

CITY OF EL DORADO

El Dorado, Kansas

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Comprehensive Annual Financial Report

FISCAL YEAR ENDED DECEMBER 31, 2018

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

for the
Year Ended December 31, 2018

Mayor
Vince Haines

Commissioner Kendra Wilkinson
Commissioner Gregg Lewis
Commissioner Nick Badwey
Commissioner Matt Guthrie

City Manager David Dillner

Prepared by
Department of Finance
Tammy Schaffer
Finance Director

CITY OF EL DORADO, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2018

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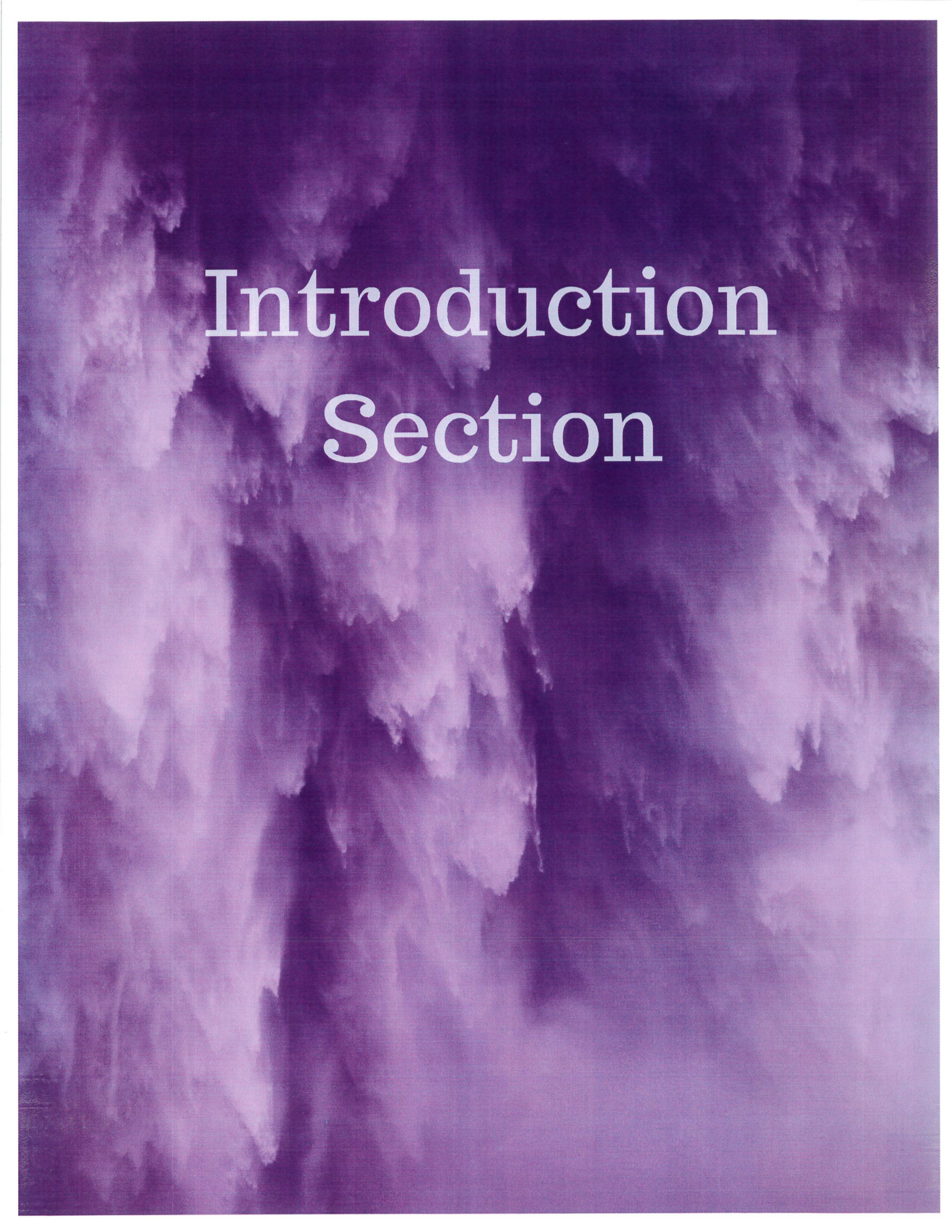
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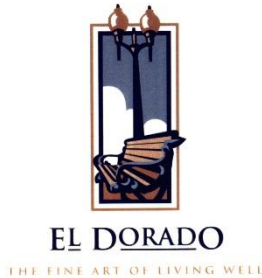
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Introduction Section



May 29, 2019

Honorable City Commission and Citizens of El Dorado:

The City of El Dorado, Kansas finished the year ended December 31, 2018 with an aggregate net position of \$38,118,541 compared to an aggregate net position of \$38,399,410 at year ended December 31, 2017. This information is meaningless unless we consider its purpose. The ultimate goal of the City's financial statements is to determine whether the City is financially healthy.

The City's financial health was not in the best condition when I arrived in March 2016 to begin my appointment as City Manager of El Dorado. Several funds were experiencing depleting reserves as these funds were spending more than was coming in from revenue sources. The City was not making the tough decisions necessary to resolve the underlying structural trend. Further complicating matters, the City had been facilitating this spending habit over a few years.

As I mentioned in prior letters, financial health for a municipality is defined as a local government's ability to deliver the public services its residents expect, with the resources its citizens provide, both now and in the future. Despite the financial situation the City found itself in, I confidently report that the actions taken by the City during the last two years have made great strides to return the City's finances to a more resilient condition without greatly undermining the public services the community has come to rely on.

When I first approached this challenge, I informed the City Commission that solutions would be forthcoming although the ultimate resolution of the situation would still take several years. My letter will confirm that the City continues to make a valiant effort to repair its financial health even though there is still some work needing to be done before victory may be declared. To be sure, the journey to financial health is never truly complete and will require the utmost attention and discipline to ensure that the City remains resilient well into the future.

Once again, I am grateful for the hard work the City Commission and staff have done to develop and implement the 2018 budget. The financial statements contained with this letter will provide you the financial information you need to better understand the City's financial condition. I hope the information will enlighten you.

MAJOR FACTORS AFFECTING THE FINANCIAL STATEMENTS

Record Sales Tax Collections. The City of El Dorado received a record amount of sales tax from its one-cent (1.0%) sales tax on retail sales. In 2018, the City brought in \$2,692,452 in sales tax receipts, which represents a 9.4% increase from 2017. The City has breached the \$2.6 million mark in sales tax receipts only twice in its history. The only other time this phenomena occurred was 2015 when the City received \$2,610,528.

Rising Assessed Valuations. The assessed valuation for the City of El Dorado increased \$5.3 million, or 6.2%, bringing the total assessed valuation for the community to \$91,979,212. As a result of the increased valuation, the City's mill levy, which is presently set at 53.013 mills, annually generates about \$4.8 million in ad valorem property taxes. Of this amount, the City received about \$4.4 million, meaning about 10% of taxes assessed to property owners was delinquent. The estimated actual value of real and personal property in El Dorado is \$597.6 million.

El Dorado will see increasing assessed valuations in the coming years due to heightened private development as well as the expiration of several tax abatements. LakePoint El Dorado, LLC, a retirement community, will add about \$2.8 million to the assessed valuation in 2021, and BG Products, Inc. will add another \$24.7 million beginning in 2022. These two projects will collectively contribute nearly \$370,000 in property taxes per year to the City of El Dorado once the tax abatements sunset.

Transient Guest Tax Receipts. The City collected \$195,007 in transient guest taxes for overnight stays in 2018. Transient guest tax receipts were up 19.3% compared to the prior year, primarily as a result of HollyFrontier's turn-around, which is an extensive capital investment program that requires several weeks and well over 1,000 contractors. The City sees a bump in transient guest taxes and sales taxes during turn-around as contractors stay in hotels, shop at the grocery stores, and eat out in restaurants during their brief time in El Dorado. HollyFrontier schedules a turn-around every five years or so. The City plans to use the surplus in transient guest tax receipts to develop a community branding and marketing program.

Forgiveness of Internal Debt. The City Commission "forgave" \$2.43 million of internal debt issued to finance the City's portion of BG Products Veterans Sports Complex. In 2012, the City partnered with Butler Community College and Unified School District No. 490 to construct the stadium with the City's participation in the project about \$3 million. The City's funds initially came from the Lake Debt Fund, and were to be repaid over twenty years at 4% interest.

The City identified the use of the Lake Debt Funds as a way to finance its portion of the project's construction while earning a modest rate of return on funds reserved for future lake debt payments. In 2018, the City Commission discussed a plan to pre-pay a portion of outstanding Lake Debt with \$8.3 million held in cash. The decision to pre-pay Lake Debt and change strategy, made the need to repay the internal loan irrelevant.

The City Commission thought it more advantageous to use these funds in more productive ways that directly benefit citizens such as service delivery enhancements. The City Commission formally approved the forgiveness of the internal debt issued to finance the construction of BG Stadium in 2018.

The participating funds will have additional dollars available to allocate annually to mission-critical functions as follows: Water Fund (\$65,000); Sewer Fund (\$65,000); Industrial Mill Levy Fund (\$40,000); Tourism Fund (\$40,000); and Refuse Fund (\$20,000). In addition, the remaining \$2.43 million of internal debt will be removed from the City's balance sheet as an outstanding obligation.

Wind Turbine Lawsuit. In 2018, the City spent \$220,213 on legal expenses related to the wind turbine project. The City will continue to make an annual debt service payment of \$80,157 until 2033; 2) funds of \$494,890 spent primarily on maintenance and repair; and 3) legal expenses related to the lawsuit of \$472,440. It goes without saying that the lawsuit has had a considerable impact on the City's Sewer Fund, causing this fund's cash reserve to be significantly depleted over the years.

Underfunded Public Pensions. The City of El Dorado participates in the Kansas Public Employees Retirement System (KPERS) for its post-employment retirement benefits. Employees of the City are required to participate in KPERS, and the City is required to contribute to KPERS on employees' behalf. Recent changes to state law require the City to publish in its financial statements the current and future liability associated with the unfunded portion of KPERS attributed to the City. The City's unfunded pension liability as December 31, 2018 totaled \$7,367,251 compared to \$7,741,878 from a year ago. The pension liability may be subdivided as follows: KPERS at \$3,289,622, Kansas Police & Fire (KP&F) at \$3,874,582, and the Library's participation in KPERS at \$203,047.

Renewal of One-Cent Sales Tax. In November 2018, the citizens of El Dorado renewed the City's one-cent sales tax on retail sales for another five years. The sales tax has averaged about \$2.54 million per year over each of the last five years including 2018. The City's sales tax is annually distributed as follows: \$1.65 million for property tax reduction; \$600,000 for street maintenance; and \$50,000 for economic development.

Funds received in excess of the \$2.3 million is allocated as excess sales tax funds for special projects at the recommendation of the Excess Sales Tax Committee. The only major change in the recent ballot initiative increased the amount allocated to economic development to \$100,000 per year. The one-cent sales tax will become effective on October 1, 2019, and be up for renewal again in 2023.

Strengthening Utility Revenues. In 2017, the City increased its readiness-to-serve fees for both water and sewer utilities as a measure to help both funds establish a more stable financial position.

The Water Fund will continue to add to its cash position and add \$247,276 to its carry-over balance, making the year-end cash balance for the fund at \$1,089,472. The City's cash reserve policy for the Water Fund requires a cash balance between 15% and 25% of operating expenditures equal to the average the prior three years, or a minimum of \$594,744. The Water Fund exceeds the minimum requirement by \$494,727. The primary reason for the high reserve balance in the Water Fund is due to the fact that the City is preparing to make a substantial payment on outstanding debt obligations on debt issued for the construction of El Dorado Lake. The City is also preparing to pay for several water infrastructure projects with cash in lieu of taking these projects to bond.

The Sewer Fund will also add \$193,397 to its cash balance, making the year-end cash balance for the fund \$351,873. As a result of its strengthening position, the Sewer Fund now meets the City's minimum reserve policy by \$7,565. The City's cash reserve policy for the Sewer Fund requires a cash balance between 15% and 25% of operating expenditures equal to the average the prior three years. The City projected the year-ending balance for the Sewer Fund at about \$200,000 during the preparation of the 2018 budget, so the City underestimated the carry-over balance by nearly \$150,000.

Refuse/Recycling Fee. The City increased its Refuse/Recycling fee in April 2018. The fee was increased from \$14.75 to \$15.75 for residential customers. The increase generated about \$60,000 in new revenue for the refuse/recycling operations, and was implemented to offset significant increases in hauling charges associated with recycling materials.

The City's cash reserve policy for the Refuse Fund requires a cash balance between 15% and 25% of operating expenditures equal to the average the prior three years, or a minimum of \$217,418. The Refuse Fund's year-ending cash balance of \$492,004 exceeds the minimum requirement by

\$274,586. The Refuse Fund maintains a seemingly high cash balance because of setting aside cash balance to allow for planned capital purchases in future years.

Recruitment Challenges. Recruitment is perhaps the most critical challenge to the City's current level of service, and 2018 was no exception. During the year, the Police Department, Public Works Department, and Public Utilities Department experienced challenges in filling vacant positions. It goes without saying that people are the City's most important asset because in a service-oriented government, people provide services directly to citizens.

Some of these challenges were likely caused, at least in part, by external factors outside of the City's control. The riots and unrest in Ferguson, Missouri and other communities changed the national landscape for law enforcement. What was once considered a noble trade seemed to lose credibility with the general public throughout the nation. As a result, interest in serving as a police officer seemed to wane as young people considered different options for a career. The City's application pool for new police officers went from being in the hundreds to barely reaching twenty.

Other departments, like Public Works and Public Utilities, are having a more difficult time finding qualified candidates who want to work. These positions require a certain type of individual who enjoys working outdoors in an environment similar to construction. The City's wages may not be as competitive as the private sector, which pushes laborers to jobs beyond the public sector.

In departments that have experienced a tougher recruiting environment, the City has taken a more proactive approach and has tried many different and innovative ways of reaching out to prospective employees. Job fairs, Facebook advertisements, and face-to-face recruiting are just some of the ways departments are working to recruit the next generation of employees. The City is also reviewing its pay plan to determine if adjustments are necessary to compete with the private sector.

As we prepare the financial statements for 2018, it is always wise to look back on the year's budget to determine if what we said we were going to do was actually done. The following analysis provides readers with a brief reconciliation of actions promised with actions completed. It is only through such review can we begin to understand where we fell short from a budgetary and financial standpoint.

Structural deficits remain one of the challenges faced by the City. The City Commission and staff continue to closely monitor the City's financial position to determine if any additional adjustments are needed to address the structural deficits previously maintained in several major funds. The City has taken aggressive steps to address the structural concerns, and many funds are strengthening.

The General Fund closed the year with a budget surplus of \$414,348, making the total cash balance for the fund at year-end \$1,566,233. The Tourism Fund closed the year with a budget deficit of \$158,954, making the total cash balance for the fund at year-end \$197,060. The City has intentionally spent down fund balance from the Tourism Fund in an effort to complete a few projects to promote the community.

In Enterprise Funds, the Water Fund closed the year with a budget surplus of \$695,235, making the total cash balance for the fund at year-end \$1,089,472. The Sewer Fund closed the year with a budget surplus of \$193,397, making the total cash balance for the fund at year-end \$351,873. The

Refuse Fund closed the year with a budget surplus of \$215,240, making the total cash balance for the fund at year-end \$492,004.

Each of these funds were carefully monitored and revenues were added to strengthen the funds and continue the City's progress to restore financial sustainability. To be sure, there is still some work that needs done to ensure that the City's funds do not spend more than they generate in revenue each year. Careful management of expenses has, for the most part, allowed the City to end the year with positive cash carry-over balances.

Readiness-to-serve fees were not increased for either the Water or Sewer Funds during 2018. These fees were previously increased in 2017, and were a significant contributor to the plan to strengthen these critical enterprise funds. Due to the improving condition for both of these funds, the City did not approve utility rate increases for either Water or Sewer Utilities during the year.

The City continues to evaluate opportunities to sell additional water as a means to generate revenue for its Water Fund. In addition, water revenue may also be allocated to other uses if sufficient revenue is generated to cover all operational expenses, debt service, and fully fund the Water Fund's cash balance requirements. The City has started to discuss opportunities for selling water to industrial users that may locate in El Dorado's West Industrial Park. Such users have the benefit of increasing water volume sales, while also increasing the City's tax base that will generate increasing amounts of ad valorem property taxes.

The City is required to provide language in its transmittal letter, included with its Comprehensive Annual Financial Report ("CAFR") that explains the policies and controls designed to ensure the City's stewardship of public assets. I will briefly discuss these items in this next section of the letter.

The Comprehensive Annual Financial Report of the City of El Dorado, Kansas, for the year ended December 31, 2018, has been prepared for the review of the governing body, citizens, and other interested in the financial condition of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Staff believes the data as presented is accurate in all material respects and that it is presented in a manner designed to fairly represent 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. Management believes that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Generally accepted accounting principles, also known by the abbreviation 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 (also referred to as MD&A). This Letter of Transmittal is designed to complement the MD&A section, and should be read in conjunction with it. The MD&A section of the report may 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 departments of the City be performed by independent certified public accountants. Berberich Trahan & Co., P.A., conducted an independent audit of the City's financial statements, and their opinion has been included with the financial statements. Interested persons are encouraged to refer to their opinion in reviewing the City's financial statements.

Relevant Financial Policies

The City of El Dorado's "General Financial and Budgetary Policies," adopted by Resolution No. 2849, have been included with the Comprehensive Annual Financial Report for your information. I would recommend readers who are interested in reviewing these policies refer to the table of contents to determine where the policies are located in this document. These financial policies provide the framework with which the City is working to resolve the financial challenges discussed earlier, and will provide readers with a better understanding of how the City will manage its finances moving forward. There were no changes to these policies during the year.

