
| Debt redemption | 1,370,527 | 1,370,527 | 1,452,400 | (81,873) |
| Total expenditures | <u>1,559,829</u> | <u>1,559,829</u> | <u>1,453,952</u> | <u>105,877</u> |
| Excess of revenues over (under) expenditures | (189,302) | (189,302) | (54,160) | 135,142 |
| Other financing sources: | | | | |
| Premiums on bonds sold | - | - | 224,421 | 224,421 |
| Refunding bonds issued | - | - | 1,725,000 | 1,725,000 |
| Transfers out | - | - | (109,422) | (109,422) |
| Net change in fund balances | <u>(189,302)</u> | <u>(189,302)</u> | <u>1,785,839</u> | <u>1,975,141</u> |
| Fund balance, beginning of year | <u>189,302</u> | <u>189,302</u> | <u>88,835</u> | <u>(100,467)</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,874,674</u> | <u>\$ 1,874,674</u> |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus receivables at December 31, 2015 | | | 6,601 | |
| Less payables outstanding at December 31, 2015 | | | (801) | |
| Fund balances on the basis of GAAP | | | <u>\$ 1,880,474</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.

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, 2015

| | Balance January 1, 2015 | Additions | Deletions | Balance December 31, 2015 |
|----------------------------------|-------------------------------|------------------|------------------|---------------------------------|
| <u>SALES TAX FUND</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 3,584 | \$ 16,106 | \$ 18,419 | \$ 1,271 |
| Accounts receivable | 1,801 | 1,150 | 1,801 | 1,150 |
| Total assets | <u>\$ 5,385</u> | <u>\$ 17,256</u> | <u>\$ 20,220</u> | <u>\$ 2,421</u> |
| Liabilities: | | | | |
| Accounts payable | <u>\$ 5,385</u> | <u>\$ 17,256</u> | <u>\$ 20,220</u> | <u>\$ 2,421</u> |
| <u>PAYROLL WITHHOLDING FUND</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ - | \$ 12,533 | \$ - | \$ 12,533 |
| Accounts receivable | 5,671 | - | 5,671 | - |
| Total assets | <u>\$ 5,671</u> | <u>\$ 12,533</u> | <u>\$ 5,671</u> | <u>\$ 12,533</u> |
| Liabilities: | | | | |
| Accounts payable | <u>\$ 5,671</u> | <u>\$ 12,533</u> | <u>\$ 5,671</u> | <u>\$ 12,533</u> |
| <u>TOTALS - ALL AGENCY FUNDS</u> | | | | |
| Assets: | | | | |
| Cash and investments | \$ 3,584 | \$ 28,639 | \$ 18,419 | \$ 13,804 |
| Accounts receivable | 7,472 | 1,150 | 7,472 | 1,150 |
| Total assets | <u>\$ 11,056</u> | <u>\$ 29,789</u> | <u>\$ 25,891</u> | <u>\$ 14,954</u> |
| Liabilities: | | | | |
| Accounts payable | <u>\$ 11,056</u> | <u>\$ 29,789</u> | <u>\$ 25,891</u> | <u>\$ 14,954</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, 2015

ASSETS

| | | |
|----------------------------|----|-----------|
| Cash and investments | \$ | 576,952 |
| Endowment investment | | 261,706 |
| Property tax receivable | | 399,125 |
| Accounts receivable | | 251 |
| Due from City of El Dorado | | 278,937 |
| | | 278,937 |
| Total assets | \$ | 1,516,971 |

LIABILITIES, DEFERRED INFLOWS OF
 OF RESOURCES AND FUND BALANCES

| | | |
|--|----|-----------|
| Liabilities: | | |
| Accounts payable | \$ | 143,511 |
| Accrued payroll | | 10,432 |
| Due to City of El Dorado | | 1,322,583 |
| | | 1,322,583 |
| Total liabilities | | 1,476,526 |
| Deferred inflows of resources: | | |
| Unavailable revenue - property taxes | | 399,125 |
| | | 399,125 |
| Fund balances: | | |
| Restricted: | | |
| Specific library programs | | 234,154 |
| Assigned | | (592,834) |
| | | (592,834) |
| Total fund balances | | (358,680) |
| Total liabilities, deferred inflows of resources and fund balances | \$ | 1,516,971 |

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, 2015

| | |
|----------------------------------|--------------|
| Revenues: | |
| Property taxes | \$ 461,425 |
| Intergovernmental | 37,311 |
| Charges for services | 3,067 |
| Fines and forfeitures | 11,495 |
| Miscellaneous | 18,768 |
| | <hr/> |
| Total revenues | 532,066 |
| | <hr/> |
| Expenditures: | |
| Personal services | 301,173 |
| Contractual services | 1,002,209 |
| Loss on investments | 59,057 |
| Commodities | 80,753 |
| | <hr/> |
| Total expenditures | 1,443,192 |
| | <hr/> |
| Net change in fund balance | (911,126) |
| Fund balances, beginning of year | 552,446 |
| | <hr/> |
| Fund balances, end of year | \$ (358,680) |
| | <hr/> <hr/> |