Needless to say, the City continuously reviews its practices to determine where opportunities exist to improve. As a result of an internal audit, management has identified several areas where an improved process and enhanced discipline will help us better serve citizens. Please bear in mind that I am not hinting at a refined bureaucratization of existing processes, although some definition and accountability may be warranted to ensure that all facets of the organization uniformly comply with policies and practices that will serve to strengthen the City's financial condition.

ECONOMIC CONDITION AND OUTLOOK

Private Sector Investment:

The City of El Dorado continues to maintain a positive investment environment in the private sector with several major project contributing significant capital investment to the community. BG Products, Inc. committed to a \$24.2 million expansion of its warehouse and distribution center in El Dorado. The project commenced construction in 2018, and is expected to create fifteen jobs when completed. Union Tank Car also had a \$7.0 million expansion that created one hundred new jobs for the local economy.

White Eagle Credit Union commenced construction on a new branch valued at \$1.33 million. Taco John's built a franchise valued at \$650,000 and South Central Kansas Mental Health expanded its footprint with a \$300,000 expansion. Susan B. Allen Memorial Hospital developed a \$200,000 Urgent Care facility to serve the community's health service needs.

In addition to these private sector investments, the City of El Dorado and El Dorado Inc. partnered on the preparation of the West Industrial Park Master Plan to begin planning public infrastructure investments needed to serve El Dorado's anticipated industrial park expansion to the west of the Kansas Turnpike (I-35). The \$90,000 Master Plan will allow the City to better understand the cost

of developing additional industrial land to accommodate its goal of selling water from El Dorado Lake for water-intensive, industrial uses.

In 2018, the City experienced private development activity that contributed \$26.65 million in valuation. Four building permits were issued for new commercial development with an aggregate valuation of \$1.875 million, compared to six new commercial developments in 2017 with a valuation of \$26.5 million. In 2018, the City issued twenty-seven building permits for commercial additions, remodels, and repairs with a valuation of \$21.5 million. Comparatively, the City issued twenty-six building permits for similar activity with a valuation of \$8.4 million in 2017.

The City issued ten residential building permits for new construction with a valuation of \$1.86 million. The City issued twenty building permits for new residential construction in 2017 with a valuation of \$3.8 million. In 2018, 104 building permits were issued for residential additions, remodels, and repairs, with a valuation of \$1.2 million. In 2017, sixty building permits were issued for the same activity with a valuation of \$0.60 million.

As previously mentioned in this letter, the City of El Dorado received the largest amount of retailers' sales tax in the history of the City's one-cent sales tax. The City brought in \$2.64 million from retail sales occurring within the corporate limits of El Dorado. The total receipts also include compensation use tax proceeds, which are paid by individuals or businesses purchasing items outside El Dorado but that are delivered to El Dorado. The record-setting sales tax year provides the best indicator for the health of the economy.

An important consideration in this year's collections was the fact that HollyFrontier Refinery had a major "turn around" event whereby a significant capital investment is done every few years to ensure that the refinery is well-maintained to meet the needs of the company. Thousands of contractors come to El Dorado during the several weeks of turn-around. The contractors stay in hotels, eat in local restaurants, and produce many retail sales during their stay. The community's adage during these times should be "come to El Dorado for turn-around and leave with only a few pennies in your pocket." Even if in jest, turn-around contractors spend a lot while in El Dorado and contributed much to the local economy.

In 2018, one of El Dorado's census tracts was designated as an Opportunity Zone under the Tax Cuts and Jobs Act of 2017. The designation provides special tax benefits on capital gains taxes for investors who invest in projects located within the Opportunity Zone geographical area. Such benefits include deferment of capital gains taxes for a number of years and possible forgiveness of certain capital gains meeting program requirements. At the time of this writing, the City knows of one Opportunity Zone Fund that has organized to take advantage of the program. Other investors may elect to use the program with investments in the El Dorado Opportunity Zone, although the full impact of the program will not be fully realized for several years.

To assist the development of moderate income housing, the City applied for and received a \$190,000 Moderate Income Housing grant from the Kansas Housing Resources Corporation. The program will provide first-time homebuyer down payment assistance and financial assistance to developers building new residential properties meeting moderate income requirements. In 2018, three single-family homes and eight rental units were built through the program. Eight more rental units are anticipated for construction with the remainder of the KHRC funds.

The City also hosted several prominent events that contributed to the local economy. BG Products Veterans Stadium hosted the Kansas Shrine Bowl, Drums Across Kansas, and an AAU regional

track meet. The economic impact of these three events is estimated at \$1.4 million in direct and indirect benefits as well as \$18,740 in local sales taxes and hotel guest taxes. The Dam Music Festival, hosted at El Dorado Lake, provided a unique music experience to the El Dorado community and surrounding region.

Public Sector Investment:

In 2018, the City invested more than \$2.0 million in various public infrastructure projects. Major projects include:

- Country Club Road Extension (\$578,711)
- Police Storage Building and Park Shop Acquisition (\$235,537)
- 6th Avenue Sidewalks (\$145,114)
- Downtown Alley Repairs (\$132,548)
- McCollum Road Pedestrian Path (\$104,690)
- Airport Parking Lot and Road Mill and Overlay (\$75,727)
- Griffith Street Paving (\$30,475)

The City also acquired and/or replaced various vehicles and equipment in its fleet, to include:

- Backhoe (\$88,009);
- Three HVAC Units (\$21,595)
- Two Mowers (\$16,776)
- Administration Car (\$8,990);
- Mini-Excavator (Capital Lease - \$7,150)
- Skid Steer (Capital Lease - \$6,350)

SUBSEQUENT EVENTS TO THE FINANCIAL STATEMENTS

The City also makes note of the following events that will affect the 2019 financial statements.

Prairie Trails Golf Course. The City began a process to sell Prairie Trails Golf Course to GreatLIFE Golf and Fitness, LLC at an agreed upon price of \$550,000, following receipt of a proposal from the company to acquire the City's golf assets. The transaction will not be completed until 2019. The City anticipates one-time revenue of \$550,000 from the sale, as well as a slight increase in annual water sales and taxable retail sales. The property will also become taxable real estate and will begin to pay property taxes in 2020. In addition, the City will reduce its overall annual expenses by approximately \$200,000, following the completion of the sale to GreatLIFE.

Issuance of Bonds. In 2019, the City issued General Obligation Bonds, Series 2019A with a principal amount of \$2,825,000 to permanently finance temporary notes that were due in June 2019. The temporary notes were used to finance various public infrastructure projects.

Wind Turbine Lawsuit. The City settled a lawsuit concerning a wind turbine installed in 2011 intended to provide a source of renewable energy to the Water Reclamation Facility. The Sewer Fund will receive funds from the settlement, which will be used to offset the cost of decommissioning and demolishing the wind turbine.

Lake Debt Pre-payment. At the time of this writing, the City Commission has approved the pre-payment of \$8.3 million of outstanding obligations associated with debt issued by the federal government for the construction of El Dorado Lake by the U.S. Army Corps of Engineers

(USACE). The City of El Dorado purchased the water rights from the USACE, and has been making annual payments of about \$440,000 on what is referred to as Stages 2 and 3.

After saving funds over the years, the City Commission has elected to pre-pay the debt on Stages 2 and 3 at a "savings" of about \$5.9 million in interest expenses over the remaining life of the obligation. Once the transaction is complete, the City of El Dorado will own 49% of the water available in El Dorado Lake for the general water supply needs of the community and surrounding region.

Recognition

It goes without saying that a municipal government cannot operate and provide public services without a dedicated workforce. The financial statements merely articulate the numbers associated with the provision of such public services; the employees of the City work each day towards the task of serving the public in a myriad of different ways that ultimately make El Dorado a great place to live, work, and play. On behalf of the City, I am extremely appreciative of their hard work and effort in making El Dorado a great community. Department Directors and supervisors are also commended for their efforts in managing the daily activities of the municipal government.

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, Kansas for its comprehensive annual financial report for the fiscal year ended December 31, 2017. This was the fortieth consecutive year that the municipal government has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a municipal government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. It should also communicate the City's financial condition in a manner that allows the public to understand such condition and affirm the City's spending meets prudent standards and public expectations.

The Certificate of Achievement is valid for a one year period only. The City believes that the comprehensive annual financial report for the year ending December 31, 2018 continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA for consideration for another certificate.

Respectfully Submitted,

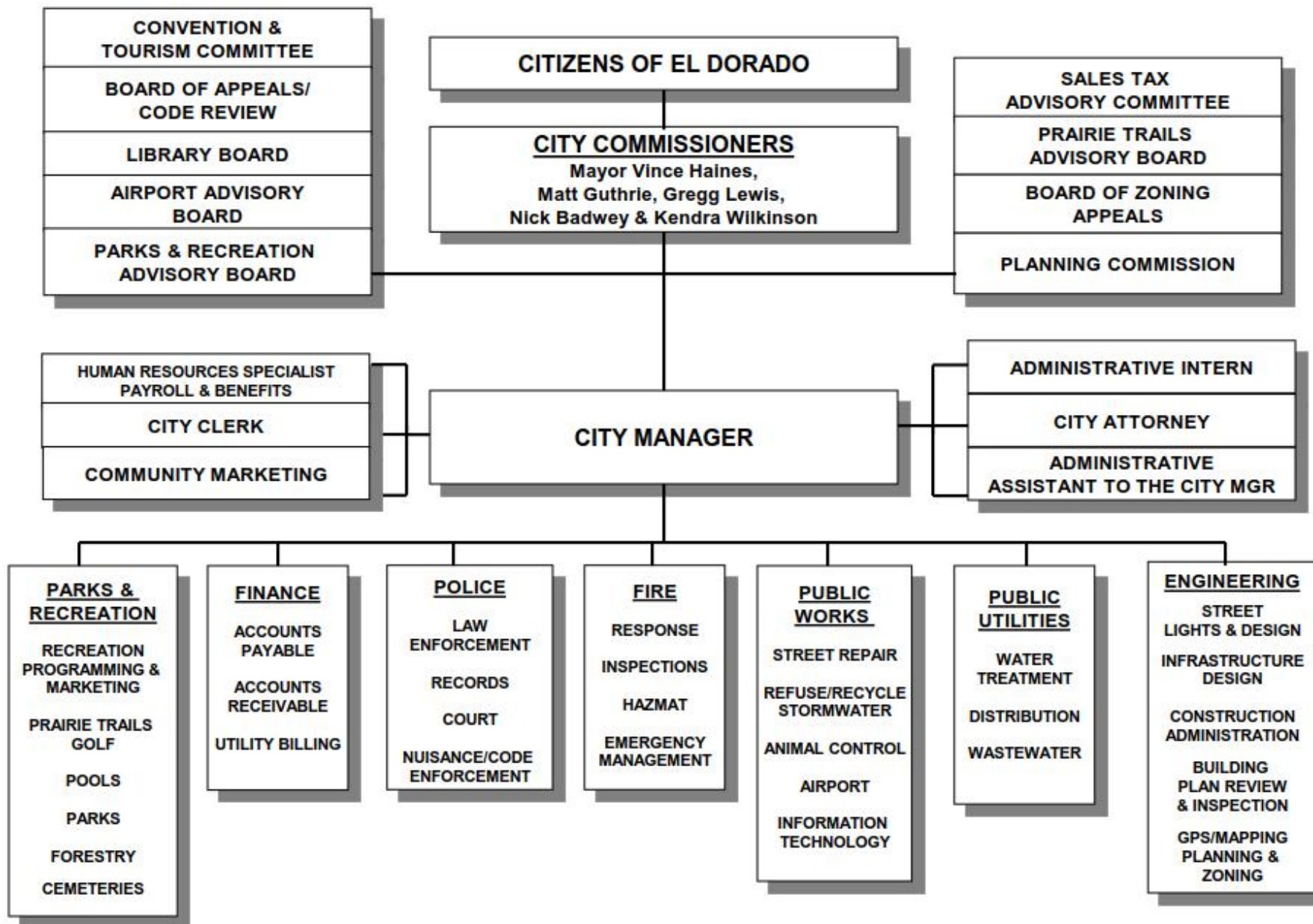


David B. Dillner
City Manager



Tammy Schaffer
Finance Director

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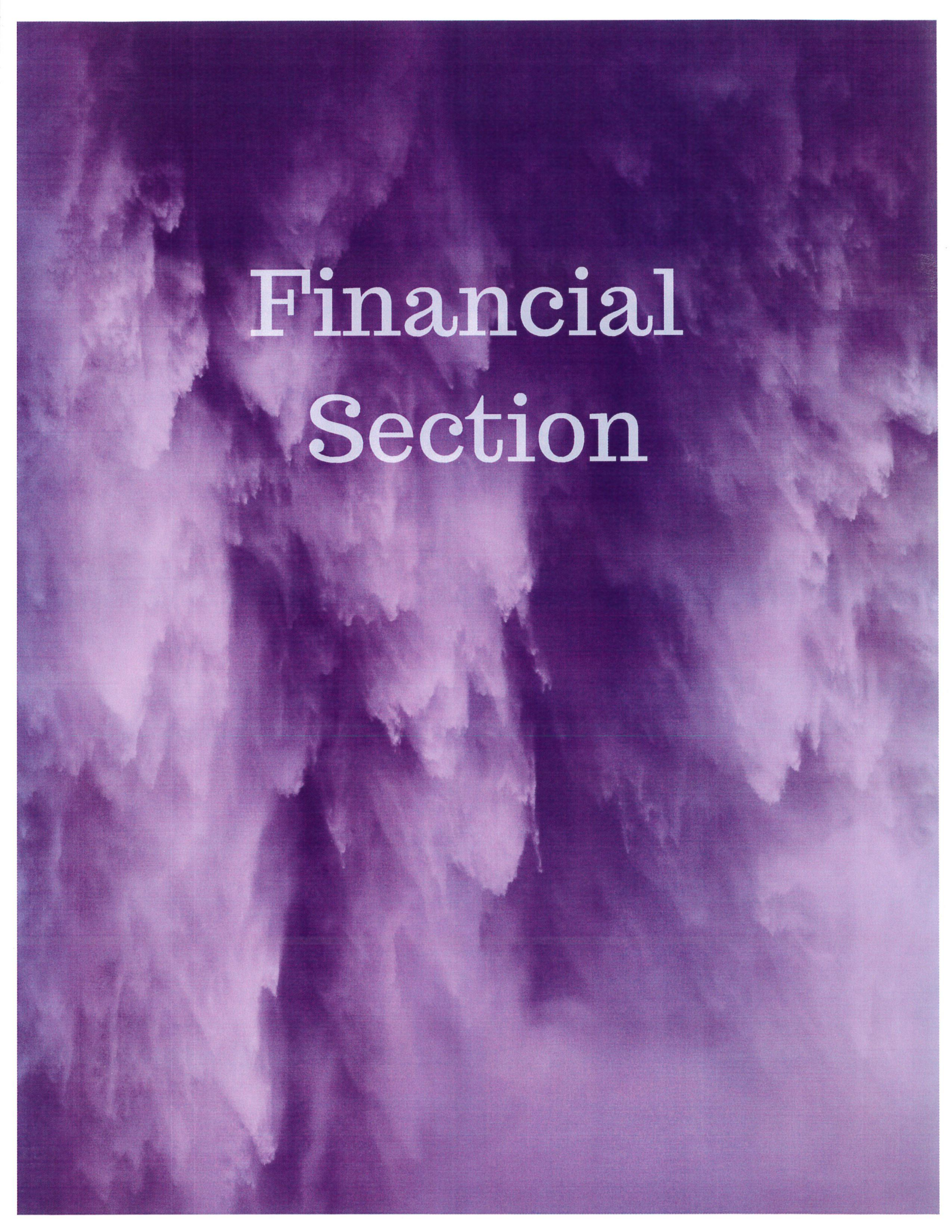
**City of El Dorado
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morill

Executive Director/CEO



Financial Section



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

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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, 2018, 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.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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, 2018, 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 1 to the financial statements, on January 1, 2018 the City adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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 May 29, 2019, 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 solely 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 effectiveness of the City's 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.

May 29, 2019
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, 2018. 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 position of the City of El Dorado to other entities using the government-wide financial statements. Those users can address relevant issues and broaden the basis of comparison (year-to-year or government-to-government) to enhance the City's accountability.

Government-Wide Financial Statements

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

The Statement of Net Position reports all the City's assets and liabilities. 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, the Payroll Withholding Fund, and the Community Improvement District. 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, 2018

(with comparative totals for December 31, 2017)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 16,655,364	\$ 16,811,576	\$ 10,433,078	\$ 10,259,662	\$ 27,088,442	\$ 27,071,238
Capital assets	44,638,799	46,105,186	58,351,001	58,823,565	102,989,800	104,928,751
Total assets	61,294,163	62,916,762	68,784,079	69,083,227	130,078,242	131,999,989
Deferred outflows of resources:						
Deferred outflows - pension	1,105,983	1,259,041	194,844	250,095	1,300,827	1,509,136
Deferred outflows - OPEB	55,607	-	38,256	-	93,863	-
	1,161,590	1,259,041	233,100	250,095	1,394,690	1,509,136
Long-term liabilities	21,078,069	22,548,276	66,269,799	65,549,247	87,347,868	88,097,523
Other liabilities	831,879	1,998,468	249,606	469,139	1,081,485	2,467,607
Total liabilities	21,909,948	24,546,744	66,519,405	66,018,386	88,429,353	90,565,130
Deferred inflows of resources:						
Deferred inflows - pension	366,150	291,275	118,473	82,879	484,623	374,154
Deferred inflows - OPEB	7,810	-	5,371	-	13,181	-
Deferred receivable - Property taxes	4,427,234	4,170,431	-	-	4,427,234	4,170,431
	4,801,194	4,461,706	123,844	82,879	4,925,038	4,544,585
Net position:						
Net investment in capital assets	30,064,673	32,504,209	22,255,189	21,632,458	52,319,862	54,136,667
Restricted	6,056,718	5,618,006	-	-	6,056,718	5,618,006
Unrestricted	(376,780)	(2,954,862)	(19,881,259)	(18,400,401)	(20,258,039)	(21,355,263)
Total net position	\$ 35,744,611	\$ 35,167,353	\$ 2,373,930	\$ 3,232,057	\$ 38,118,541	\$ 38,399,410

The City's overall financial position has seen a minimal financial downturn, with a decrease in net position of \$280,869. The amount is the combination of an increase in the governmental activities and a decrease in the business-type activities. The governmental activities increased by \$577,258 due to the net effect of several items. "Property tax receivable" increased due to the increase in the assessed valuation and the increase of five mills to help with general fund operations. And "Sales tax receivable" increased slightly with the help of citizens shopping local.

The net position of business-type activities decreased by \$858,127 due to the net effect of several items. Current assets increased \$173,416 mainly due to Cash and Short-term Investments. During 2017, the LPL Financial Investments were called and reinvested into CD's and since then, the City has been investing in

new CD's to gain enough to pay off Lake Storage I and II. Cash also increased due to the fund balances of the Water and Sewer funds not meeting the new financial policy. These funds were careful to only spend if absolutely necessary to increase the fund balances. 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 Water Storage Space Payable on the construction costs associated with future water storage space that is accruing interest compounded annually at 3.502%. The payable increased during 2018 by \$1,435,835 representing accrued interest.

Governmental Activities

The table below shows the condensed revenues, expenses and change in net position for 2018 and 2017.

	Governmental Activities	
	2018	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,752,004	\$ 2,424,962
Operating Grants and Contributions	643,313	586,979
Capital Grants and Contributions	1,217,665	1,522,589
General Revenues:		
Property Taxes	4,548,270	4,066,071
Sales Taxes	2,692,452	2,408,098
Franchise Taxes	1,343,763	1,287,895
Tourism Taxes	195,007	163,069
Investment Earnings	17,459	11,425
Miscellaneous	12,117	80,135
Total Revenues	13,422,050	12,551,223
Expenses:		
General Government	3,517,087	2,308,622
Public Safety	4,039,731	4,123,977
Public Works	3,763,699	3,708,612
Health & Sanitation	297,237	410,278
Culture & Recreation	1,508,086	1,602,837
Economic Development	573,137	451,731
Interest on Long-Term Debt	381,227	388,106
Total Expenses	14,080,204	12,994,163
Excess Before Transfers	(658,154)	(442,940)
Transfers In (Out)	1,572,601	522,269
Change In Net Position	914,447	79,329
Net Position January 1	35,167,353	35,125,303
Prior Period Adjustments	(337,189)	(37,279)
Net Position, Beginning of the Year as Restate	34,830,164	35,088,024
Net Position December 31	\$ 35,744,611	\$ 35,167,353

There were several revenue sources that increased in 2018 which included Charges for Services, Operating Grants and Contributions, Property Taxes, Sales Taxes, Franchise Taxes, Tourism Taxes, and Investment Earnings. Charges for Services increased due to several large projects that were charged engineering

refunds. And the Cemetery Fund was closed and included in the General Fund so all revenue sources for the Cemetery were added to the General Fund. Operating Grants and Contributions increased because a receivable was set up from KDOT. A Federal grant from TA (Transportation Alternative Program) for project 524 – Bike Path Phase III. Property Taxes increased due to the increase in the Assessed Valuation and a five mill increase. Sales Taxes and Tourism Taxes increased due to HollyFrontier’s major maintenance turn-around.

The net change in expenses increased by \$1,086,041. The increase is mainly in General Government due to several changes. The City Manager, Finance Director, and City Clerk were moved 100% to Data Processing which increased the “Data Processing Services” charge. Another cause for the increase is the higher insurance premiums absorbed by the City. Also, “Street Lights” was included in Public Works and was moved to General Government for 2018. Health claims increased significantly from the prior year. Lastly, the change in the way the City is purchasing equipment. It used to be spent out of the General Fund departments, however, for better planning, it is now purchased out of Equipment Reserve. This change would also lower the other expense categories.

Business-Type Activities

The table below shows the condensed revenues, expenses and changes in net position for 2018 and 2017.

	Business-Type Activities	
	2018	2017
Revenues:		
Program Revenues:		
Charges for Services	\$ 8,896,881	\$ 8,266,866
Capital Grants and Contributions	512,129	518,832
General Revenues:		
Investment Earnings (Loss)	188,142	314,410
Total Revenues	<u>9,597,152</u>	<u>9,100,108</u>
Expenses:		
Waterworks System	4,770,441	4,800,942
Sewer System	2,420,586	2,256,590
Refuse	1,430,807	1,350,666
Compressed Natural Gas	28,863	25,622
Total Expenses	<u>8,650,697</u>	<u>8,433,820</u>
Excess Before Transfers	946,455	666,288
Transfers In (Out)	(1,572,601)	(522,269)
Changes in Net Position	<u>(626,146)</u>	<u>144,019</u>
Net Position January 1	3,232,057	3,050,759
Prior Period Adjustments	(231,981)	37,279
Net Position, Beginning of the Year as Restated	<u>3,000,076</u>	<u>3,088,038</u>
Net Position December 31	<u>\$ 2,373,930</u>	<u>\$ 3,232,057</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 and Sewer System had two readiness to serve increases in 2017. The first increase was effective February 1, 2017 and the second increase was effective September 1, 2017. The Waterworks System and Sewer System changed their rates based on the size of the meter. This change affected several customers with larger meters significantly.

In 2018, both increases were in effect for the entire year which increased “Charges for Services” significantly. The City Commission has opted to do small rate increases each year versus large increases after several years and this is reviewed annually. There was an increase in rates for Refuse starting March 1, 2018 to help cover the cost of collections and disposal. “Investment Earnings” in the Waterworks System decreased due to the change in investments. During 2017, the LPL Financial Investments were called and reinvested into CD’s at a much lower interest rate. Expenses increased slightly due to some emergency water and sewer line repairs. “Transfers In (Out)” increased because the City Commission voted to forgive the internal debt due to the Waterworks System. The funds effected by the debt forgiveness were the Industrial Mill Levy Fund, Tourism Fund, Water Fund, Sewer Fund, and the Refuse Fund.

FUND ANALYSIS

There was a net change in fund balance of \$870,342 in the City’s Total Governmental Funds as a result of 2018 operations. In the General fund, Property Tax improved with a slight increase in the assessed valuation and a vote by City Commission to increase the mill levy by five to help cover operating cost. Sales Tax was up considerably by \$284,354. This revenue is highly driven by the Holly Frontier Refinery and when they schedule their maintenance projects. Expenses remained steady due to the City’s conscious effort to maintain a fund balance that meets the new financial policy which was implemented in 2017.

The net change in the Debt Service fund is an increase of \$160,881. Property Tax improved by \$347,732 due to an increase in the assessed valuation. General Obligation Bond Principal and Interest expenditures decreased slightly due to no new debt.

The net change in the Construction fund is a decrease of \$664,931. Intergovernmental Revenue decreased due to less federal and state funding. There was a federal grant from TA (Transportation Alternative Program) for project 524 – Bike Path Phase III and the other revenue sources remained about the same. Capital outlay decreased because fewer projects were implemented due to the debt capacity to go to bond.

The change in net position in the Business-Type Activities decreased \$858,127. The Waterworks System and the Sewer System increased in expenses due to the reallocation of salaries for the City Manager, Finance Director, and City Clerk. These positions were paid in part by the Waterworks system and Sewer System funds and were moved 100% to Data Processing. This increased the Data Processing fees for these two funds significantly because the percentage of Data Processing fees for each fund was more than the allocation percentage prior to the change. Another contributor for the decrease is an average merit increase of 2.84% for the Waterworks and Sewer Systems. Benefit insurance also increased in 2018 starting July 1st.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget was not amended. The actual amount of revenue was over the budgeted amount by \$125,438. It was discovered that 100% of Ad Valorem Tax is budgeted, however, only about 90% is collected. Therefore, Delinquent Tax should not be budgeted and what is collected will hopefully make up the 10% not collected in Ad Valorem Tax. The combination of the two taxes being budgeted caused a

budget deficit of \$194,915. The City had its highest sales tax collection in history in 2018. A large contributing factor is HollyFrontier Refinery's maintenance turn-around.

Prairie Trails Restaurant/Golf Fund, which is included in the financials of the General Fund, transferred \$196,875 to help offset the expenses to operate the Golf Course. In 2017, the Golf Course had a full year with an 18 hole golf course instead of 9 holes and the revenue generated in 2018 was slightly decreased by approximately \$10,000. In the fall of 2018, the City was approached with an offer from GreatLife Golf and Fitness to purchase the Prairie Trails Public Golf Course. The sale is to be completed sometime in 2019.

Expenditures were less than budgeted by \$1,644,334. Throughout the year, there were a number of vacant positions. The Police Department held three to five vacant positions during the year. Public Works was down three, and Administration was down one off and on throughout the year. 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 net investment in capital assets decreased during 2018, net of current year depreciation, by \$1,136,170. The capital assets to Governmental Activities include Land, Construction in progress, Buildings, Improvements other than buildings, Infrastructure, and Machinery and Equipment. The additions to Governmental Activities include the following: Additions to Land include 714 N Walnut \$2,500, 716 N Walnut \$2,500, and 611 Houser \$1,543. Additions to Construction in progress include several projects totaling \$1,488,925. The top three projects include: Project 541 – HA5 Township Village \$157,043, Project 504 – 6th Avenue Sidewalk Orchard to Star \$145,114, and Project 535 – Downtown Alley Repairs \$132,548. Additions to Buildings include Police Storage Building \$8,103 and 422 W Locust Recreation Shop \$227,255. The additions to Improvements other than buildings include Disc Golf Course \$108,375, Pedestrian Path-McCollum Road \$104,690, Airport Parking Lot \$22,290, and Sidewalks 100 Block of West Olive \$11,819. Additions to Infrastructure include; Pioneer Dr. - Repairs \$14,054, Airport Parking Lot and Road Mill and Overlay \$75,727, and ATC Lite Traffic Signal Controller at Central and Summit \$16,460. The additions to Machinery and Equipment include; for the Administration Department, Administration Building, (2) Roof Top Air Conditioning Units totaling \$11,753 and a 2015 Chevy Equinox LT \$8,990. For the Engineering Department, Cannon Plotter Scanner \$7,960. For Public Works Department, Public Works Division, Caterpillar Backhoe \$88,009 and for the Major Street Division, a Latex Printer \$25,969. For Recreation Department, Parks Division, (2) Tiger Cat Mowers totaling \$16,776.

The additions to Business-Type Activities include Construction in progress, Buildings, Improvements other than buildings, and Machinery and Equipment. Additions to Construction in progress include several projects. Projects included in the Water System: Project 532 – McCollum Rd Water Tower Painting \$80,572, Project 537 – Bore Water Line Main under Railroad (6th and Taylor) \$38,000, and Project 543 – Water Line Union Tank \$251,370. Projects included in the Sewer System: Project 514 – Sanitary Sewer Extension \$40,887, Project 544 – Sewer Line Reaming/Bursting (Meadow & Prairie) \$48,640, and Project 545 – Sanitary Sewer Replacement (Intersection of Arthur & Webb) \$52,660. There

were no additions to Buildings in 2017. Improvements other than buildings include: For the Water System; Water Treatment Plant Basin Repair \$34,700 and Bore Water Line under Railroad on Taylor and 6th \$38,000. Machinery and Equipment include: For the Water System; 2018 John Deere Skid Steer \$74,009, 2018 John Deere Mini Excavator \$88,711, 6" Toshiba Meter – RWD #6 \$5,104, and 10" EZ Valve Central & Vine \$11,000. For the Sewer System; 8th Street Lift Station \$19,700, and Polymer Feed System \$15,420.

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

Debt Administration

The City did not issue bonds in 2018. The capacity of the City to issue additional general obligation debt increased in 2018 from \$21,990,536 to \$24,307,661. The ratio of net bonded debt to estimated actual value and the net bonded debt per capita are useful indicators of the City's debt position. The ratio of net bonded debt to estimated actual value decreased from 3.63% in 2017 to 3.03% in 2018, and the net bonded debt per capita decreased from \$1,577 in 2017 to \$1,389 in 2018.

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 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 2019. Sales tax will continue to be a significant revenue source for the City. The property tax would 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 Kansas Water Office has long identified El Dorado Lake as an important regional water supply and to that end, the City of El Dorado continues to look for opportunities to utilize the surplus capacity in our reservoir. El Dorado Lake's surplus capacity puts El Dorado in the enviable position of being drought resilient, something few cities in our region truly have. We are continuing to work with communities in our region towards their long-term water supply planning, in the hopes that our regional water supply can be shared and offer drought resiliency to other communities. El Dorado Lake offers communities a long-term, affordable, high quality water supply for the future.
- The City has 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

years. Additionally, the City and El Dorado, Inc. have completed 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.

- Greatlife Golf and Fitness offered to purchase the Prairie Trails Public Golf Course for \$550,000 in the fall of 2018. The sale of Prairie Trails Public Golf Course will finalize in 2019.
- The City currently owes on stages II and III of the Lake Storage Debt. The City Commission agreed to move forward with the payoff of these two stages in 2019. Due to changes in the investment environment, the city could save approximately 6 million in interest by paying off the two stages.

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, 2018

	Primary Government			Component
	Governmental	Business-Type	Total	Unit
	Activities	Activities		Library
Assets:				
Cash and investments	\$ 4,762,780	\$ 9,849,845	\$ 14,612,625	\$ 476,549
Receivables, net of allowance for uncollectibles:				
Taxes	8,261,463	-	8,261,463	447,625
Accounts	392,654	568,863	961,517	-
Due from other governments	12,234	2,670	14,904	-
Internal balances	170,632	(170,632)	-	-
Inventories	55,601	182,332	237,933	-
Restricted cash and investments	-	-	-	201,575
Investment in joint venture	3,000,000	-	3,000,000	-
Capital assets, net of accumulated depreciation (where applicable):				
Land	4,860,087	740,378	5,600,465	-
Buildings	8,042,383	9,816,840	17,859,223	1,353,333
Improvements other than buildings	8,382,829	13,452,728	21,835,557	-
Infrastructure	18,021,946	-	18,021,946	-
Water storage space	-	28,951,577	28,951,577	-
Machinery and equipment	2,914,187	4,649,726	7,563,913	84,019
Construction in progress	2,417,367	739,752	3,157,119	-
Total assets	61,294,163	68,784,079	130,078,242	2,563,101
Deferred outflows of resources:				
Deferred outflows - pension	1,105,983	194,844	1,300,827	35,073
Deferred outflows - OPEB	55,607	38,256	93,863	1,317
Total deferred inflows of resources	1,161,590	233,100	1,394,690	36,390
Liabilities:				
Accounts payable and other current liabilities	517,120	209,635	726,755	151,439
Accrued interest payable	53,141	39,091	92,232	-
Unearned revenue - other	-	880	880	-
Unearned revenue - grant proceeds other than timing	261,618	-	261,618	-
Noncurrent liabilities:				
Due within one year	4,224,859	1,368,155	5,593,014	45,777
Due in more than one year	16,853,210	64,901,644	81,754,854	439,917
Total liabilities	21,909,948	66,519,405	88,429,353	637,133
Deferred inflows of resources:				
Deferred inflows - pension	366,150	118,473	484,623	13,864
Deferred inflows - OPEB	7,810	5,371	13,181	451
Deferred receivable - property taxes	4,427,234	-	4,427,234	447,625
Total deferred inflows of resources	4,801,194	123,844	4,925,038	461,940
Net position:				
Net investment in capital assets	30,064,673	22,255,189	52,319,862	1,437,352
Restricted for:				
Debt service	3,622,094	-	3,622,094	-
Public safety	6,169	-	6,169	-
Public works	238,072	-	238,072	-
Economic development	2,117,142	-	2,117,142	-
Culture and recreation	45,199	-	45,199	-
Other purposes	28,042	-	28,042	-
Unrestricted	(376,780)	(19,881,259)	(20,258,039)	63,066
Total net position	\$ 35,744,611	\$ 2,373,930	\$ 38,118,541	\$ 1,500,418

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

Functions/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating	Capital	Primary Government			Component
			Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Unit Library
Government activities:								
General government	\$ 3,517,087	\$ 559,316	\$ 96,819	\$ -	\$ (2,860,952)	\$ -	\$ (2,860,952)	\$ -
Public safety	4,039,731	675,801	16,000	-	(3,347,930)	-	(3,347,930)	-
Public works	3,763,699	188,309	502,452	816,855	(2,256,083)	-	(2,256,083)	-
Health and sanitation	297,237	221,935	-	400,810	325,508	-	325,508	-
Culture and recreation	1,508,086	1,106,643	28,042	-	(373,401)	-	(373,401)	-
Economic development	573,137	-	-	-	(573,137)	-	(573,137)	-
Interest on long-term debt	381,227	-	-	-	(381,227)	-	(381,227)	-
Total governmental activities	14,080,204	2,752,004	643,313	1,217,665	(9,467,222)	-	(9,467,222)	-
Business-type activities:								
Waterworks System	4,770,441	4,399,245	-	369,942	-	(1,254)	(1,254)	-
Sewer System	2,420,586	2,776,032	-	142,187	-	497,633	497,633	-
Refuse	1,430,807	1,694,720	-	-	-	263,913	263,913	-
Compressed Natural Gas	28,863	26,884	-	-	-	(1,979)	(1,979)	-
Total business-type activities	8,650,697	8,896,881	-	512,129	-	758,313	758,313	-
Total primary government	\$ 22,730,901	\$ 11,648,885	\$ 643,313	\$ 1,729,794	(9,467,222)	758,313	(8,708,909)	-
Component unit:								
Bradford Memorial Library	\$ 631,210	\$ 38,263	\$ 39,189	\$ -	-	-	-	(553,758)
General revenues:								
Property taxes					4,548,270	-	4,548,270	480,064
Sales taxes					2,692,452	-	2,692,452	-
Franchise taxes					1,343,763	-	1,343,763	-
Tourism taxes					195,007	-	195,007	-
Unrestricted investment earnings (loss)					17,459	188,142	205,601	(8,994)
Miscellaneous					12,117	-	12,117	-
Transfers					1,572,601	(1,572,601)	-	-
Total general revenues and transfers					10,381,669	(1,384,459)	8,997,210	471,070
Change in net position					914,447	(626,146)	288,301	(82,688)
Net position, beginning of year as previously stated					35,167,353	3,232,057	38,399,410	1,598,269
Prior period adjustments					(337,189)	(231,981)	(569,170)	(15,163)
Net position, beginning of year as restated					34,830,164	3,000,076	37,830,240	1,583,106
Net position, end of year					\$ 35,744,611	\$ 2,373,930	\$ 38,118,541	\$ 1,500,418