EL DORADO

THE FINE ART OF LIVING WELL

**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 | 105 - 111 |
| 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 | 112 - 115 |
| 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 | 116 - 120 |
| 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 | 121 - 122 |
| 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 | 123 - 125 |
| 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 Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 29,539,248 |
| Restricted | 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 | 5,570,106 |
| Unrestricted | 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 | 1,886,158 |
| Total Governmental Activities Net Assets | <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> | <u>\$ 36,995,512</u> |
| Business-Type Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 20,861,680 |
| Restricted | 3,707,081 | 4,232,536 | 5,275,462 | 4,291,580 | - | - | - | - | - | - |
| Unrestricted | 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) | (16,192,653) |
| Total Business-Type Activities Net Assets | <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> | <u>\$ 4,669,027</u> |
| Primary Government | | | | | | | | | | |
| Net investment in capital assets | \$ 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 | \$ 50,400,928 |
| Restricted | 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 | 5,570,106 |
| Unrestricted | 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) | (14,306,495) |
| Total Primary Government Net Assets | <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> | <u>\$ 41,664,539</u> |

City of El Dorado
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 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 | \$ 3,345,911 |
| Public safety | 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 | 4,055,854 |
| Public works | 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 | 3,748,977 |
| Health and sanitation | 297,420 | 348,902 | 325,911 | 380,489 | 415,808 | 371,126 | 411,502 | 392,681 | 478,020 | 457,600 |
| Culture and recreation | 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 | 1,362,045 |
| Economic development | 393,419 | 447,454 | 696,186 | 245,863 | 173,649 | 201,947 | 178,197 | 214,899 | 199,198 | 261,256 |
| Environmental protection | 11,309 | 10,804 | 11,188 | 28,515 | - | - | - | - | - | - |
| Interest on long-term debt | 653,630 | 636,169 | 616,879 | 537,940 | 397,343 | 366,675 | 432,603 | 527,442 | 486,109 | 549,125 |
| Total Governmental Activities Expenses | 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 | 13,780,768 |
| Business-type activities: | | | | | | | | | | |
| Waterworks system | 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 | 4,838,768 |
| Sewer system | 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 | 2,441,626 |
| Refuse | 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 | 1,386,909 |
| Compressed Natural Gas | - | - | - | - | - | - | - | - | - | 16,839 |
| Total business-type activities expenses | 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 | 8,684,142 |
| Total Primary Government Expenses | \$ 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 | \$ 22,464,910 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 663,635 | \$ 567,263 | \$ 751,574 | \$ 345,158 | \$ 598,148 | \$ 649,247 | \$ 189,402 | \$ 1,307,835 | \$ 633,957 | \$ 1,639,486 |
| Public safety | 462,950 | 605,032 | 823,297 | 843,559 | 654,256 | 642,715 | 635,027 | 701,270 | 613,069 | 587,195 |
| Public works | 23,692 | 21,300 | 36,072 | 313,580 | 582,910 | 131,947 | 194,528 | 199,621 | 227,672 | 243,059 |
| Health and sanitation | - | 105,241 | 87,016 | 125,911 | 426,229 | 128,012 | 117,179 | 112,466 | 118,383 | 100,789 |
| Culture and recreation | 114,152 | 115,002 | 114,374 | 139,964 | 712,167 | 628,262 | 652,320 | 659,220 | 616,928 | 714,811 |
| Economic development | 2,316 | 1,250 | 3,606 | 67,046 | - | - | - | - | - | - |
| Environmental protection | 938 | - | - | - | - | - | - | - | - | - |
| Interest on long-term debt | 1,341,171 | 1,458,237 | 363,259 | 677,018 | - | - | - | - | - | - |
| Operating grants and contributions | 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 | 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 | 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 | 3,285,340 |