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2018

	General	Debt Service	Construction	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and investments	\$ 807,797	\$ 312,329	\$ -	\$ 3,642,654	\$ 4,762,780
Receivables (net of allowance for uncollectibles):					
Property tax	3,242,944	976,351	-	207,939	4,427,234
Special assessment tax	-	3,041,044	-	321,862	3,362,906
Sales tax	471,323	-	-	-	471,323
Accounts	78,585	-	63,861	250,208	392,654
Due from other governments	1,414	-	-	10,820	12,234
Due from other funds	2,170,182	-	-	-	2,170,182
Inventories	35,956	-	-	19,645	55,601
Total assets	\$ 6,808,201	\$ 4,329,724	\$ 63,861	\$ 4,453,128	\$ 15,654,914
Liabilities, deferred inflows of resources and fund balances:					
Liabilities:					
Accounts payable	\$ 177,252	\$ -	\$ 225,503	\$ 114,365	\$ 517,120
Due to other funds	-	-	1,932,920	59,893	1,992,813
Unearned revenue - grant proceeds other than timing	-	-	-	261,618	261,618
Total liabilities	177,252	-	2,158,423	435,876	2,771,551
Deferred inflows of resources:					
Unavailable revenue - property taxes	3,242,944	976,351	-	207,939	4,427,234
Unavailable revenue - special assessments	-	3,041,044	-	321,862	3,362,906
Total deferred inflows of resources	3,242,944	4,017,395	-	529,801	7,790,140
Fund balances:					
Nonspendable:					
Inventories	35,956	-	-	19,645	55,601
Restricted:					
Police operations	-	-	-	6,169	6,169
Tourism	-	-	-	15,278	15,278
Domestic violence prevention	-	-	-	28,042	28,042
Debt service	-	312,329	-	-	312,329
Park improvements	-	-	-	45,199	45,199
Stormwater systems	-	-	-	238,072	238,072
Ordinance street sales tax	-	-	-	1,020,668	1,020,668
Excess sales tax	-	-	-	1,096,474	1,096,474
Committed:					
Public safety equipment	-	-	-	3,409	3,409
Assigned					
Airport improvements	-	-	-	62,023	62,023
Economic development sales tax	-	-	-	56,148	56,148
Industrial development	-	-	-	338,951	338,951
Street improvements	-	-	-	38,351	38,351
Police equipment	-	-	-	274,501	274,501
Self-insurance reserve	337,074	-	-	-	337,074
Unassigned	3,014,975	-	(2,094,562)	244,521	1,164,934
Total fund balances	3,388,005	312,329	(2,094,562)	3,487,451	5,093,223
Total liabilities, deferred inflows of resources and fund balances	\$ 6,808,201	\$ 4,329,724	\$ 63,861	\$ 4,453,128	\$ 15,654,914

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, 2018

Total fund balance in Governmental Funds Balance Sheet		\$	5,093,223
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.			44,638,799
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.			3,362,906
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 outflows - pension	1,105,983		
Deferred outflows - OPEB	<u>55,607</u>		1,161,590
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.			(6,737)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			(21,131,210)
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	366,150		
Deferred inflows - OPEB	<u>7,810</u>		(373,960)
Net position of governmental activities		\$	<u><u>35,744,611</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, 2018

	General	Debt Service	Construction	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Property	\$ 3,009,649	\$ 1,368,067	\$ -	\$ 170,554	\$ 4,548,270
Sales	2,642,452	-	-	50,000	2,692,452
Franchise	1,343,763	-	-	-	1,343,763
Tourism	-	-	-	195,007	195,007
Intergovernmental	45,455	-	63,861	956,109	1,065,425
Licenses and permits	158,461	-	-	29,906	188,367
Charges for services	1,204,457	-	-	171,894	1,376,351
Fines and forfeitures	395,775	-	-	-	395,775
Special assessments	-	291,015	-	318,199	609,214
Investment earnings	17,459	-	-	-	17,459
Miscellaneous	108,374	121,603	23,472	875,263	1,128,712
Total revenues	8,925,845	1,780,685	87,333	2,766,932	13,560,795
Expenditures:					
Current:					
General government	1,831,213	-	11,655	1,151,733	2,994,601
Public safety	3,739,009	-	-	639	3,739,648
Highways and streets	893,161	-	693	472,979	1,366,833
Health and sanitation	139,041	-	-	141,656	280,697
Culture and recreation	1,296,508	-	11,683	27,848	1,336,039
Economic development	-	-	-	536,620	536,620
Debt service:					
Principal	206,283	1,300,803	-	-	1,507,086
Interest and other fiscal charges	19,641	307,183	44,845	82,360	454,029
Capital outlay	33,076	-	1,932,178	94,364	2,059,618
Total expenditures	8,157,932	1,607,986	2,001,054	2,508,199	14,275,171
Excess/deficiency of revenues over/(under) expenditures	767,913	172,699	(1,913,721)	258,733	(714,376)
Other financing sources (uses):					
Sale of real estate	12,117	-	-	-	12,117
Transfers in	1,068,014	-	1,257,218	2,120,694	4,445,926
Transfers out	(1,464,843)	(11,818)	(8,428)	(1,388,236)	(2,873,325)
Total other financing sources (uses)	(384,712)	(11,818)	1,248,790	732,458	1,584,718
Net change in fund balances	383,201	160,881	(664,931)	991,191	870,342
Fund balances, beginning of year	3,004,804	151,448	(1,429,631)	2,496,260	4,222,881
Fund balances, end of year	\$ 3,388,005	\$ 312,329	\$ (2,094,562)	\$ 3,487,451	\$ 5,093,223

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, 2018

Net change in fund balances - total governmental funds	\$ 870,342
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.	(1,017,813)
The net effect of various miscellaneous transactions involving capital assets and joint venture (i.e. sales, trade-ins, disposals, donations) is to decrease net position.	(455,085)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(150,865)
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.	1,544,020
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.	28,942
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.	88,276
Change in net position of governmental activities	<u>\$ 907,817</u>

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

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

GENERAL FUND

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 7,024,819	\$ 7,024,819	\$ 6,625,302	\$ (399,517)
Intergovernmental	25,559	25,559	45,455	19,896
Licenses, fees and permits	104,104	104,104	158,461	54,357
Charges for services	768,204	768,204	802,178	33,974
Fines and forfeitures	418,896	418,896	745,623	326,727
Interest	1,272	1,272	17,459	16,187
Miscellaneous	27,490	27,490	101,304	73,814
Total revenues	8,370,344	8,370,344	8,495,782	125,438
Expenditures:				
General government:				
Administration	560,892	560,892	541,262	19,630
Engineering	300,274	300,274	690,374	(390,100)
Environmental services	51,137	51,137	68,799	(17,662)
Legal and judicial	263,643	263,643	215,107	48,536
Cemetery	-	-	164,843	(164,843)
Total general government	1,175,946	1,175,946	1,680,385	(504,439)
Public safety:				
Police division	2,293,105	2,293,105	2,190,590	102,515
Fire division	1,692,514	1,692,514	1,765,568	(73,054)
Building and zoning	191,047	191,047	-	191,047
Hazardous materials	19,182	19,182	-	19,182
Total public safety	4,195,848	4,195,848	3,956,158	239,690
Public works:				
Public works	622,188	622,188	556,876	65,312
Street lights	198,000	198,000	-	198,000
Total public works	820,188	820,188	556,876	263,312
Health and sanitation:				
Animal control	\$ 129,630	\$ 129,630	\$ 140,513	\$ (10,883)

(Continued)

CITY OF EL DORADO, KANSAS

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

GENERAL FUND

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Culture and recreation:				
Park maintenance	\$ 251,822	\$ 251,822	\$ 342,932	\$ (91,110)
Recreation	697,521	697,521	669,801	27,720
Swimming pool	153,987	153,987	141,065	12,922
Recreation concessions	50,720	50,720	-	50,720
Total culture and recreation	1,154,050	1,154,050	1,153,798	252
Conservation of natural resources:				
Forestry	126,501	126,501	-	126,501
Contingency reserve	1,529,901	1,529,901	-	1,529,901
Total expenditures	9,132,064	9,132,064	7,487,730	1,644,334
Excess of revenues over (under) expenditures	(761,720)	(761,720)	1,008,052	1,769,772
Other financing sources (uses):				
Transfers in	867,278	867,278	867,278	-
Transfers out	(1,630,017)	(1,630,017)	(1,460,982)	169,035
Total other financing sources (uses)	(762,739)	(762,739)	(593,704)	169,035
Net change in fund balances	(1,524,459)	(1,524,459)	414,348	1,938,807
Fund balance, beginning of year	1,524,459	1,524,459	1,151,885	(372,574)
Fund balance, end of year	\$ -	\$ -	1,566,233	\$ 1,566,233
<u>Reconciliation to GAAP</u>				
Plus receivables at December 31, 2018			549,557	
Less payables outstanding at December 31, 2018			(96,262)	
Fund balances on the basis of GAAP - General Fund only			2,019,528	
Fund balances for separately budgeted funds included with the General Fund on GAAP basis financials:				
Cemetery			-	
Prairie Trails Restaurant/Golf			77,009	
Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials:				
External Stores			15,801	
Equipment Reserve			919,191	
Building Demolition			19,402	
Self-Insurance Reserve			337,074	
			<u>\$ 3,388,005</u>	

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2018

	Business-Type Activities - Enterprise Funds					Business-Type Activities
	Major Funds			Nonmajor Fund	Total Enterprise Funds	Internal Service Fund (Data Processing Fund)
	Waterworks System	Sewer System	Refuse	Compressed Natural Gas		
Assets:						
Current assets:						
Cash and investments	\$ 8,812,594	\$ 351,873	\$ 492,004	\$ 38,711	\$ 9,695,182	\$ 154,663
Accounts receivable (net of allowance for uncollectibles)	270,948	193,729	104,176	-	568,853	10
Intergovernmental receivable	517	-	2,153	-	2,670	-
Inventories	172,357	9,975	-	-	182,332	-
Total current assets	9,256,416	555,577	598,333	38,711	10,449,037	154,673
Capital assets:						
Land	33,733	706,645	-	-	740,378	-
Water storage space	28,951,577	-	-	-	28,951,577	-
Buildings	2,164,069	14,263,100	991,467	-	17,418,636	-
Improvements other than buildings	10,702,539	12,712,837	55,860	-	23,471,236	-
Machinery and equipment	2,861,361	4,975,508	993,687	189,044	9,019,600	25,464
Construction in progress	331,942	407,810	-	-	739,752	-
Total capital assets	45,045,221	33,065,900	2,041,014	189,044	80,341,179	25,464
Less accumulated depreciation	(7,288,698)	(13,604,203)	(1,069,009)	(30,831)	(21,992,741)	(22,901)
Capital assets, net	37,756,523	19,461,697	972,005	158,213	58,348,438	2,563
Deferred outflows of resources:						
Deferred outflows - pension	98,071	49,837	46,936	-	194,844	-
Deferred outflows - OPEB	19,606	9,480	9,170	-	38,256	-
Total deferred outflows of resources	117,677	59,317	56,106	-	233,100	-
Total assets and deferred outflows of resources	\$ 47,130,616	\$ 20,076,591	\$ 1,626,444	\$ 196,924	\$ 69,030,575	\$ 157,236

See accompanying notes to basic financial statements.

	Business-Type Activities - Enterprise Funds					Business-Type Activities
	Major Funds			Nonmajor Fund	Total Enterprise Funds	Internal Service Fund (Data Processing Fund)
	Waterworks System	Sewer System	Refuse	Compressed Natural Gas		
Liabilities:						
Current liabilities:						
Accounts payable	\$ 118,196	\$ 41,890	\$ 38,869	\$ 2,177	\$ 201,132	\$ 8,503
Current portion of compensated absences payable	35,828	29,946	20,232	-	86,006	18,927
Current portion of general obligation bonds payable	212,480	645,942	-	-	858,422	-
Current portion of revolving loan note payable	-	100,713	-	-	100,713	-
Accrued interest payable	6,842	32,249	-	-	39,091	-
Current portion of water storage space payable	154,867	-	-	-	154,867	-
Current portion of capital leases payable	149,220	-	-	-	149,220	-
Unearned revenue - other	-	880	-	-	880	-
Due to other funds	-	-	177,369	-	177,369	-
Total current liabilities	677,433	851,620	236,470	2,177	1,767,700	27,430
Noncurrent liabilities:						
Long-term portion of compensated absences payable	15,067	2,057	8,665	-	25,789	21,737
Long-term portion of general obligation bonds payable	1,602,880	5,021,386	-	-	6,624,266	-
Long-term portion of revolving loan note payable	-	1,831,747	-	-	1,831,747	-
Long-term portion of water storage space payable	54,884,267	-	-	-	54,884,267	-
Net pension liability	671,391	323,439	309,742	-	1,304,572	-
Net OPEB liability	107,245	51,858	50,163	-	209,266	-
Total noncurrent liabilities	57,280,850	7,230,487	368,570	-	64,879,907	21,737
Total liabilities	57,958,283	8,082,107	605,040	2,177	66,647,607	49,167
Deferred inflows of resources:						
Deferred inflows - pension	61,884	28,746	27,843	-	118,473	-
Deferred inflows - OPEB	2,752	1,331	1,288	-	5,371	-
Total deferred inflows of resources	64,636	30,077	29,131	-	123,844	-
Net position:						
Net investment in capital assets	9,260,499	11,861,909	972,005	158,213	22,252,626	2,563
Unrestricted	(20,152,802)	102,498	20,268	36,534	(19,993,502)	105,506
Total net position	\$ (10,892,303)	\$ 11,964,407	\$ 992,273	\$ 194,747	2,259,124	\$ 108,069
Some amounts reported for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities					114,806	
Net position of business-type activities					\$ 2,373,930	

CITY OF EL DORADO, KANSAS

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

Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds				Business-Type Activities
	Major Funds			Nonmajor Fund	Internal
	Waterworks System	Sewer System	Refuse	Compressed Natural Gas	Service Fund (Data Processing Fund)
Operating revenues:					
Charges for services	\$ 4,356,377	\$ 2,730,666	\$ 1,595,502	\$ 10,370	\$ 8,692,915
Miscellaneous	31,005	1,810	99,218	16,514	148,547
Rents and royalties	11,863	43,556	-	-	55,419
Total operating revenues	4,399,245	2,776,032	1,694,720	26,884	8,896,881
Operating expenses:					
Costs of sales and services	2,168,574	878,203	740,249	18,847	3,805,873
Administration	373,532	569,611	600,874	1,145	1,545,162
Depreciation	321,460	806,711	95,077	8,871	1,232,119
Total operating expenses	2,863,566	2,254,525	1,436,200	28,863	6,583,154
Operating income (loss)	1,535,679	521,507	258,520	(1,979)	2,313,727
Nonoperating revenues (expense):					
Investment income	188,142	-	-	-	188,142
Interest expense	(1,950,001)	(180,365)	(8,911)	-	(2,139,277)
Total nonoperating revenues (expense)	(1,761,859)	(180,365)	(8,911)	-	(1,951,135)
Income (loss) before capital contributions and transfers	(226,180)	341,142	249,609	(1,979)	362,592
Capital contributions	369,942	142,187	-	-	512,129
Transfers from other funds	687,510	687,510	211,654	-	1,586,674
Transfers to other funds	(2,964,067)	(117,208)	(78,000)	-	(3,159,275)
Change in net position	(2,132,795)	1,053,631	383,263	(1,979)	(697,880)
Net position, beginning of year as previously stated	(8,640,621)	10,968,262	664,618	196,726	3,188,985
Prior period adjustments	(118,887)	(57,486)	(55,608)	-	(231,981)
Net position, beginning of year as restated	(8,759,508)	10,910,776	609,010	196,726	2,957,004
Net position, end of year	\$ (10,892,303)	\$ 11,964,407	\$ 992,273	\$ 194,747	\$ 2,259,124
Change in net position per fund statements					\$ (697,880)
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					71,734
Change in net position of business-type activities					\$ (626,146)