City of El Dorado
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Waterworks system | 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 | 3,947,993 |
| Sewer system | 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 | 2,175,079 |
| Refuse | 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 | 1,538,748 |
| Compressed Natural Gas | - | - | - | - | - | - | - | - | 57 | 16,373 |
| Operating grants & contributions | - | - | - | - | - | - | - | - | - | - |
| Capital grants & contributions | 35,021 | 103,092 | 213,306 | 329,981 | - | 301,494 | 842,501 | 100 | 61,330 | - |
| Total business-type activities program revenues | <u>7,082,437</u> | <u>7,376,274</u> | <u>7,412,887</u> | <u>7,471,069</u> | <u>7,600,830</u> | <u>8,435,275</u> | <u>8,627,751</u> | <u>7,183,454</u> | <u>7,816,314</u> | <u>7,678,193</u> |
| Total Primary Government Program Revenues | <u>\$ 13,563,219</u> | <u>\$ 12,432,345</u> | <u>\$ 11,601,267</u> | <u>\$ 18,831,333</u> | <u>\$ 14,537,769</u> | <u>\$ 13,302,243</u> | <u>\$ 13,324,402</u> | <u>\$ 11,859,550</u> | <u>\$ 13,051,756</u> | <u>\$ 10,963,533</u> |
| Net (Expense)/ Revenue | | | | | | | | | | |
| Governmental activities | \$ (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) | \$ (10,495,428) |
| Business-type activities | 1,335,576 | 1,541,865 | 944,870 | (239,157) | (214,642) | 89,665 | 639,864 | (1,023,247) | (660,694) | (1,005,949) |
| Total Primary Government Net Expense | <u>\$ (1,753,270)</u> | <u>\$ (3,518,379)</u> | <u>\$ (4,617,578)</u> | <u>\$ 613,498</u> | <u>\$ (4,898,388)</u> | <u>\$ (7,334,494)</u> | <u>\$ (6,331,661)</u> | <u>\$ (7,847,405)</u> | <u>\$ (8,203,385)</u> | <u>\$ (11,501,377)</u> |
| General Revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 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 | \$ 3,806,019 |
| Sales taxes | 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 | 2,610,716 |
| Franchise taxes | 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 | 1,171,972 |
| Tourism taxes | 111,064 | 96,864 | 189,497 | 154,538 | 141,187 | 151,814 | 166,878 | 173,221 | 172,343 | 206,669 |
| Investment earnings | 284,758 | 304,221 | 182,996 | 41,448 | 28,447 | 19,829 | 6,731 | 5,050 | 2,774 | 63,304 |
| Transfers in (out) | 722,406 | 15,781 | - | 177,610 | 39,401 | 1,649,838 | 1,906,934 | 248,027 | (251,039) | 999,723 |
| Total Governmental Activities | <u>7,786,872</u> | <u>7,724,567</u> | <u>8,307,083</u> | <u>8,419,870</u> | <u>7,306,381</u> | <u>9,147,298</u> | <u>9,159,579</u> | <u>7,777,254</u> | <u>7,487,960</u> | <u>8,858,403</u> |
| Business-type activities: | | | | | | | | | | |
| Investment earnings ¹ | 163,496 | 600,972 | 515,030 | (526,735) | 318,628 | 571,651 | 160,775 | (120,332) | 568,181 | 132,906 |
| Transfer in (out) | (722,406) | (15,781) | - | (177,610) | (39,401) | (1,649,838) | (1,906,934) | (248,027) | 251,039 | (999,723) |
| Total business-type activities | <u>(558,910)</u> | <u>585,191</u> | <u>515,030</u> | <u>(704,345)</u> | <u>279,227</u> | <u>(1,078,187)</u> | <u>(1,746,159)</u> | <u>(368,359)</u> | <u>819,220</u> | <u>(866,817)</u> |
| Total Primary Government | <u>\$ 7,227,962</u> | <u>\$ 8,309,758</u> | <u>\$ 8,822,113</u> | <u>\$ 7,715,525</u> | <u>\$ 7,585,608</u> | <u>\$ 8,069,111</u> | <u>\$ 7,413,420</u> | <u>\$ 7,408,895</u> | <u>\$ 8,307,180</u> | <u>\$ 7,991,586</u> |
| Change In Net Position | | | | | | | | | | |
| Governmental activities | \$ 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) | \$ 1,088,676 |
| Business-type activities | 776,666 | 2,127,056 | 1,459,900 | (943,502) | 64,585 | (988,522) | (1,106,295) | (1,391,606) | 158,526 | (1,664,808) |
| Total Primary Government | <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> | <u>\$ (576,132)</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 Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Fund | | | | | | | | | | |
| Reserved | \$ 128,925 | \$ 170,740 | \$ 246,990 | \$ 178,895 | \$ 968,076 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 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 | 33,820 |
| Restricted ¹ | - | - | - | - | - | - | - | - | - | - |
| Committed ¹ | - | - | - | - | - | - | - | - | - | - |
| Assigned ¹ | - | - | - | - | - | 787,183 | 399,687 | 452,540 | 571,895 | 625,355 |
| Unassigned ¹ | - | - | - | - | - | 3,524,885 | 3,154,540 | 3,236,214 | 3,300,921 | 3,223,156 |
| Total General Fund | <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> | <u>\$ 3,882,331</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 417,518 | \$ 457,670 | \$ 365,704 | \$ 1,434,580 | \$ 1,716,685 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 813,310 | 1,048,345 | 1,013,486 | 2,110,369 | 1,862,969 | - | - | - | - | - |
| Construction fund | 164,914 | (1,480,203) | 514,302 | (682,230) | (3,842,274) | - | - | - | - | - |
| Debt service fund | 117,689 | 503,723 | 592,941 | 599,126 | 736,524 | - | - | - | - | - |
| Nonspendable ¹ | - | - | - | - | - | - | - | - | - | 20,881 |
| Restricted ¹ | - | - | - | - | - | 1,441,774 | 1,350,142 | 1,242,310 | 526,863 | 2,278,825 |
| Committed ¹ | - | - | - | - | - | 290,226 | 12,254 | 3,409 | 179,440 | 191,413 |
| Assigned ¹ | - | - | - | - | - | 4,536,209 | 280,604 | 387,152 | 302,679 | 272,958 |
| Unassigned ¹ | - | - | - | - | - | - | (1,382,393) | 1,428,533 | (3,876,124) | (159,804) |
| Total All Other Governmental Funds | <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> | <u>\$ 2,604,273</u> |

Notes: Bonds are generally issued for the City's construction projects every two years. Bond issues in 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.

¹New 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 Fiscal Years
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Revenues | | | | | | | | | | |
| Taxes | \$ 6,779,708 | \$ 7,404,565 | \$ 8,124,087 | \$ 8,200,812 | \$ 7,238,533 | \$ 7,477,631 | \$ 7,245,914 | \$ 7,524,177 | \$ 7,736,225 | \$ 7,795,376 |
| Intergovernmental | 2,420,539 | 982,750 | 923,801 | 1,228,511 | 2,779,121 | 1,132,263 | 2,031,138 | 862,696 | 713,441 | 1,060,212 |
| Licenses and permits | 119,693 | 130,329 | 112,214 | 140,719 | 128,612 | 128,930 | 148,891 | 106,354 | 126,432 | 299,218 |
| Charges for services | 636,989 | 659,960 | 953,987 | 864,245 | 1,631,740 | 1,390,018 | 1,527,311 | 1,383,555 | 1,570,319 | 1,497,588 |
| Fines and forfeitures | 161,239 | 209,248 | 261,838 | 266,283 | 331,678 | 248,445 | 295,843 | 312,345 | 331,806 | 355,959 |
| Special assessment taxes | 839,838 | 637,305 | 677,581 | 862,849 | 865,168 | 891,890 | 845,586 | 829,432 | 1,837,078 | 607,448 |
| Use of money and property | 995,840 | 1,085,384 | 807,482 | 5,360,556 | 28,447 | 19,829 | 6,731 | 5,050 | 2,774 | 63,304 |
| Employee/Employer contributions | 832,258 | 883,226 | 919,210 | 1,047,063 | - | - | - | - | - | - |
| Miscellaneous | 337,053 | 296,427 | 342,936 | 1,210,595 | 674,181 | 574,466 | 293,173 | 511,320 | 915,815 | 1,936,458 |
| Total revenues | \$ 13,123,157 | \$ 12,289,194 | \$ 13,123,136 | \$ 19,181,633 | \$ 13,677,480 | \$ 11,863,472 | \$ 12,394,587 | \$ 11,534,929 | \$ 13,233,890 | \$ 13,615,563 |
| Expenditures | | | | | | | | | | |
| General government | \$ 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 | \$ 2,153,525 |
| Public Safety | 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 | 3,734,445 |
| Highways and streets | 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 | 1,664,652 |
| Health and sanitation | 295,704 | 385,370 | 338,867 | 376,353 | 398,288 | 353,701 | 393,732 | 375,751 | 462,797 | 443,129 |
| Culture and recreation | 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 | 1,215,149 |
| Environmental protection | 10,179 | 10,804 | 11,188 | 28,515 | - | - | - | - | - | - |
| Economic development | 393,230 | 447,454 | 514,590 | 245,674 | 173,459 | 201,758 | 176,039 | 191,459 | 176,134 | 224,736 |
| Capital improvements | 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 | 4,240,256 |
| Debt service | | | | | | | | | | |
| Principal | 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 | 1,278,744 |
| Interest | 643,326 | 649,188 | 623,882 | 600,199 | 403,659 | 353,670 | 430,152 | 463,490 | 530,757 | 483,297 |
| Debt Issuance Costs | - | - | - | - | - | - | - | 40,016 | - | - |
| Total expenditures | \$ 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 | \$ 15,437,933 |
| Excess of revenues over (under) expenditures | \$ 167,138 | \$ (251,208) | \$ (445,260) | \$ 888,778 | \$ (3,693,278) | \$ (4,690,932) | \$ (8,647,315) | \$ (1,930,987) | \$ (6,118,712) | \$ (1,822,370) |

City of El Dorado
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years (Continued)
(Modified Accrual Basis of Accounting)