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds				Business-Type Activities
	Major Funds			Nonmajor Fund	Internal Service Fund
	Waterworks System	Sewer System	Refuse	Compressed Natural Gas	(Data Processing Fund)
Cash flows from operating activities:					
Receipts from customers and users	\$ 4,438,520	\$ 2,793,326	\$ 1,709,728	\$ 26,884	\$ 8,968,458
Payments to suppliers	(2,177,210)	(899,160)	(713,141)	(17,870)	(3,807,381)
Payments to employees	(430,115)	(596,635)	(624,187)	(1,145)	(1,652,082)
Net cash provided by operating activities	1,831,195	1,297,531	372,400	7,869	3,508,995
Cash flows from capital and related financing activities:					
Principal paid on general obligation bonds	(212,480)	(634,782)	-	-	(847,262)
Principal paid on revolving loan note payable	-	(98,407)	-	-	(98,407)
Principal paid on water storage space payable	(149,627)	-	-	-	(149,627)
Proceeds from water storage space payable	1,585,462	-	-	-	1,585,462
Interest paid on debt	(1,950,564)	(182,477)	(8,911)	-	(2,141,952)
Principal paid on capital lease payable	(13,500)	-	-	-	(13,500)
Acquisition and construction of capital assets	(50,804)	(35,120)	-	-	(85,924)
Net cash used in capital and related financing activities	(791,513)	(950,786)	(8,911)	-	(1,751,210)
Cash flows from noncapital financing activities:					
Transfers (to) from other funds	(2,276,557)	570,302	133,654	-	(1,572,601)
Advances (to) from other funds	1,837,036	(723,650)	(281,903)	-	831,483
Net cash used in noncapital financing activities	(439,521)	(153,348)	(148,249)	-	(741,118)
Cash flows from investing activities:					
Investment income	188,142	-	-	-	188,142
Net increase in cash and investments	788,303	193,397	215,240	7,869	1,204,809
Cash and investments, beginning of year	8,024,291	158,476	276,764	30,842	8,490,373
Cash and investments, end of year	\$ 8,812,594	\$ 351,873	\$ 492,004	\$ 38,711	\$ 9,695,182

(Continued)

CITY OF EL DORADO, KANSAS

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
(Continued)

Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds					Business-Type Activities
	Major Funds			Nonmajor Fund	Total	Internal Service Fund
	Waterworks System	Sewer System	Refuse	Compressed Natural Gas	Enterprise Funds	(Data Processing Fund)
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 1,535,679	\$ 521,507	\$ 258,520	\$ (1,979)	\$ 2,313,727	\$ 107,306
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation expense	321,460	806,711	95,077	8,871	1,232,119	1,218
Decrease (increase) in accounts receivable	39,275	17,268	16,214	-	72,757	(10)
Increase in inventories	(28,269)	(971)	(1,206)	-	(30,446)	-
Decrease in deferred outflows - pension	28,317	13,691	13,243	-	55,251	-
Increase in deferred inflows - OPEB	(19,606)	(9,480)	(9,170)	-	(38,256)	-
Increase (decrease) in accounts payable	19,633	(19,986)	27,108	-	26,755	(8,123)
Increase (decrease) in compensated absences payable	(7,936)	(3,505)	(562)	977	(11,026)	-
Increase in unearned revenue - other	-	26	-	-	26	14,064
Increase in deferred inflows - pension	18,242	8,820	8,532	-	35,594	-
Increase in deferred inflows - OPEB	2,752	1,331	1,288	-	5,371	-
Increase in net pension liability	(66,709)	(32,253)	(31,199)	-	(130,161)	-
Increase in net OPEB liability	(11,643)	(5,628)	(5,445)	-	(22,716)	-
Net cash provided by operating activities	<u>\$ 1,831,195</u>	<u>\$ 1,297,531</u>	<u>\$ 372,400</u>	<u>\$ 7,869</u>	<u>\$ 3,508,995</u>	<u>\$ 114,455</u>
Schedule of noncash capital and related financing activities:						
Contributions of capital assets	<u>\$ 369,942</u>	<u>\$ 142,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 512,129</u>	<u>\$ -</u>
Interest on water storage space	<u>\$ 1,585,462</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,585,462</u>	<u>\$ -</u>
Capital assets acquired under capital lease	<u>\$ 162,720</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,720</u>	<u>\$ -</u>

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION -
FIDUCIARY FUNDS

December 31, 2018

	Retiree Health Care Benefit Plan Trust Fund	Agency Funds
Assets:		
Cash and investments:		
Cash	\$ -	\$ 335,867
Mutual funds	87,448	-
Fixed income securities	205,187	-
Accounts receivable	-	13,215
Total assets	292,635	349,082
Liabilities:		
Accounts payable	-	349,082
Net position held in trust for other postemployment benefits	\$ 292,635	\$ -

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, 2018

	Retiree Health Care Benefit Plan Trust Fund
Additions:	
Employer contributions	<u>\$ 123,880</u>
Deductions:	
Benefits	-
Investment loss	<u>11,952</u>
Total deductions	<u>11,952</u>
Change in net position held in trust for other postemployment benefits	111,928
Net position held in trust for other postemployment benefits, beginning of year	<u>180,707</u>
Net position held in trust for other postemployment benefits, end of year	<u><u>\$ 292,635</u></u>

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2018

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 BASIC 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 had an ongoing financial obligation for certain operating costs of the stadium.

During 2012, the City donated \$ 3,000,000 to fund its portion of construction. In addition to funds paid for construction, the agreement required 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, 2018 is \$ 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 BASIC 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 BASIC 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 BASIC 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 postemployment 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; Community Improvement District funds 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 BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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, 2018, interest earnings allocated to various funds was \$ 28,344. Deposits are reported at their carrying amount which approximates fair value.

The City maintains investments in certificates of deposit which are recorded at cost because they are not affected by market rate changes. The City's fiduciary fund has investments in mutual funds which 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.

Cash Flows Statement

For purposes of the cash flows 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.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

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	\$ 3,242,944
Debt service fund property taxes receivable	976,351
Debt service fund special assessments receivable	3,041,044
Nonmajor funds property taxes receivable	207,939
Nonmajor funds special assessment receivable	<u>321,862</u>
	<u><u>\$ 7,790,140</u></u>

Property Taxes

The City's property taxes are levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by Butler County. The assessed value upon which the 2018 levy was based was \$ 86,653,051.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC 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 2018 tax levy per \$ 1,000 of assessed valuation was as follows:

General Fund	\$	31.475
Debt Service Fund		14.877
Nonmajor funds		1.776
Component unit:		
Library		4.867
		<hr/>
	\$	52.995
		<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 BASIC 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 acquisition 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 BASIC 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.

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.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflow/Inflows of Resources (Continued)

The City has two items that qualify for reporting in this category. One item is deferred outflows for pension and is reported in the government-wide statement of net position. See Note 9 for more information on the deferred outflows for pension. The second is deferred outflows for other postemployment benefits (OPEB). See Note 10 for more information on the deferred outflows for OPEB.

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 three 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 9 for more information on the deferred inflows for the pension. The third item is deferred inflows for OPEB. See Note 10 for more information on the deferred inflows for OPEB.

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 BASIC 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, 2018, fund balances for governmental funds are made up of the following:

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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 \$ 6,056,718 of restricted net position, of which \$ 649,496 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 BASIC 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.

Adoption of New Governmental Accounting Standards Board Statement

During the year the City adopted GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment 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 City. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing the City's actual OPEB contributions to its contribution requirements.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements

At December 31, 2018, 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. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The requirements of this statement are effective for periods beginning after December 15, 2018.

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after December 15, 2019. Earlier application is encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, issued March 2018, clarifies which liabilities governments should include in their notes disclosures related to debt. This Statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledged as collateral for debt and the terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowing and direct placements of debt from other debt. The requirements of this statement are effective for periods beginning after June 15, 2018.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Prior Period Adjustments

Beginning net position on the statement of activities was restated to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The effect of this restatement on the beginning net position was a decrease of \$ 584,333, which resulted from the OPEB liability being increased by \$ 580,641, and the related deferred inflow of resources being increased by \$ 3,692. There was no effect on current year revenues or expenditures as a result of this adjustment.

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 \$ (21,131,210) difference are as follows:

Bonds payable	\$ (10,947,313)
Temporary notes	(2,548,000)
Premiums on bonds sold	(221,825)
Capital leases payable	(856,988)
Accrued interest payable	(53,141)
Compensated absences	(340,136)
Net pension liability	(5,859,632)
Net OPEB liability	<u>(304,175)</u>
Net adjustment to decrease fund balance - total governmental funds to arrive at net position of governmental activities	<u><u>\$ (21,131,210)</u></u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC 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

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 \$ (1,017,813) difference are as follows:

Capital outlay	\$ 1,927,491
Depreciation expense	<u>(2,945,304)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (1,017,813)</u>

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 \$ 1,544,020 difference are as follows:

Principal repayments:	
Capital leases	\$ 206,283
Bonds	<u>1,337,737</u>
Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ 1,544,020</u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC 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 “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 \$ 88,276 difference are as follows:

Compensated absences	\$ (44,155)
Pension contributions	15,754
OPEB Contributions	80,811
Amortization of bond premium	30,831
Accrued interest	<u>5,035</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>\$ 88,276</u></u>

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 External Stores, Building Demolition, Equipment Reserve, Family Life Center, Expendable Trust, Customer Deposit, Self-Insurance Reserve, Police Department Seized Assets, Ordinance Street Sales Tax, Excess Sales Tax, Special Alcohol Program 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.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

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.

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. During 2018, there were no amendments to the original published budget.

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 \$ 10,892,303 at December 31, 2018 due to the recording of the water storage space payable. The construction fund had a deficit net fund balance of \$ 2,094,562 at December 31, 2018.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Stewardship, Compliance and Accountability (Continued)

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the Industrial Development Fund by \$ 501,109, the Economic Development Sales Tax Fund by \$ 170,969 and the Tourism Tax Fund by \$ 422,461.

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 value equal to 100% of the deposits and investments, less insured amounts, and must be assigned for the benefit of the City.

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is included in cash and investments on the balance sheet. At December 31, 2018, 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.

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

4 - Deposits and Investments (Continued)

Investments

As of December 31, 2018, the City had the following investments:

Primary Government:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Fixed income mutual funds	\$ 205,187	\$ 205,187	\$ -	\$ -	\$ -
Domestic equity mutual funds	65,462	65,462	-	-	-
International equity mutual funds	13,477	13,477	-	-	-
Real estate mutual funds	8,509	8,509	-	-	-
	<u>\$ 292,635</u>	<u>\$ 292,635</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Discretely Presented Component Unit:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Mutual Funds, ETFs and Closed-End Funds	\$ 179,635	\$ 179,635	\$ -	\$ -	\$ -
Money Market Mutual Funds	21,940	21,940	-	-	-
	<u>\$ 201,575</u>	<u>\$ 201,575</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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 BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments (Continued)

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.

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, 2018, the City's investments were not exposed to custodial credit risk.

Fair Value Measurement – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

At December 31, 2018, the City's fiduciary fund investments were categorized within the fair value hierarchy as follows:

Investment Type	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Mutual funds	\$ 292,635	\$ 292,635	\$ -	\$ -
Total	\$ 292,635	\$ 292,635	\$ -	\$ -

At December 31, 2018, the Library's investments were categorized within the fair value hierarchy as follows:

Investment Type	Fair Value	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Mutual funds	\$ 201,575	\$ 201,575	\$ -	\$ -
Total	\$ 201,575	\$ 201,575	\$ -	\$ -

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

Primary Government

	Balance January 1, 2018	Increase	Decrease	Balance December 31, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,005,352	\$ 6,543	\$ (151,808)	\$ 4,860,087
Construction in progress	1,541,415	1,488,925	(612,973)	2,417,367
Total capital assets not being depreciated	6,546,767	1,495,468	(764,781)	7,277,454
Capital assets being depreciated:				
Buildings	11,931,859	235,358	-	12,167,217
Improvements other than buildings	12,149,095	247,174	-	12,396,269
Infrastructure	39,689,137	106,241	-	39,795,378
Machinery and equipment	7,654,680	159,457	(28,800)	7,785,337
Total capital assets being depreciated	71,424,771	748,230	(28,800)	72,144,201
Less accumulated depreciation for:				
Buildings	3,870,196	254,638	-	4,124,834
Improvements other than buildings	3,567,984	445,456	-	4,013,440
Infrastructure	19,997,744	1,775,688	-	21,773,432
Machinery and equipment	4,430,428	469,522	(28,800)	4,871,150
Total accumulated depreciation	31,866,352	2,945,304	(28,800)	34,782,856
Total capital assets being depreciated, net	39,558,419	(2,197,074)	-	37,361,345
Governmental activities capital assets, net	\$ 46,105,186	\$ (701,606)	\$ (764,781)	\$ 44,638,799

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets (Continued)

	Balance January 1, 2018	Increase	Decrease	Balance December 31, 2018
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 740,378	\$ -	\$ -	\$ 740,378
Water storage space	28,951,577	-	-	28,951,577
Construction in progress	265,623	512,129	(38,000)	739,752
Total capital assets not being depreciated	29,957,578	512,129	(38,000)	30,431,707
Capital assets being depreciated:				
Buildings	17,418,636	-	-	17,418,636
Improvements other than buildings	23,398,536	72,700	-	23,471,236
Machinery and equipment	8,831,120	213,944	-	9,045,064
Total capital assets being depreciated	49,648,292	286,644	-	49,934,936
Less accumulated depreciation for:				
Buildings	7,216,962	384,834	-	7,601,796
Improvements other than buildings	9,638,501	380,007	-	10,018,508
Machinery and equipment	3,926,842	468,496	-	4,395,338
Total accumulated depreciation	20,782,305	1,233,337	-	22,015,642
Total capital assets being depreciated, net	28,865,987	(946,693)	-	27,919,294
Business-type activities capital assets, net	\$ 58,823,565	\$ (434,564)	\$ (38,000)	\$ 58,351,001

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets (Continued)

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

Governmental activities:		
General government	\$	329,846
Public safety		300,083
Public works (including depreciation of infrastructure assets)		2,093,169
Health and sanitation		15,184
Culture and recreation		170,502
Economic development		36,520
Total depreciation expense - governmental activities	\$	2,945,304
Business-type activities:		
Waterworks utility	\$	321,460
Sewer utility		806,711
Refuse		95,077
Compressed Natural Gas		8,871
Capital assets held by the City's internal service fund are charged to the various functions based on their usage		1,218
Total depreciation expense - business-type activities	\$	1,233,337

Capital asset activity for the Library component unit for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Increase	Decrease	Balance December 31, 2018
Discretely presented component unit:				
Capital assets being depreciated:				
Buildings	\$ 2,150,508	\$ -	\$ -	\$ 2,150,508
Machinery and equipment	205,320	9,843	(2,340)	212,823
Total capital assets being depreciated	2,355,828	9,843	(2,340)	2,363,331
Less accumulated depreciation for:				
Buildings	655,695	141,480	-	797,175
Machinery and equipment	130,233	537	(1,966)	128,804
Total accumulated depreciation	785,928	142,017	(1,966)	925,979
Total capital assets being depreciated, net	1,569,900	(132,174)	(374)	1,437,352
Discretely presented component unit capital assets, net	\$ 1,569,900	\$ (132,174)	\$ (374)	\$ 1,437,352

CITY OF EL DORADO, KANSAS

NOTES TO BASIC 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, 2018 for capital projects compared to the amount authorized:

<u>Project</u>	<u>Costs-to-Date</u>	<u>Amount Authorized</u>
6th Ave. Sidewalks	\$ 97,028	\$ 107,809
Resurfacing Vine St.	25,566	170,596
Stormsewer Improvements	-	60,250
Waterline Extension	214,162	230,591
Sewer Line	46,208	48,640

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 BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2018 are comprised of the following issues:

	Interest Rates	Original Issue	Final Maturity Date	Principal Payments During 2018	Outstanding December 31, 2018
General Obligation Bonds:					
Governmental activities:					
Series 2010	1.60 - 3.35%	\$ 1,648,262	11/1/2025	\$ 72,950	\$ 549,048
Series 2011	2.00 - 3.50%	5,715,000	11/1/2032	260,000	4,135,000
Series 2013	1.00 - 2.75%	4,644,322	11/1/2028	481,162	2,635,416
Series 2015	2.0 - 4.0%	3,357,000	11/1/2025	388,625	2,457,849
Series 2016	1.25 - 2.0%	1,690,000	11/1/2027	135,000	1,170,000
				<u>1,337,737</u>	<u>10,947,313</u>
Business-type activities:					
Series 2010	1.60 - 3.35%	546,738	11/1/2025	22,050	165,952
Series 2013	1.00 - 2.75%	2,000,678	11/1/2028	158,838	1,299,584
Series 2015	2.0 - 4.0%	580,000	11/1/2025	56,374	422,152
Series 2016	1.25 - 2.0%	6,530,000	11/1/2027	610,000	5,595,000
				<u>847,262</u>	<u>7,482,688</u>
Component Unit-type activities:					
Series 2016	1.25 - 2.0%	295,000	11/1/2027	30,000	240,000
				<u>\$ 2,214,999</u>	<u>\$18,670,001</u>

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

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
Series 2016: Callable November 1, 2024 at par plus accrued interest

CITY OF EL DORADO, KANSAS

NOTES TO BASIC 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 2010	\$ 72,951	\$ 84,469
Series 2011	225,000	360,000
Series 2013	154,000	498,480
Series 2015	173,382	452,070
Series 2016	140,000	155,000
Business-type activities:		
Series 2010	22,049	25,531
Series 2013	111,000	161,520
Series 2015	56,374	64,241
Series 2016	325,000	710,000
Component unit activities:		
Series 2016	30,000	30,000

CITY OF EL DORADO, KANSAS

NOTES TO BASIC 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, 2018 are as follows:

Governmental activities	Principal	Interest	Total
2019	\$ 1,346,578	\$ 288,498	\$ 1,635,076
2020	1,384,029	261,344	1,645,373
2021	1,406,123	231,823	1,637,946
2022	1,075,483	200,230	1,275,713
2023	1,107,261	168,162	1,275,423
2024-2028	3,357,839	468,628	3,826,467
2029-2032	1,270,000	103,363	1,373,363
	<u>\$ 10,947,313</u>	<u>\$ 1,722,048</u>	<u>\$ 12,669,361</u>
Business-type activities	Principal	Interest	Total
2019	\$ 858,422	\$ 141,370	\$ 999,792
2020	865,971	129,698	995,669
2021	883,877	116,038	999,915
2022	844,517	101,699	946,216
2023	857,739	83,981	941,720
2024-2028	3,172,162	159,960	3,332,122
	<u>\$ 7,482,688</u>	<u>\$ 732,746</u>	<u>\$ 8,215,434</u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

Component unit activities	Principal	Interest	Total
2019	\$ 30,000	\$ 4,275	\$ 34,275
2020	30,000	3,900	33,900
2021	30,000	3,450	33,450
2022	30,000	3,000	33,000
2023	30,000	2,400	32,400
2024-2027	90,000	3,600	93,600
	<u>\$ 240,000</u>	<u>\$ 20,625</u>	<u>\$ 260,625</u>

Construction Loans Payable

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 \$ 974,651 is shown as a liability in the sewer fund. The future annual debt service requirements for the construction loan payable as of December 31, 2018 are as follows:

Year	Principal	Interest and Service Fees	Total
2019	\$ 56,816	\$ 20,940	\$ 77,756
2020	58,205	19,694	77,899
2021	59,628	18,417	78,045
2022	61,085	17,109	78,194
2023	62,579	15,769	78,348
2024-2028	336,605	57,576	394,181
2029-2033	339,733	18,814	358,547
	<u>\$ 974,651</u>	<u>\$ 168,319</u>	<u>\$ 1,142,970</u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Construction Loans Payable (Continued)

During 2015, the City entered into a loan agreement with the Kansas Department of Health and Environment. The agreement enabled the City to borrow \$ 1,058,908 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, 2018, the City has drawn \$ 1,058,908 on this loan. The outstanding balance of \$ 957,809 is shown as a liability in the sewer fund. The future annual debt service requirements for the construction loan payable as of December 31, 2018 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest and Service Fees</u>	<u>Total</u>
2019	\$ 43,897	\$ 20,832	\$ 64,729
2020	44,869	19,861	64,730
2021	45,861	18,868	64,729
2022	46,876	17,854	64,730
2023	47,913	16,817	64,730
2024-2028	255,939	67,708	323,647
2029-2033	285,527	38,119	323,646
2034-2038	186,927	7,261	194,188
	<u>\$ 957,809</u>	<u>\$ 207,320</u>	<u>\$ 1,165,129</u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC 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 2018 by \$ 1,585,462 representing accrued interest. At December 31, 2018 the liability including accrued interest is \$ 46,858,494. 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, 2018, the City has cash and investments of \$ 7,723,122 set aside to pay for the water storage space payable on July 1, 2081.