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|-----------------------|----------------------|-----------------------|---------------------|-----------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Other financing sources (uses) | | | | | | | | | | |
| General obligation bonds issued | \$ 3,932,239 | \$ - | \$ 3,310,000 | \$ - | \$ 890,641 | \$ 5,715,000 | - | \$ 4,644,322 | \$ - | \$ 248,245 |
| Proceeds from capital lease obligations | - | - | - | 55,210 | - | - | - | - | 569,354 | 64,689 |
| Temporary Notes Issued | - | - | - | - | - | - | - | - | - | 2,548,000 |
| Refunding bonds issued | - | - | - | - | 757,621 | - | - | - | - | 3,357,000 |
| Payment to refunded bond escrow agent | - | - | - | - | (755,000) | - | - | - | - | - |
| Transfers in | 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 | 6,693,841 |
| Transfers out | (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) | (5,694,118) |
| Total other financing sources (uses) | <u>\$ 4,654,645</u> | <u>\$ 15,781</u> | <u>\$ 3,310,000</u> | <u>\$ 232,820</u> | <u>\$ 932,663</u> | <u>\$ 7,357,699</u> | <u>\$ 1,892,813</u> | <u>\$ 4,892,349</u> | <u>\$ 318,315</u> | <u>\$ 7,217,657</u> |
| Net change in Fund Balances | <u>\$ 4,821,783</u> | <u>\$ (235,427)</u> | <u>\$ 2,864,740</u> | <u>\$ 1,121,598</u> | <u>\$ (2,760,615)</u> | <u>\$ 2,666,767</u> | <u>\$ (6,754,502)</u> | <u>\$ 2,961,362</u> | <u>\$ (5,800,397)</u> | <u>\$ 5,395,287</u> |
| Fund balances, beginning of year, as originally stated | \$ - | \$ - | \$ - | \$ - | \$ 7,802,130 | \$ 8,018,087 | \$ 10,684,854 | \$ 3,930,352 | \$ 6,891,714 | \$ 1,091,317 |
| Prior period adjustment | - | - | - | - | 236,572 | - | - | - | - | - |
| Fund balances, beginning of year, as restated | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,038,702</u> | <u>\$ 8,018,087</u> | <u>\$ 10,684,854</u> | <u>\$ 3,930,352</u> | <u>\$ 6,891,714</u> | <u>\$ 1,091,317</u> |
| Fund balances, end of year | <u>\$ 4,821,783</u> | <u>\$ (235,427)</u> | <u>\$ 2,864,740</u> | <u>\$ 1,121,598</u> | <u>\$ 5,278,087</u> | <u>\$ 10,684,854</u> | <u>\$ 3,930,352</u> | <u>\$ 6,891,714</u> | <u>\$ 1,091,317</u> | <u>\$ 6,486,604</u> |
| Debt service as a percentage of noncapital expenditures | 24.8% | 22.3% | 24.3% | 42.9% | 16.7% | 27.9% | 16.1% | 16.2% | 30.3% | 14.1% |

City of El Dorado
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

| Fiscal Year | Property Tax | Motor Vehicle Tax | Sales Tax | Franchise Tax | Transient Guest Tax | Total |
|--------------------|---------------------|--------------------------|------------------|----------------------|----------------------------|--------------|
| 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 | 3,377,300 | 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 |
| 2015 | 3,294,163 | 511,856 | 2,610,716 | 1,171,972 | 206,669 | 7,795,376 |

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.

City of El Dorado

Property Tax Levies and Collections

Last Ten Fiscal 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 |
| 2006 | 2,771,416 | 2,590,007 | 93.5% | 112,216 | 2,702,223 | 97.5% |
| 2007 ^{3,4} | 3,486,822 | 3,095,084 | 88.8% | 124,518 | 3,219,602 | 92.3% |
| 2008 | 3,658,934 | 3,357,533 | 91.8% | 148,580 | 3,506,113 | 95.8% |
| 2009 | 3,855,346 | 3,568,745 | 92.6% | 124,669 | 3,693,414 | 95.8% |
| 2010 | 3,877,462 | 3,329,764 | 85.9% | 177,149 | 3,506,913 | 90.4% |
| 2011 | 4,042,000 | 3,799,242 | 94.0% | 184,611 | 3,983,853 | 98.6% |
| 2012 | 3,620,912 | 3,177,108 | 87.7% | 162,868 | 3,339,976 | 92.2% |
| 2013 | 3,880,933 | 3,362,613 | 86.6% | 180,643 | 3,543,256 | 91.3% |
| 2014 | 3,858,827 | 3,541,256 | 91.8% | 197,988 | 3,739,244 | 96.9% |
| 2015 | 3,744,463 | 3,468,283 | 92.6% | 201,523 | 3,669,806 | 98.0% |

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 Fiscal Years

| Levy Year | Real Property | Personal Property¹ | Utilities | Oil & Gas | Total Assessed Value | Total Direct Tax Rate | Estimated Actual Value | Assessed Value as a Percentage of Actual Value |
|------------------|----------------------|--------------------------------------|------------------|----------------------|-----------------------------|------------------------------|-------------------------------|---|
| 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% |
| 2015 | 74,333,163 | 2,360,508 | 4,852,242 | 1,276 | 81,547,189 | 47.046 | 531,918,670 | 15.33% |

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 Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal 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 |
| 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 ⁵ | 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 ⁶ | 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 ⁷ | 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 |
| 2015 | 30.722 | 4.894 | 0.000 | 0.979 | 9.603 | 0.848 | 47.046 | 35.012 | 18.063 | 1.500 | 60.835 | 65.621 | 55.444 |