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 \$ 1,960,532 is shown as a liability in the waterworks system fund.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC 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, 2018 are as follows:

	Principal	Interest	Total
2019	\$ 56,877	\$ 68,658	\$ 125,535
2020	58,869	66,666	125,535
2021	60,931	64,604	125,535
2022	63,064	62,471	125,535
2023	65,273	60,262	125,535
2024-2028	362,296	265,379	627,675
2029-2033	430,336	197,339	627,675
2034-2038	511,153	116,522	627,675
2039-2043	351,733	24,919	376,652
	<u>\$ 1,960,532</u>	<u>\$ 926,820</u>	<u>\$ 2,887,352</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 \$ 6,220,108 is shown as a liability in the waterworks system fund.

CITY OF EL DORADO, KANSAS
NOTES TO BASIC 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, 2018 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 97,990	\$ 217,828	\$ 315,818
2020	101,421	214,396	315,817
2021	104,973	210,845	315,818
2022	108,649	207,169	315,818
2023	112,454	203,364	315,818
2024-2028	624,172	954,915	1,579,087
2029-2033	741,393	837,695	1,579,088
2034-2038	880,627	698,461	1,579,088
2039-2043	1,046,010	533,078	1,579,088
2044-2048	1,242,451	336,636	1,579,087
2049-2053	1,159,968	103,302	1,263,270
	<u>\$ 6,220,108</u>	<u>\$ 4,517,689</u>	<u>\$ 10,737,797</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 2015, the City issued \$ 2,548,000 of temporary notes series No. 1885 with an interest rate of 1.76% and with a final maturity in 2019 for governmental activities to provide temporary financing for general capital improvements. Total principal payment of \$ 2,548,000 is due in 2019.

CITY OF EL DORADO, KANSAS
NOTES TO BASIC 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>
2019	<u>\$ 2,548,000</u>	<u>\$ 22,422</u>	<u>\$ 2,570,422</u>

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment. This year \$ 98,040 was included in depreciation expense. 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:

JD Skid steer	\$ 74,009
Less accumulated depreciation	<u>(7,401)</u>
Net book value	<u>\$ 66,608</u>
Pumper apparatus	\$ 444,354
Less accumulated depreciation	<u>(125,900)</u>
Net book value	<u>\$ 318,454</u>
Aerial firetruck	\$ 1,152,052
Less accumulated depreciation	<u>(129,765)</u>
Net book value	<u>\$ 1,022,287</u>
JD Mini excavator	\$ 88,711
Less accumulated depreciation	<u>(8,871)</u>
Net book value	<u>\$ 79,840</u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC 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, 2018:

	Governmental Activities	Business-Type Activities
2019	\$ 143,751	\$ 149,220
2020	128,864	-
2021	128,864	-
2022	128,864	-
2023	128,864	-
2024- 2028	259,794	-
	919,001	149,220
Amount representing interest	(62,013)	-
	<u>\$ 856,988</u>	<u>\$ 149,220</u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

7 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	Balance January 1, 2018	Prior Period Adjustment	Outstanding January 1, 2018, as Restated	Additions	Reductions	Outstanding December 31, 2018	Due Within One Year
Governmental activities:							
General obligation bonds	\$ 12,285,050	\$ -	\$ 12,285,050	\$ -	\$ 1,337,737	\$ 10,947,313	\$ 1,346,578
Issuance premiums	252,656	-	252,656	-	30,831	221,825	-
Temporary notes	2,548,000	-	2,548,000	-	-	2,548,000	2,548,000
Capital leases	1,063,271	-	1,063,271	-	206,283	856,988	127,796
Compensated absences	295,981	-	295,981	265,221	221,066	340,136	202,485
Net other post-employment benefits obligation	-	335,198	335,198	84,313	115,336	304,175	-
Net pension liability	6,103,318	-	6,103,318	-	243,686	5,859,632	-
Total long-term liabilities - governmental activities	\$ 22,548,276	\$ 335,198	\$ 22,883,474	\$ 349,534	\$ 2,154,939	\$ 21,078,069	\$ 4,224,859
Business-type activities:							
General obligation bonds	\$ 8,329,950	\$ -	\$ 8,329,950	\$ -	\$ 847,262	\$ 7,482,688	\$ 858,422
Construction loans payable	2,030,867	-	2,030,867	-	98,407	1,932,460	100,713
Water storage space payable	53,603,299	-	53,603,299	1,585,462	149,627	55,039,134	154,867
Capital leases	-	-	-	162,720	13,500	149,220	149,220
Compensated absences	150,398	-	150,398	158,125	156,064	152,459	104,933
Net other post-employment benefits obligation	-	230,609	230,609	58,006	79,349	209,266	-
Net pension liability	1,434,733	-	1,434,733	-	130,161	1,304,572	-
Total long-term liabilities - business-type activities	\$ 65,549,247	\$ 230,609	\$ 65,779,856	\$ 1,964,313	\$ 1,474,370	\$ 66,269,799	\$ 1,368,155
Component unit:							
Compensated absences	\$ 33,124	\$ -	\$ 33,124	\$ 5,121	\$ 8,950	\$ 29,295	\$ 15,777
General obligation bonds	270,000	-	270,000	-	30,000	240,000	30,000
Net other post-employment benefits obligation	-	14,834	14,834	1,037	2,519	13,352	-
Net pension liability	203,827	-	203,827	-	780	203,047	-
	\$ 506,951	\$ 14,834	\$ 521,785	\$ 6,158	\$ 42,249	\$ 485,694	\$ 45,777

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities (Continued)

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

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, 2018, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of approximately \$ 53,105,000.

In 2017, four separate community improvement districts (CID) were established to finance the specific district's community development. The City is not obligated in any manner for repayment of this debt.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - 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, 2018, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General	\$ 1,068,014	\$ 1,464,843
Debt Service	-	11,818
Construction	1,257,218	8,428
Nonmajor governmental funds	2,120,694	1,388,236
Major proprietary funds:		
Waterworks System	687,510	2,964,067
Sewer System	687,510	117,208
Refuse	211,654	78,000
	<u> </u>	<u> </u>
Total transfers	<u>\$ 6,032,600</u>	<u>\$ 6,032,600</u>

Transfers are used to (1) move revenues from the fund that statutes or the budget requires to collect them to the fund that statutes or the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, and (4) eliminate negative cash balances in the payable funds due to project payment timing.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9 - 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 pension benefits 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.

Benefits Provided. 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).

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

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.

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.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

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 1.2% of total payroll for the KPERS fiscal year ended June 30, 2018.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.39% for KPERS and 20.09% for KP&F for the year ended December 31, 2018. Contributions to the Pension Plan from the City were \$ 350,451 for KPERS and \$ 418,470 for KP&F, and from the Library were \$ 21,740 for KPERS for the year ended December 31, 2018.

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

At December 31, 2018, the City reported a liability of \$ 3,289,622 for KPERS and \$ 3,874,582 for KP&F and the Library reported a liability of \$ 203,047 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, 2018, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

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

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, 2018. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2018 the City's proportion for KPERS was .236020%, which was a decrease of .013139% from its proportion measured as of June 30, 2017. At June 30, 2018, the City's proportion for KP&F was .402679%, which was a decrease of .016295% from its proportion measured as of June 30, 2017. At June 30, 2018, the Library's proportion for KPERS was .014568%, which is an increase of .000496% from its proportion measured as of June 30, 2017.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - 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, 2018, the City recognized pension expense of \$ 256,751 for KPERS, \$ 460,159 for KP&F and \$ 12,496 for the Library. At December 31, 2018, 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	\$ 248,625	\$ 111,114
Net difference between projected and actual earnings on pension plan investments	177,791	-
Change of assumptions	346,487	26,537
Changes in proportionate share	139,497	346,972
City contributions subsequent to measurement date	388,427	-
Total	<u>\$ 1,300,827</u>	<u>\$ 484,623</u>
Library		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 733	\$ 5,753
Net difference between projected and actual earnings on pension plan investments	4,750	-
Change of assumptions	8,793	978
Changes in proportionate share	10,106	7,133
City contributions subsequent to measurement date	10,691	-
Total	<u>\$ 35,073</u>	<u>\$ 13,864</u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

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

The \$ 388,427 and \$ 10,691 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	City
2019	\$ 301,440
2020	217,836
2021	(63,456)
2022	(19,412)
2023	(8,631)
	<u>\$ 427,777</u>

Year Ended June 30,	Library
2019	\$ 3,685
2020	5,362
2021	(518)
2022	1,730
2023	259
	<u>\$ 10,518</u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - 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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Salary increases, including price inflation	3.50 to 12.00 percent
Long-term rate of return net of investment expense, and including price inflation	7.75 percent

Mortality rates were based on the RP-2014 Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the three year period ending December 31, 2015.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9 - 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 the most recent experience study, dated November 18, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.85%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	(0.25%)
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.75%. 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, and subsequent legislation, 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 the future. Employers contribute the full actuarial determined rate for KPERS. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in the future. Employers contribute the full actuarial determined rate for KP&F. 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 BASIC FINANCIAL STATEMENTS
(Continued)

9 - 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 7.75%, 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 (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's KPERS proportionate share of the collective net pension liability	\$ 4,824,712	\$ 3,289,622	\$ 1,992,334
City's KP&F proportionate share of the collective net pension liability	5,522,053	3,874,582	2,495,290
Bradford Memorial Library's KPERS proportionate share of the collective net pension liability	297,799	203,047	122,974

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

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

10 - Other Postemployment Benefits

Health Insurance

Plan Administration

The City of El Dorado's other postemployment 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, prescription drug, dental and vision benefits to retired employees and their dependents under certain conditions. The Plan is governed by the City Commission and managed by the finance department of the City.

Funding Policy

The City provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establishes participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs.

Plan Membership

At December 31, 2018, Plan membership consisted of the following:

Inactive plan members currently receiving benefit payments	3
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	136
	<hr/>
	139
	<hr/> <hr/>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Benefits Provided

The Plan provides 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. The City Commission has the authority to provide and amend the benefit terms of the Plan.

Contributions

The City has adopted as funding policy that provides reasonable assurance the cost of benefits provided to the Plan's members will be funded in an equitable and sustainable manner. The required contribution is based on projected pay-as-you go financing requirements, with an additional amount to prefund benefits as determined annually. The City Commission has the authority to provide and amend the contribution terms of the Plan.

The City Commission has the authority to establish and amend the investment policy for the Plan. The goal of the Plan is to achieve an annual rate of return on investments that meets or exceeds the Plan's actuarial assumption (as determined by its Actuarial Consultant) of 6% and to maximize the return on investment from these funds within the risk parameters specified. Both investment income and capital appreciation are components of expected total return from the investments. The time horizon for the Plan is a long term horizon, in excess of 10 years, and the Plan shall not make short-term timing moves in the investment portfolio.

Net OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of January 1, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs. The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	December 31, 2018
Valuation Date	January 1, 2017 rolled forward to December 31, 2018
Reporting Date for Employer	December 31, 2018
Measurement Period	January 1, 2018 to December 31, 2018
Discount Rate	6.00%
Inflation Rate	2.50%
Salary Increases	4.00%
Mortality Table	RP 2014 Total Employee and Healthy Annuitant mortality tables adjusted to 2006 and projected with MP 2017 future mortality improvement scale.
Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Market value
Investment Rate of Return	6.00%

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs (Continued)

Health Care Cost Trend Rates		
Year	Claims Rate	Expenses Rate
2017	6.50 %	4.00 %
2018	6.25	4.00
2019	6.00	4.00
2020	5.75	4.00
2021	5.50	4.00
2022	5.25	4.00
2023	5.00	4.00

The actuarial assumptions used in the January 1, 2017 valuation were based on actual claims experience for the period January 1, 2010 to June 30, 2017 and blended with anticipated claims based on the plan provisions.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The long-term expected rate of return on OPEB 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 OPEB 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0%
Fixed income	70%
Equities large	15%
Equities small	5%
Equities international	5%
REIT's	5%
Total	100%

Discount rate. The discount rate used to measure the total OPEB liability was 6.00% percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 12/31/2017	\$ 626,415	\$ 180,707	\$ 445,708
Changes for the year:			
Service cost	8,434	-	8,434
Interest	40,116	-	40,116
Differences between expected and actual experience	-	-	-
Changes of assumptions/methodology	61,712	-	61,712
Contributions - employer	-	123,880	(123,880)
Net investment income (loss)	-	(11,952)	11,952
Benefit payments	(55,931)	-	(55,931)
Administrative expense	-	-	-
Net changes	54,331	111,928	(57,597)
Balances at 12/31/2018	\$ 680,746	\$ 292,635	\$ 388,111

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Changes in the Net OPEB Liability (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0 percent) or 1-percentage-point higher (7.0 percent) than the current discount rate:

	1% Decrease (5.0%)	Discount Rate (6.0%)	1% Increase (7.0%)
Net OPEB liability	\$ 437,680	\$ 388,111	\$ 343,890

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the net OPEB liability of the City as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 4.0%)	Healthcare Cost Trend Rates (6.5% decreasing to 5.0%)	1% Increase (7.5% decreasing to 6.0%)
Net OPEB liability	\$ 359,984	\$ 388,111	\$ 419,461

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$ 49,247. At December 31, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	51,758	-
Net difference between projected and actual earnings on OPEB plan investments	21,209	-
Total	<u>\$ 72,967</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2019	\$ 15,256
2020	15,256
2021	15,256
2022	15,257
2023	9,954
Thereafter	1,988
	<u>\$ 72,967</u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance

Plan Description, Benefits Provided and Contributions. The City and the Library participate in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2018 totaled \$ 41,770 and \$ 2,591 for the City and Library, respectively.

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Plan Description, Benefits Provided and Contributions. (Continued)

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees Covered by Benefit Terms. As of the valuation date of December 31, 2017, the following employees were covered by the benefit terms.

City	
Inactive plan members or beneficiaries currently receiving benefit payments	1
Active plan members	90
	<u>91</u>

Library	
Inactive plan members or beneficiaries currently receiving benefit payments	1
Active plan members	8
	<u>9</u>

Total OPEB Liability

The total OPEB liability for the City and Library of \$ 125,330 and \$ 13,352, respectively, was measured as of June 30, 2018 and was determined by an actuarial valuation performed as of December 31, 2017.

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

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Total OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.87 percent
Implicit inflation rate	2.75 percent
Mortality rates	Local Males: 90% of RP-2014 M Total Dataset +2 Local Females: 90% of RP-2014 F Total Dataset +1 Generational mortality improvements were projected for future years using MP-2018. Post-disability mortality rates are included in long-term disability claim termination rates.
Salary increases	3.50 percent (composed of 2.75 percent inflation and 0.75 percent productivity)
Payroll growth	3.00 percent
Actuarial cost method	Entry Age Normal

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the period July 1, 2014 through June 30, 2016.

Changes and items of impact relative to the prior valuation were as follows.

1. The discount rate was updated in accordance with the requirements of GASB 75.
2. The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

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

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Changes in the Total OPEB Liability

City	
Balance at June 30, 2017	\$ 120,099
Changes for the year:	
Service cost	15,319
Interest on total OPEB liability	4,786
Changes in assumptions or other inputs	(11,379)
Benefit payments	(3,495)
Net changes	5,231
Balance at June 30, 2018	\$ 125,330

Library	
Balance at June 30, 2017	\$ 14,834
Changes for the year:	
Service cost	529
Interest on total OPEB liability	508
Changes in assumptions or other inputs	(178)
Benefit payments	(2,341)
Net changes	(1,482)
Balance at June 30, 2018	\$ 13,352

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City and Library, as well as what the City and Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	City		
	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 130,793	\$ 125,330	\$ 119,631

	Library		
	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB liability	\$ 13,794	\$ 13,352	\$ 12,918

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following represents the total OPEB liability of the City and Library as well as what the City and Library's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

City			
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 125,330	\$ 125,330	\$ 125,330

Library			
	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB liability	\$ 13,352	\$ 13,352	\$ 13,352

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

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City and the Library recognized OPEB expense of \$ 18,543 and \$ 981, respectively. At December 31, 2018, the City and the Library reported deferred outflows and inflows of resources related to OPEB from the following sources:

	City	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,717
Changes in assumptions	-	4,464
Benefit payments subsequent to the measurement date	20,896	-
Total	<u>\$ 20,896</u>	<u>\$ 13,181</u>

	Library	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 44
Changes in assumptions	-	407
Benefit payments subsequent to the measurement date	1,317	-
Total	<u>\$ 1,317</u>	<u>\$ 451</u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB (Continued)

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$ 20,896 and \$ 1,317 for the City and Library, respectively, consists of payments made to KPERS for benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

City	
Year Ended June 30,	
2019	\$ (1,562)
2020	(1,562)
2021	(1,562)
2022	(1,562)
2023	(1,562)
Thereafter	(5,371)
	<u>\$ (13,181)</u>

Library	
Year Ended June 30,	
2019	\$ (56)
2020	(56)
2021	(56)
2022	(56)
2023	(56)
Thereafter	(171)
	<u>\$ (451)</u>

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

11 - 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.

12 - Tax Abatements

The City entered into sales tax abatement agreements with local businesses for the purpose of attracting businesses within their jurisdictions. The abatements were for Community Improvement Districts where the City was the agent for the abated sales taxes. For the fiscal year ended December 31, 2018, abated sales taxes that impacted the City totaled \$ 94,280.

13 - 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 BASIC FINANCIAL STATEMENTS
(Continued)

13 - 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 \$ 65,358 reported at December 31, 2018 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, 2018, the City had approximately \$ 337,000 assigned in the General Fund for payment of health claims. The changes in health care claims payable for the years ended December 31, 2018 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
2016	\$ 148,682	\$ 833,429	\$ 919,666	\$ 62,445
2017	62,445	927,937	938,283	52,099
2018	52,099	1,328,741	1,315,482	65,358

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

14 - Subsequent Events

In April 2019, the City issued Series 2019A general obligation bonds at a principal amount of \$ 2,835,000. This bond issue is to permanently finance temporary notes that were due in June 2019.

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 Five Fiscal Years¹

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the collective net pension liability:					
KPERs	0.236020%	0.249159%	0.253304%	0.243809%	0.238711%
KP&F	0.402679%	0.418974%	0.414763%	0.409768%	0.402789%
City's proportionate share of the collective net pension liability	\$ 7,164,204	\$ 7,538,051	\$ 7,770,855	\$ 6,176,718	\$ 5,579,746
City's covered payroll	\$ 6,295,994	\$ 6,310,319	\$ 6,321,921	\$ 5,952,445	\$ 5,741,758
City's proportionate share of the collective net pension liability as a percentage of its covered payroll	114%	119%	122%	103%	97%
Plan fiduciary net position as a percentage of the total pension liability	68.88%	67.12%	65.10%	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 Five Fiscal Years¹

	2018	2017	2016	2015	2014
Library's proportion of the collective net pension liability:					
KPERS	0.014568%	0.014072%	0.013568%	0.013548%	0.014177%
Library's proportionate share of the collective net pension liability	\$ 203,047	\$ 203,827	\$ 209,901	\$ 177,891	\$ 174,492
Library's covered payroll	\$ 254,607	\$ 255,897	\$ 232,764	\$ 226,266	\$ 223,714
Library's proportionate share of the collective net pension liability as a percentage of its covered payroll	80%	80%	90%	79%	78%
Plan fiduciary net position as a percentage of the total pension liability	68.88%	67.12%	65.10%	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 Nine Fiscal Years¹

	2018	2017	2016	2015	2014	2013	2012	2011	2010
KPERS/Ret contractually required contribution	\$ 350,451	\$ 366,093	\$ 400,701	\$ 401,217	\$ 352,578	\$ 310,747	\$ 293,509	\$ 257,819	\$ 249,113
KP&F contractually required contribution	418,470	396,241	418,425	407,629	363,076	322,865	324,386	272,793	240,147
Contributions in relation to the contractually required contribution	(768,921)	(762,334)	(819,126)	(808,846)	(715,654)	(633,612)	(617,895)	(530,612)	(489,260)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 6,259,987	\$ 6,336,505	\$ 6,414,029	\$ 6,369,673	\$ 6,039,625	\$ 6,014,997	\$ 6,018,005	\$ 5,792,461	\$ 5,709,858
Contributions as a percentage of covered payroll	12.28%	12.03%	12.77%	12.70%	11.85%	10.53%	10.27%	9.16%	8.57%

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 Eight Fiscal Years¹

	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 21,740	\$ 22,177	\$ 22,353	\$ 23,375	\$ 22,235	\$ 20,924	\$ 21,145	\$ 18,110
Contributions in relation to the contractually required contribution	21,740	22,177	22,353	23,375	22,235	20,924	21,145	18,110
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 259,120	\$ 262,144	\$ 243,498	\$ 247,351	\$ 249,435	\$ 254,058	\$ 265,347	\$ 260,170
Contributions as a percentage of covered payroll	8.39%	8.46%	9.18%	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 Changes in the
City's Net OPEB Liability and Related Ratios* - Health
Last Two Fiscal Years

	2018	2017
Total OPEB liability		
Service cost	\$ 8,434	\$ 8,109
Interest	40,116	40,203
Changes of benefits terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	61,712	-
Benefit payments	(55,931)	(44,251)
Net change in total OPEB liability	54,331	4,061
Total OPEB liability--beginning	688,128	684,067
Changes in assumptions/methodology	(61,713)	-
Total OPEB liability--beginning restated	626,415	684,067
Total OPEB liability--ending (a)	\$ 680,746	\$ 688,128
Plan fiduciary net position		
Contributions--employer	\$ 123,880	\$ 68,451
Net investment income (loss)	(11,952)	15,928
Benefit payments	-	-
Administrative expense	-	-
Net change in plan fiduciary net position	111,928	84,379
Plan fiduciary net position--beginning	180,707	96,328
Plan fiduciary net position--ending (b)	\$ 292,635	\$ 180,707
City's net OPEB liability--ending (a) - (b)	\$ 388,111	\$ 507,421
Plan fiduciary net position as a percentage of the total OPEB liability	42.99%	26.26%
Covered payroll	\$ 6,212,889	\$ 5,973,932
City's net OPEB liability as a percentage of covered payroll	6.25%	8.49%

* GASB 75 requires presentation of 10 years. Data was not available prior to fiscal year 2017.

CITY OF EL DORADO, KANSAS

Schedule of the City Contributions* Net OPEB Liability - Health Last Two Fiscal Years

	2018	2017
Actuarially determined contribution	\$ 61,940	\$ 61,940
Contributions in relation to the actuarially determined contribution	123,880	68,451
Contribution deficiency (excess)	<u>\$ (61,940)</u>	<u>\$ (6,511)</u>
City's covered payroll	\$ 6,212,889	\$ 5,973,932
Contributions as a percentage of covered payroll	1.99%	1.15%

* GASB 74 requires presentation of 10 years. Data was not available prior to fiscal year 2017.

Notes to Schedule

Actuarially determined contributions are calculated as of January 1 of the current fiscal year in which contributions are reported.

Valuation Date	January 1, 2017
Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Market Value
Amortization Method	Level Dollar, Open
Amortization Period	30 Years
Salary Increases	4.00%
Investment Rate of Return	6.00%
Mortality Table	RP 2014 Total Employee and Healthy Annuitant tables adjusted to 2006 and projected with MP 2017 future mortality improvement scale.

CITY OF EL DORADO, KANSAS

Schedule of Investment Returns*
Net OPEB Liability - Health
Last Two Fiscal Years

	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	-4.08%	8.81%

* GASB 74 requires presentation of 10 years. Data was not available prior to fiscal year 2017.

CITY OF EL DORADO, KANSAS

Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Disability Benefits and Life Insurance

Last Two Fiscal Years*

	2018	2017
Total OPEB liability:		
Service cost	\$ 15,319	\$ 16,484
Interest	4,786	3,478
Effect of economic/demographic gains or losses	(9,720)	-
Effect of assumptions changes or inputs	(1,659)	(3,752)
Benefit payments	(3,495)	(3,315)
Net change in total OPEB liability	5,231	12,895
Total OPEB liability, beginning	120,099	107,204
Total OPEB liability, ending	<u>\$ 125,330</u>	<u>\$ 120,099</u>
Covered payroll	\$ 4,183,182	\$ 4,028,513
City's total OPEB liability as a percentage of covered payroll	3.00%	2.98%

Notes to Schedule:

Changes of assumptions . The discount rate was updated in accordance with the requirements of GASB 75. The mortality projection scale was updated to the most recent table published by the Society of Actuaries. The overall impact of the new assumptions is a increase in the benefit obligations.

*GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

CITY OF EL DORADO, KANSAS

BRADFORD MEMORIAL LIBRARY

Schedule of Changes in the Library's Total OPEB Liability and Related Ratios
Disability Benefits and Life Insurance

Last Two Fiscal Years*

	2018	2017
Total OPEB liability:		
Service cost	\$ 529	\$ 644
Interest	508	454
Effect of economic/demographic gains or losses	(49)	-
Effect of assumptions changes or inputs	(129)	(367)
Benefit payments	(2,341)	(2,341)
Net change in total OPEB liability	(1,482)	(1,610)
Total OPEB liability, beginning	14,834	16,444
Total OPEB liability, ending	<u>\$ 13,352</u>	<u>\$ 14,834</u>
Covered payroll	\$ 223,121	\$ 243,500
Library's total OPEB liability as a percentage of covered payroll	5.98%	6.09%

Notes to Schedule:

Changes of assumptions . The discount rate was updated in accordance with the requirements of GASB 75. The mortality projection scale was updated to the most recent table published by the Society of Actuaries. The overall impact of the new assumptions is a decrease in the benefit obligations.

*GASB 75 requires the presentation of 10 years. Data was not available prior to fiscal year 2017. Therefore, 10 years of data is unavailable.

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.

Ordinance Street Sales Tax Fund – to account for sales tax revenue created by ordinance for street repairs, street rehabilitation and maintenance.

Excess Sales Tax – to account for sales tax revenue created by ordinance for any capital expenditure requested by any citizen or organization of the City with approval by the City Commission of the capital expenditures.

Special Alcohol Program Fund – to account for liquor tax revenue created by ordinance to provide support for domestic violence shelters for adults or children.

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

December 31, 2018

	Airport	Major Street Improvement	Industrial Development	Special Parks and Recreation	Tourism Tax	Economic Development Sales Tax	Stormwater Utility	Family Life Center
<u>ASSETS</u>								
Cash and investments	\$ 59,773	\$ 22,524	\$ 351,599	\$ 45,199	\$ 197,060	\$ 56,148	\$ 238,195	\$ 9,817
Inventories	19,645	-	-	-	-	-	-	-
Receivables (net of allowance for uncollectibles):								
Property tax	115,960	-	91,979	-	-	-	-	-
Special assessment tax	-	-	-	-	-	-	321,862	-
Accounts	9,270	112,284	20,160	-	71,034	-	-	-
Due from other governments	-	-	-	-	-	-	175	10,645
Total assets	<u>\$ 204,648</u>	<u>\$ 134,808</u>	<u>\$ 463,738</u>	<u>\$ 45,199</u>	<u>\$ 268,094</u>	<u>\$ 56,148</u>	<u>\$ 560,232</u>	<u>\$ 20,462</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ 7,020	\$ 36,564	\$ 32,808	\$ -	\$ 8,295	\$ -	\$ 298	\$ 20,462
Due to other funds	-	59,893	-	-	-	-	-	-
Unearned revenue - grant proceeds other than timing	-	-	-	-	-	-	-	-
Total liabilities	<u>7,020</u>	<u>96,457</u>	<u>32,808</u>	<u>-</u>	<u>8,295</u>	<u>-</u>	<u>298</u>	<u>20,462</u>
Deferred inflows of resources:								
Unavailable revenue - property taxes	115,960	-	91,979	-	-	-	-	-
Unavailable revenue - special assessments	-	-	-	-	-	-	321,862	-
Total deferred inflows of resources	<u>115,960</u>	<u>-</u>	<u>91,979</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,862</u>	<u>-</u>
Fund balances:								
Nonspendable:								
Inventories	19,645	-	-	-	-	-	-	-
Restricted:								
Police operations	-	-	-	-	-	-	-	-
Tourism	-	-	-	-	15,278	-	-	-
Domestic violence prevention	-	-	-	-	-	-	-	-
Park improvements	-	-	-	45,199	-	-	-	-
Stormwater systems	-	-	-	-	-	-	238,072	-
Street improvements	-	-	-	-	-	-	-	-
Community capital expenditures	-	-	-	-	-	-	-	-
Committed:								
Public safety equipment	-	-	-	-	-	-	-	-
Assigned:								
Airport improvements	62,023	-	-	-	-	-	-	-
Economic development sales tax	-	-	-	-	-	56,148	-	-
Industrial development	-	-	338,951	-	-	-	-	-
Street improvements	-	38,351	-	-	-	-	-	-
Police equipment	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	244,521	-	-	-
Total fund balances	<u>81,668</u>	<u>38,351</u>	<u>338,951</u>	<u>45,199</u>	<u>259,799</u>	<u>56,148</u>	<u>238,072</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 204,648</u>	<u>\$ 134,808</u>	<u>\$ 463,738</u>	<u>\$ 45,199</u>	<u>\$ 268,094</u>	<u>\$ 56,148</u>	<u>\$ 560,232</u>	<u>\$ 20,462</u>

(Continued)

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

December 31, 2018

	Expendable Trust	Customer Deposit	Law Enforcement Trust	Police Department Seized Assets	Ordinance Street Sales Tax	Excess Sales Tax	Special Alcohol Program	Total Nonmajor Special Revenue Funds
<u>ASSETS</u>								
Cash and investments	\$ 503,260	\$ 3,409	\$ 6,169	\$ 4,317	\$ 1,020,668	\$ 1,096,474	\$ 28,042	\$ 3,642,654
Inventories	-	-	-	-	-	-	-	19,645
Receivables (net of allowance for uncollectibles):								
Property tax	-	-	-	-	-	-	-	207,939
Special assessment tax	-	-	-	-	-	-	-	321,862
Accounts	37,460	-	-	-	-	-	-	250,208
Due from other governments	-	-	-	-	-	-	-	10,820
Total assets	<u>\$ 540,720</u>	<u>\$ 3,409</u>	<u>\$ 6,169</u>	<u>\$ 4,317</u>	<u>\$ 1,020,668</u>	<u>\$ 1,096,474</u>	<u>\$ 28,042</u>	<u>\$ 4,453,128</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>								
Liabilities:								
Accounts payable	\$ 8,918	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,365
Due to other funds	-	-	-	-	-	-	-	59,893
Unearned revenue - grant proceeds other than timing	261,618	-	-	-	-	-	-	261,618
Total liabilities	<u>270,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>435,876</u>
Deferred inflows of resources:								
Unavailable revenue - property taxes	-	-	-	-	-	-	-	207,939
Unavailable revenue - special assessments	-	-	-	-	-	-	-	321,862
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>529,801</u>
Fund balances:								
Nonspendable:								
Inventories	-	-	-	-	-	-	-	19,645
Restricted:								
Police operations	-	-	6,169	-	-	-	-	6,169
Tourism	-	-	-	-	-	-	-	15,278
Domestic violence prevention	-	-	-	-	-	-	28,042	28,042
Park improvements	-	-	-	-	-	-	-	45,199
Stormwater systems	-	-	-	-	-	-	-	238,072
Street improvements	-	-	-	-	1,020,668	-	-	1,020,668
Community capital expenditures	-	-	-	-	-	1,096,474	-	1,096,474
Committed:								
Public safety equipment	-	3,409	-	-	-	-	-	3,409
Assigned:								
Airport improvements	-	-	-	-	-	-	-	62,023
Economic development sales tax	-	-	-	-	-	-	-	56,148
Industrial development	-	-	-	-	-	-	-	338,951
Street improvements	-	-	-	-	-	-	-	38,351
Police equipment	270,184	-	-	4,317	-	-	-	274,501
Unassigned	-	-	-	-	-	-	-	244,521
	<u>270,184</u>	<u>3,409</u>	<u>6,169</u>	<u>4,317</u>	<u>1,020,668</u>	<u>1,096,474</u>	<u>28,042</u>	<u>3,487,451</u>
	<u>\$ 540,720</u>	<u>\$ 3,409</u>	<u>\$ 6,169</u>	<u>\$ 4,317</u>	<u>\$ 1,020,668</u>	<u>\$ 1,096,474</u>	<u>\$ 28,042</u>	<u>\$ 4,453,128</u>