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 decreased 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 | 2015 | | | 2006 | | |
|--|---------------------|------|------------------------------------|---------------------|------|------------------------------------|
| | Assessed Value | Rank | Percentage of Total Assessed Value | Assessed Value | Rank | Percentage of Total Assessed Value |
| Wal-Mart Real Estate | \$2,486,593 | 1 | 3.05% | 2,788,778 | 1 | 3.12% |
| Kansas Gas & Electric | 1,992,923 | 2 | 2.44% | 1,468,671 | 2 | 1.64% |
| Barton Solvents | 1,214,010 | 3 | 1.49% | | | --- |
| Kansas Gas Service ¹ | 1,084,758 | 4 | 1.33% | 695,502 | 7 | 0.78% |
| Valmont Industries | 1,059,033 | 5 | 1.30% | 1,179,176 | 3 | 1.32% |
| Vlomis Enterprises | 1,032,690 | 6 | 1.27% | | | --- |
| Pioneer Balloon Co | 558,125 | 7 | 0.68% | 677,945 | 8 | 0.76% |
| Villas at BCC LLC | 544,417 | 8 | 0.67% | | | --- |
| Union Pacific Railroad Co | 515,425 | 9 | 0.63% | | | --- |
| El Dorado Group II LLC | 474,476 | 10 | 0.58% | | | --- |
| Prairie Land Enterprises Inc. | --- | | --- | 802,077 | 6 | 0.90% |
| Southwestern Bell Tele Co | --- | | --- | 867,792 | 5 | 0.97% |
| Ted & Elizabeth Vlomis | --- | | --- | 1,078,133 | 4 | 1.21% |
| Wal-Mart Stores Inc | --- | | --- | 623,049 | 9 | 0.70% |
| Sutherland Lumber | --- | | --- | 480,395 | 10 | 0.54% |
| Total | <u>\$10,962,450</u> | | <u>13.44%</u> | <u>\$10,661,518</u> | | <u>11.93%</u> |
| Total Assessed Value ² | \$81,547,189 | | | \$89,359,285 | | |

Source: Butler County 2015 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 Fiscal 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 | | | | |
| 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 | - | 514,898 | - | 2,258,090 | - | - | 49,580,764 | 8,871,227 | 168,661 | 74,220,550 | 26.49% | 5,756 | |
| 2015 | 15,134,523 | 2,548,000 | 350,230 | - | 2,647,477 | - | - | 50,875,729 | 8,294,684 | 152,693 | 80,003,336 | 28.55% | 6,204 | |

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 Fiscal 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 |
|--------------------|---------------------------------|--------------------------------|------------------------|-----------------------------------|--|
| 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 | 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 | 12,826,910 | 88,835 | 12,738,075 | 987.83 | 2.43% |
| 2015 | 15,134,523 | 1,880,474 | 13,254,049 | 1,024.98 | 2.49% |

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.

**City of El Dorado
Direct and Overlapping Debt
December 31, 2015**

| | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ¹</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|------------------------------|---|--|
| Overlapping Debt: | | | |
| Butler County | \$ 8,748,049 | 12.45% | \$ 1,088,935 |
| Unified School District No. 490 | 51,450,000 | 40.47% | 20,822,664 |
| Unified School District No. 375 | 60,605,000 | 15.13% | 9,167,355 |
| Butler Community College | - | 12.45% | - |
| | <u>\$ 120,803,049</u> | | <u>\$ 31,078,954</u> |
| Direct Debt: | | | |
| City of El Dorado Direct Debt | <u>18,280,998</u> | | <u>18,280,998</u> |
| Total direct and overlapping debt | <u><u>\$ 139,084,047</u></u> | | <u><u>\$ 49,359,952</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.

City of El Dorado Legal Debt Margin Last Ten Fiscal Years

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Assessed Valuation | \$ 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 | \$ 81,547,189 |
| Assessed Valuation on Motor Vehicles | 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 | 12,502,945 |
| Total Assessed Valuation ¹ | \$ 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 | \$ 94,050,134 |
| Legal Debt Limit ² | \$ 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 | \$ 28,215,040 |
| Bonded Indebtedness | \$ 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 | \$ 17,782,000 |
| Temporary Notes | 395,305 | 2,511,305 | 95,000 | 655,000 | 4,000,000 | 2,000,000 | 1,260,000 | - | - | 2,548,000 |
| Total Debt | 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 | 20,330,000 |
| Less: | | | | | | | | | | |
| Assets in Debt Service Fund | \$ 117,689 | \$ 503,723 | \$ 592,941 | \$ 599,126 | \$ 736,524 | \$ 796,642 | \$ 749,354 | \$ 586,235 | \$ 88,835 | \$ 1,880,474 |
| Exempted Debt (KSA 10-309)-G.O. Bonds | 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 | 8,315,990 |
| Exempted Debt (KSA 10-309)-Temporary Notes | - | 56,945 | - | - | - | 1,711,400 | 1,260,000 | - | - | - |
| Waterworks Revenue Bonds | 400,000 | - | - | - | - | - | - | - | - | - |
| Sewer System Revenue Bonds | - | - | - | - | - | - | - | - | - | - |
| Total Deductions | 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 | 10,196,464 |
| Total Amount Applicable to Debt Limit | 11,222,711 | 11,732,985 | 11,268,333 | 7,576,434 | 10,054,537 | 9,705,510 | 8,632,508 | 8,911,796 | 8,383,403 | 10,133,536 |
| Legal Debt Margin | \$ 15,585,075 | \$ 16,322,792 | \$ 17,329,687 | \$ 21,080,925 | \$ 18,329,269 | \$ 18,104,574 | \$ 19,614,804 | \$ 19,235,083 | \$ 19,070,369 | \$ 18,081,504 |
| Legal Debt Margin as a percentage of the Debt Limit | 58.14% | 58.18% | 60.60% | 73.56% | 64.58% | 65.10% | 69.44% | 68.34% | 69.46% | 64.08% |

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 Fiscal 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> |
|--------------------|----------------------|--|------------------------------|--|---|--------------|-----------------|
| 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 |
| 2015 | 4,058,266 | 2,725,037 | 1,333,229 | - | - | - | 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 Fiscal Years**

| <u>Fiscal Year</u> | <u>Population¹</u> | <u>Personal Income</u> | <u>Per Capita Personal Income²</u> | <u>Unemployment Rate³</u> |
|--------------------|-------------------------------|------------------------|---|--------------------------------------|
| 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% |
| 2015 | 12,931 | \$ 295,672,571 | \$ 22,865 | 4.3% |

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

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

| Function | Full-Time Equivalent Employees as of December 31 | | | | | | | | | |
|---------------------------|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Government | | | | | | | | | | |
| Administration | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| CVB | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 2 |
| Airport | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Engineering | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Legal/Judicial | 2 | 4 | 3 | 3 | 3 | 3 | 4 | 3 | 3 | 2 |
| Public Safety | | | | | | | | | | |
| Police | 25 | 26 | 28 | 28 | 28 | 29 | 29 | 29 | 27 | 28 |
| Fire | 16 | 14 | 17 | 17 | 17 | 16 | 17 | 17 | 17 | 17 |
| Building/Zoning | 2 | 3 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 2 |
| Public Works | | | | | | | | | | |
| Public Works | 4 | 3 | 6 | 7 | 7 | 7 | 7 | 7 | 8 | 10 |
| Major Street Improvements | 8 | 9 | 10 | 9 | 10 | 10 | 15 | 12 | 6 | 6 |
| Culture/Recreation | | | | | | | | | | |
| Park Maintenance | 2 | 2 | 1 | 2 | 3 | 3 | 4 | 2 | 2 | 2 |
| Recreation | 3 | 3 | 4 | 6 | 3 | 6 | 7 | 7 | 8 | 10 |
| Health & Sanitation | | | | | | | | | | |
| Health & Sanitation | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Cemetery | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Water | 15 | 15 | 18 | 18 | 19 | 18 | 18 | 18 | 17 | 16 |
| Sewer | 6 | 7 | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 |
| Refuse | 12 | 20 | 17 | 16 | 16 | 16 | 12 | 10 | 10 | 11 |
| Stormwater | 0 | 0 | 0 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Data Processing | 11 | 10 | 11 | 12 | 12 | 12 | 11 | 11 | 12 | 13 |
| Total | 115 | 125 | 132 | 137 | 138 | 140 | 145 | 138 | 132 | 137 |

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.

In 2015, the Code Enforcement Officer was transferred from the Building Department to the Police Department and trained as an officer. The FTE's from Prairie Trails and Forrestry are included in the Recreation number.

City of El Dorado

Operating Indicators by Function

Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Municipal Court | | | | | | | | | | |
| Citations Issued | 3,271 | 3,230 | 3,687 | 3,616 | 3,870 | 3,612 | 4,304 | 3,841 | 3,575 | 3,201 |
| Warrants Issued | 332 | 230 | 292 | 170 | 301 | 150 | 182 | 341 | 376 | 281 |
| Warrants Served | 159 | 139 | 198 | 127 | 227 | 202 | 235 | 409 | 362 | 334 |
| Airport | | | | | | | | | | |
| Fuel Sales (gallons) | 23,691 | 18,869 | 17,101 | 24,380 | 18,523 | 18,461 | 19,210 | 30,880 | 31,001 | 31,192 |
| Fire | | | | | | | | | | |
| Total Number of Incidents | 1,154 | 1,267 | 1,285 | 1,380 | 1,238 | 1,263 | 1,295 | 1,299 | 1,302 | 1,298 |
| Fire Calls | 227 | 144 | 129 | 158 | 122 | 187 | 180 | 109 | 180 | 153 |
| Rescue & Emergency Medical Calls | 517 | 665 | 752 | 768 | 719 | 662 | 787 | 781 | 743 | 749 |
| Hazardous Materials Calls | 48 | 73 | 65 | 107 | 77 | 69 | 40 | 89 | 54 | 81 |
| Inspections | 1,165 | 1,079 | 1,145 | 1,104 | 1,156 | 1,218 | 1,094 | 1,026 | 925 | 725 |
| Hydrants Tested | 648 | 0 | 406 | 567 | 705 | 695 | 782 | 720 | 735 | 1,390 |
| Police | | | | | | | | | | |
| Criminal Violations Reported | 1,636 | 1,578 | 1,668 | 1,516 | 1,383 | 1,350 | 1,532 | 1,442 | 1,523 | 826 |
| Traffic Accidents | 634 | 490 | 481 | 387 | 307 | 275 | 237 | 117 | 311 | 342 |
| DUI Arrests | 54 | 57 | 94 | 89 | 80 | 72 | 77 | 98 | 60 | 53 |
| Building & Zoning | | | | | | | | | | |
| New Residential Construction Permits | 30 | 29 | 22 | 15 | 17 | 5 | 7 | 4 | 10 | 12 |
| New Commercial Construction Permits | 7 | 5 | 4 | 6 | 14 | 8 | 5 | 5 | 1 | 6 |
| Street Operations | | | | | | | | | | |
| Streets Swept (Curb Miles) | 2,925 | 3,673 | 4,406 | 3,744 | 4,619 | 3,747 | 4,167 | 3,798 | 3,941 | 4,215 |
| Animal Control | | | | | | | | | | |
| Animal Licenses | 1,436 | 1,543 | 1,480 | 1,500 | 1,477 | 1,432 | 1,579 | 1,606 | 1,654 | 1,751 |
| Animal Control Calls | 843 | 1,051 | 984 | 979 | 1,575 | 987 | 1,602 | 1,883 | 1,904 | 1,883 |
| Animal Citations | 130 | 188 | 196 | 163 | 162 | 125 | 220 | 207 | 247 | 332 |
| Cemetery | | | | | | | | | | |
| Burials | 147 | 151 | 138 | 135 | 162 | 138 | 128 | 130 | 127 | 135 |
| Parks and Recreation | | | | | | | | | | |
| Youth Soccer Participants | 312 | 276 | 259 | 218 | 170 | 202 | 294 | 345 | 366 | 387 |
| Swimming Pool Attendance | 17,052 | 12,223 | 15,567 | 18,569 | 20,179 | 21,299 | 21,174 | 19,284 | 16,590 | 14,560 |
| Youth Baseball/Softball Participants | 628 | 595 | 369 | 324 | 385 | 407 | 580 | 827 | 703 | 680 |
| Youth Basketball Participants | 150 | 138 | 145 | 114 | 114 | 172 | 172 | 287 | 260 | 271 |
| Youth Volleyball Participants | 170 | 196 | 222 | 295 | 311 | 305 | 378 | 407 | 350 | 331 |
| Adult Softball Teams | 39 | 33 | 27 | 21 | 24 | 25 | 19 | 17 | 16 | 17 |
| Adult Flag Football Teams | 5 | 8 | 5 | 8 | 9 | 9 | 5 | 4 | 4 | 10 |
| Adult Basketball Teams | 7 | 5 | 7 | 5 | 8 | 8 | 12 | 9 | 8 | 6 |
| Adult Volleyball Teams | 44 | 35 | 29 | 26 | 33 | 32 | 22 | 21 | 22 | 22 |
| Water | | | | | | | | | | |
| New Meters | 41 | 54 | 32 | 19 | 26 | 11 | 19 | 17 | 5 | 17 |
| Treated Water Pumped (millions of gallons) | 1,286 | 1,194 | 1,159 | 1,153 | 1,200 | 1,329 | 1,350 | 1,223 | 1,254 | 1,189 |
| Water Distribution Service Calls | 307 | 326 | 303 | 289 | 256 | 275 | 336 | 251 | 236 | 242 |
| Water Leaks Repaired | 108 | 92 | 100 | 33 | 70 | 93 | 94 | 58 | 40 | 52 |
| Sewer | | | | | | | | | | |
| Sewer Maintenance Service Calls | 341 | 420 | 506 | 326 | 203 | 263 | 230 | 244 | 208 | 239 |
| Refuse | | | | | | | | | | |
| Refuse Collected (tons) | 6,717 | 6,896 | 6,852 | 6,478 | 6,392 | 6,255 | 6,237 | 8,946 | 8,125 | 8,875 |
| Recycling Material (tons) | 1,288 | 1,303 | 1,553 | 1,286 | 1,469 | 1,637 | 1,731 | 1,956 | 1,845 | 1,265 |
| Yardwaste Collected (tons) | 4,000 | 4,200 | 4,500 | 4,600 | 4,500 | 4,500 | 4,000 | 3,800 | 4,000 | 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
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Square Miles of the City | 7.70 | 8.00 | 8.10 | 8.10 | 8.1 | 8.1 | 8.1 | 9.1 | 9.1 | 9.14 |
| Fire | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 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 | 27 | 27 | 28 | 27 |
| Street Operations | | | | | | | | | | |
| Miles of Paved City Streets | 79.80 | 79.86 | 79.98 | 79.98 | 82.2 | 82.2 | 82.2 | 83.77 | 84.65 | 85.06 |
| 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 | 14 | 14 |
| Parks and Recreation | | | | | | | | | | |
| Swimming Pools | 1 | 1 | 1 | 1 | 2 | 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 | 10 | 12 | 12 | 12 |
| Soccer Fields | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Water | | | | | | | | | | |
| Water Mains (miles) | 103.64 | 103.99 | 104.34 | 104.63 | 106.85 | 106.85 | 106.85 | 122.70 | 123.20 | 124.10 |
| 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 | 50.00 | 50.00 |
| Sewer | | | | | | | | | | |
| Sanitary Sewers (miles) | 52.93 | 53.10 | 53.36 | 53.41 | 53.94 | 53.94 | 53.94 | 90.80 | 91.30 | 92.00 |

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, 2015

Finding 2015-001 – 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, 2015

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.

Follow-up – This finding is repeated in the current year.



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, 2015, 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 24, 2016.

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.

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 2015-001 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 24, 2016
Topeka, Kansas