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

Year Ended December 31, 2018

	Airport	Major Street Improve- ment	Industrial Develop- ment	Special Parks and Recreation	Tourism Tax	Economic Develop- ment Sales Tax	Stormwater Utility
Revenues:							
Taxes:							
Property	\$ 74,715	\$ -	\$ 95,839	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-	50,000	-
Tourism	-	-	-	-	195,007	-	-
Intergovernmental	20,061	502,050	-	28,042	3,500	-	402
Licenses and permits	-	8,594	-	2,400	18,912	-	-
Charges for services	171,519	375	-	-	-	-	-
Special assessments	-	-	-	-	-	-	318,199
Miscellaneous	7,175	746	47,008	-	51,790	2,163	100
Total revenues	<u>273,470</u>	<u>511,765</u>	<u>142,847</u>	<u>30,442</u>	<u>269,209</u>	<u>52,163</u>	<u>318,701</u>
Expenditures:							
Current:							
General government	145,707	-	-	-	4,654	-	227,972
Public Safety	-	-	-	-	-	-	-
Highways and streets	-	472,979	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	975	210,499	-	209,054	11,664	975
Capital outlay	39,066	55,298	-	-	-	-	-
Debt service:							
Interest and other fiscal charges	46,736	-	17,812	-	17,812	-	-
Total expenditures	<u>231,509</u>	<u>529,252</u>	<u>228,311</u>	<u>-</u>	<u>231,520</u>	<u>11,664</u>	<u>228,947</u>
Excess (deficiency) of revenues over (under) expenditures	<u>41,961</u>	<u>(17,487)</u>	<u>(85,464)</u>	<u>30,442</u>	<u>37,689</u>	<u>40,499</u>	<u>89,754</u>
Other financing sources (uses):							
Transfers in	-	-	423,064	-	423,064	-	-
Transfers out	-	-	(14,054)	-	(42,000)	(204,306)	(18,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>409,010</u>	<u>-</u>	<u>381,064</u>	<u>(204,306)</u>	<u>(18,000)</u>
	<u>41,961</u>	<u>(17,487)</u>	<u>323,546</u>	<u>30,442</u>	<u>418,753</u>	<u>(163,807)</u>	<u>71,754</u>
Fund balances, beginning of year	39,707	55,838	15,405	14,757	(158,954)	219,955	166,318
Fund balances, end of year	<u>\$ 81,668</u>	<u>\$ 38,351</u>	<u>\$ 338,951</u>	<u>\$ 45,199</u>	<u>\$ 259,799</u>	<u>\$ 56,148</u>	<u>\$ 238,072</u>

(Continued)

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

Year Ended December 31, 2018

	Family Life Center	Expendable Trust	Customer Deposit	Law Enforcement Trust	Police Department Seized Assets	Ordinance Street Sales Tax	Excess Sales Tax	Special Alcohol Program	Total Nonmajor Special Revenue Funds
Revenues:									
Taxes:									
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 170,554
Sales	-	-	-	-	-	-	-	-	50,000
Tourism	-	-	-	-	-	-	-	-	195,007
Intergovernmental	98,001	276,011	-	-	-	-	-	28,042	956,109
Licenses and permits	-	-	-	-	-	-	-	-	29,906
Charges for services	-	-	-	-	-	-	-	-	171,894
Special assessments	-	-	-	-	-	-	-	-	318,199
Miscellaneous	-	125,628	27,426	-	-	613,227	-	-	875,263
Total revenues	98,001	401,639	27,426	-	-	613,227	-	28,042	2,766,932
Expenditures:									
Current:									
General government	-	61,087	-	5,495	675	706,143	-	-	1,151,733
Public Safety	-	-	-	-	639	-	-	-	639
Highways and streets	-	-	-	-	-	-	-	-	472,979
Health and sanitation	98,001	-	27,426	-	-	-	-	16,229	141,656
Culture and recreation	-	20,656	-	-	7,192	-	-	-	27,848
Economic development	-	103,453	-	-	-	-	-	-	536,620
Capital outlay	-	-	-	-	-	-	-	-	94,364
Debt service:									
Interest	-	-	-	-	-	-	-	-	82,360
Total expenditures	98,001	185,196	27,426	5,495	8,506	706,143	-	16,229	2,508,199
Excess (deficiency) of revenues over (under) expenditures	-	216,443	-	(5,495)	(8,506)	(92,916)	-	11,813	258,733
Other financing sources (uses):									
Transfers in	-	25,070	-	-	-	600,000	649,496	-	2,120,694
Transfers out	-	(268,442)	-	-	-	(323,157)	(518,277)	-	(1,388,236)
Total other financing sources (uses)	-	(243,372)	-	-	-	276,843	131,219	-	732,458
Net change in fund balances	-	(26,929)	-	(5,495)	(8,506)	183,927	131,219	11,813	991,191
Fund balances, beginning of year	-	297,113	3,409	11,664	12,823	836,741	965,255	16,229	2,496,260
Fund balances, end of year	\$ -	\$ 270,184	\$ 3,409	\$ 6,169	\$ 4,317	\$ 1,020,668	\$ 1,096,474	\$ 28,042	\$ 3,487,451

CITY OF EL DORADO, KANSAS

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

CEMETERY

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 650	\$ 650	\$ -	\$ (650)
Charges for services	59,950	59,950	-	(59,950)
Total revenues	60,600	60,600	-	(60,600)
Expenditures:				
Personal services	128,600	128,600	-	128,600
Contractual services	21,150	21,150	-	21,150
Commodities	32,050	32,050	-	32,050
Total expenditures	181,800	181,800	-	181,800
Excess of revenues over (under) expenditures	(121,200)	(121,200)	-	121,200
Other financing sources:				
Transfer out	-	-	(3,861)	(3,861)
Transfer in	121,200	121,200	-	(121,200)
Net change in fund balances	-	-	(3,861)	(3,861)
Fund balance, beginning of year	-	-	5,788	5,788
Fund balance, end of year	\$ -	\$ -	1,927	\$ 1,927
Reconciliation to GAAP				
Plus prior year receivables received during 2018			527	
Less prior year payables paid during 2018			(2,454)	
Fund balances on the basis of GAAP			\$ -	

CITY OF EL DORADO, KANSAS

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

PRAIRIE TRAILS RESTAURANT/GOLF

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 355,360	\$ 355,360	\$ 325,378	\$ (29,982)
Miscellaneous	6,000	6,000	7,191	1,191
	361,360	361,360	332,569	(28,791)
Expenditures:				
Personal services	404,412	404,412	332,164	72,248
Contractual services	87,000	87,000	76,472	10,528
Commodities	118,900	118,900	90,194	28,706
Capital outlay	-	-	1,545	(1,545)
Debt retirement	10,000	10,000	-	10,000
Total expenditures	620,312	620,312	500,375	119,937
Deficiency of revenues under expenditures	(258,952)	(258,952)	(167,806)	91,146
Other financing sources:				
Transfers in	258,952	258,952	196,875	(62,077)
Net change in fund balances	-	-	29,069	29,069
Fund balance, beginning of year	-	-	34,527	34,527
Fund balance, end of year	\$ -	\$ -	63,596	\$ 63,596
Reconciliation to GAAP				
Plus inventory at December 31, 2018			16,690	
Plus gain on sale of equipment			1,618	
Less payables outstanding at December 31, 2018			(4,895)	
Fund balances on the basis of GAAP			\$ 77,009	

CITY OF EL DORADO, KANSAS

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

AIRPORT FUND

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 79,682	\$ 79,682	\$ 74,715	\$ (4,967)
Charges for services	210,000	210,000	190,113	(19,887)
Miscellaneous	8,475	8,475	7,175	(1,300)
Total revenues	298,157	298,157	272,003	(26,154)
Expenditures:				
Current:				
Personal services	81,480	81,480	(393)	81,873
Contractual services	39,400	39,400	52,801	(13,401)
Commodities	90,541	90,541	90,575	(34)
Capital outlay	-	-	39,066	(39,066)
Contingency reserve	18,175	18,175	-	18,175
Debt service:				
Principal	36,935	36,935	36,935	-
Interest expense	9,801	9,801	9,801	-
Total expenditures	276,332	276,332	228,785	47,547
Excess of revenues over (under) expenditures	21,825	21,825	43,218	21,393
Other financing uses:				
Transfers out	(40,000)	(40,000)	-	40,000
Net change in fund balances	(18,175)	(18,175)	43,218	61,393
Fund balance, beginning of year	18,175	18,175	16,555	(1,620)
Fund balance, end of year	\$ -	\$ -	59,773	\$ 59,773
Reconciliation to GAAP				
Plus receivables at December 31, 2018			9,270	
Less payables outstanding at December 31, 2018			(7,020)	
Plus inventory at December 31, 2018			19,645	
Fund balances on the basis of GAAP			\$ 81,668	

CITY OF EL DORADO, KANSAS

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

MAJOR STREET IMPROVEMENT FUND

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 518,580	\$ 518,580	\$ 524,259	\$ 5,679
Licenses and permits	11,500	11,500	8,594	(2,906)
Reimbursements	4,000	4,000	-	(4,000)
Miscellaneous	250	250	148	(102)
Total revenues	534,330	534,330	533,001	(1,329)
Expenditures:				
Personal services	405,865	405,865	271,314	134,551
Contractual services	32,450	32,450	9,079	23,371
Commodities	179,750	179,750	165,225	14,525
Capital outlay	-	-	55,298	(55,298)
Total expenditures	618,065	618,065	500,916	117,149
Excess of revenues over (under) expenditures	(83,735)	(83,735)	32,085	115,820
Other financing sources:				
Transfers in	113,700	113,700	-	(113,700)
Transfers out	(29,965)	(29,965)	-	29,965
Net change in fund balances	-	-	32,085	32,085
Fund balance, beginning of year	-	-	(69,454)	(69,454)
Fund balance, end of year	\$ -	\$ -	(37,369)	\$ (37,369)
Reconciliation to GAAP				
Plus receivables at December 31, 2018			112,284	
Less payables outstanding at December 31, 2018			(36,564)	
Fund balances on the basis of GAAP			\$ 38,351	

CITY OF EL DORADO, KANSAS

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

INDUSTRIAL DEVELOPMENT FUND

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 101,851	\$ 101,851	\$ 95,839	\$ (6,012)
Miscellaneous	2,860	2,860	50,368	47,508
Total revenues	104,711	104,711	146,207	41,496
Expenditures:				
Contractual services	113,700	113,700	177,691	(63,991)
Miscellaneous	40,051	40,051	463,115	(423,064)
Total expenditures	153,751	153,751	640,806	(487,055)
Excess of revenues over (under) expenditures	(49,040)	(49,040)	(494,599)	(445,559)
Other financing sources:				
Transfers in	-	-	423,064	423,064
Transfers out	-	-	(14,054)	(14,054)
Net change in fund balance	(49,040)	(49,040)	(85,589)	(36,549)
Fund balance, beginning of year	49,040	49,040	437,188	388,148
Fund balance, end of year	\$ -	\$ -	351,599	\$ 351,599
<u>Reconciliation to GAAP</u>				
Plus receivables at December 31, 2018			20,160	
Less payables outstanding at December 31, 2018			(32,808)	
Fund balances on the basis of GAAP			\$ 338,951	

CITY OF EL DORADO, KANSAS

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

SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,750	\$ 1,750	\$ 28,042	\$ 26,292
Fees	24,484	24,484	2,400	(22,084)
Total revenues	26,234	26,234	30,442	4,208
Expenditures:				
Contractual services	17,734	17,734	-	17,734
Commodities	8,500	8,500	-	8,500
Total expenditures	26,234	26,234	-	26,234
Excess of revenues over (under) expenditures	-	-	30,442	30,442
Fund balance, beginning of year	-	-	14,757	14,757
Fund balance, end of year	\$ -	\$ -	\$ 45,199	\$ 45,199

CITY OF EL DORADO, KANSAS

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

TOURISM TAX FUND

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 175,000	\$ 175,000	\$ 177,618	\$ 2,618
Rents and royalties	50,000	50,000	51,790	1,790
Licenses and permits	-	-	18,912	18,912
Miscellaneous	35,400	35,400	-	(35,400)
Total revenues	260,400	260,400	248,320	(12,080)
Expenditures:				
Personal services	101,846	101,846	69,207	32,639
Contractual services	132,100	132,100	160,592	(28,492)
Commodities	5,350	5,350	8,894	(3,544)
Miscellaneous	40,051	40,051	463,115	(423,064)
Total expenditures	279,347	279,347	701,808	(422,461)
Excess of revenues over (under) expenditures	(18,947)	(18,947)	(453,488)	(434,541)
Other financing uses:				
Transfers in	-	-	423,064	423,064
Transfers out	(42,000)	(42,000)	(42,000)	-
Net change in fund balances	(60,947)	(60,947)	(72,424)	(11,477)
Fund balance, beginning of year	60,947	60,947	269,484	208,537
Fund balance, end of year	\$ -	\$ -	197,060	\$ 197,060
Reconciliation to GAAP				
Plus receivables at December 31, 2018			71,034	
Less payables outstanding at December 31, 2018			(8,295)	
Fund balances on the basis of GAAP			\$ 259,799	

CITY OF EL DORADO, KANSAS

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

ECONOMIC DEVELOPMENT SALES TAX FUND

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Miscellaneous	-	-	2,162	2,162
Total revenues	50,000	50,000	52,162	2,162
Expenditures:				
Contractual services	50,000	50,000	16,663	33,337
Excess of revenues over (under) expenditures	-	-	35,499	35,499
Other financing sources (uses):				
Transfers out	-	-	(204,306)	(204,306)
Net change in fund balances	-	-	(168,807)	(168,807)
Fund balance, beginning of year	-	-	224,955	224,955
Fund balance, end of year	\$ -	\$ -	\$ 56,148	\$ 56,148

CITY OF EL DORADO, KANSAS

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

STORMWATER UTILITY FUND

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 300	\$ 300	\$ 401	\$ 101
Special assessment taxes	309,825	309,825	318,199	8,374
Reimbursements	10,000	10,000	100	(9,900)
Total revenues	320,125	320,125	318,700	(1,425)
Expenditures:				
Personal services	277,625	277,625	212,386	65,239
Contractual services	4,000	4,000	9,230	(5,230)
Commodities	20,500	20,500	9,047	11,453
Miscellaneous	-	-	975	(975)
Total expenditures	302,125	302,125	231,638	70,487
Excess of revenues over expenditures	18,000	18,000	87,062	69,062
Other financing uses:				
Transfers out	(18,000)	(18,000)	(18,000)	-
Net change in fund balances	-	-	69,062	69,062
Fund balance, beginning of year	-	-	169,308	169,308
Fund balance, end of year	\$ -	\$ -	238,370	\$ 238,370
<u>Reconciliation to GAAP</u>				
Less payables outstanding at December 31, 2018			(298)	
Fund balances on the basis of GAAP			\$ 238,072	

CITY OF EL DORADO, KANSAS

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

DEBT SERVICE FUND

Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,454,920	\$ 1,454,920	\$ 1,368,067	\$ (86,853)
Special assessments	307,554	307,554	291,015	(16,539)
Investment earnings	212	212	-	(212)
Miscellaneous	120,763	120,763	131,668	10,905
Total revenues	1,883,449	1,883,449	1,790,750	(92,699)
Expenditures:				
Contractual services	276,950	276,950	-	276,950
Debt service:				
Principal	1,300,804	1,300,804	1,300,804	-
Interest	305,695	305,695	307,183	(1,488)
Total expenditures	1,883,449	1,883,449	1,607,987	275,462
Excess of revenues over (under) expenditures	-	-	182,763	182,763
Other financing sources (uses):				
Transfers out	-	-	(11,818)	(11,818)
Net change in fund balances	-	-	170,945	170,945
Fund balance, beginning of year	-	-	141,384	141,384
Fund balance, end of year	\$ -	\$ -	\$ 312,329	\$ 312,329

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.

Community Improvement District – to account for Community Improvement District (CID) sales tax collections in the CID.

CITY OF EL DORADO, KANSAS

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

Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<u>SALES TAX FUND</u>				
Assets:				
Cash and investments	\$ 1,992	\$ 22,995	\$ 22,973	\$ 2,014
Accounts receivable	1,831	1,730	1,831	1,730
Total assets	<u>\$ 3,823</u>	<u>\$ 24,725</u>	<u>\$ 24,804</u>	<u>\$ 3,744</u>
Liabilities:				
Accounts payable	<u>\$ 3,823</u>	<u>\$ 24,725</u>	<u>\$ 24,804</u>	<u>\$ 3,744</u>
<u>PAYROLL WITHHOLDING FUND</u>				
Assets:				
Cash and investments	\$ 297,484	\$ 313,510	\$ 297,484	\$ 313,510
Total assets	<u>\$ 297,484</u>	<u>\$ 313,510</u>	<u>\$ 297,484</u>	<u>\$ 313,510</u>
Liabilities:				
Accounts payable	<u>\$ 297,484</u>	<u>\$ 313,510</u>	<u>\$ 297,484</u>	<u>\$ 313,510</u>
<u>COMMUNITY IMPROVEMENT DISTRICT</u>				
Assets:				
Cash and investments	\$ 3,625	\$ 20,343	\$ 3,625	\$ 20,343
Accounts receivable	11,355	11,485	11,355	11,485
Total assets	<u>\$ 14,980</u>	<u>\$ 31,828</u>	<u>\$ 14,980</u>	<u>\$ 31,828</u>
Liabilities:				
Accounts payable	<u>\$ 14,980</u>	<u>\$ 31,828</u>	<u>\$ 14,980</u>	<u>\$ 31,828</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets:				
Cash and investments	\$ 303,101	\$ 356,848	\$ 324,082	\$ 335,867
Accounts receivable	13,186	13,215	13,186	13,215
Total assets	<u>\$ 316,287</u>	<u>\$ 370,063</u>	<u>\$ 337,268</u>	<u>\$ 349,082</u>
Liabilities:				
Accounts payable	<u>\$ 316,287</u>	<u>\$ 370,063</u>	<u>\$ 337,268</u>	<u>\$ 349,082</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, 2018

ASSETS

Cash and investments	\$ 476,549
Endowment investment	201,575
Property tax receivable	<u>447,625</u>
Total assets	<u><u>\$ 1,125,749</u></u>

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCES

Liabilities:	
Accounts payable	\$ 151,439
Deferred inflows of resources:	
Unavailable revenue - property taxes	447,625
Fund balances:	
Assigned	<u>526,685</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 1,125,749</u></u>

CITY OF EL DORADO, KANSAS

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

BRADFORD MEMORIAL LIBRARY

Year Ended December 31, 2018

Revenues:

Property taxes	\$ 480,064
Intergovernmental	39,189
Charges for services	4,148
Fines and forfeitures	12,011
Loss on investments	(8,994)
Miscellaneous	22,104

Total revenues	<u>548,522</u>
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Expenditures:

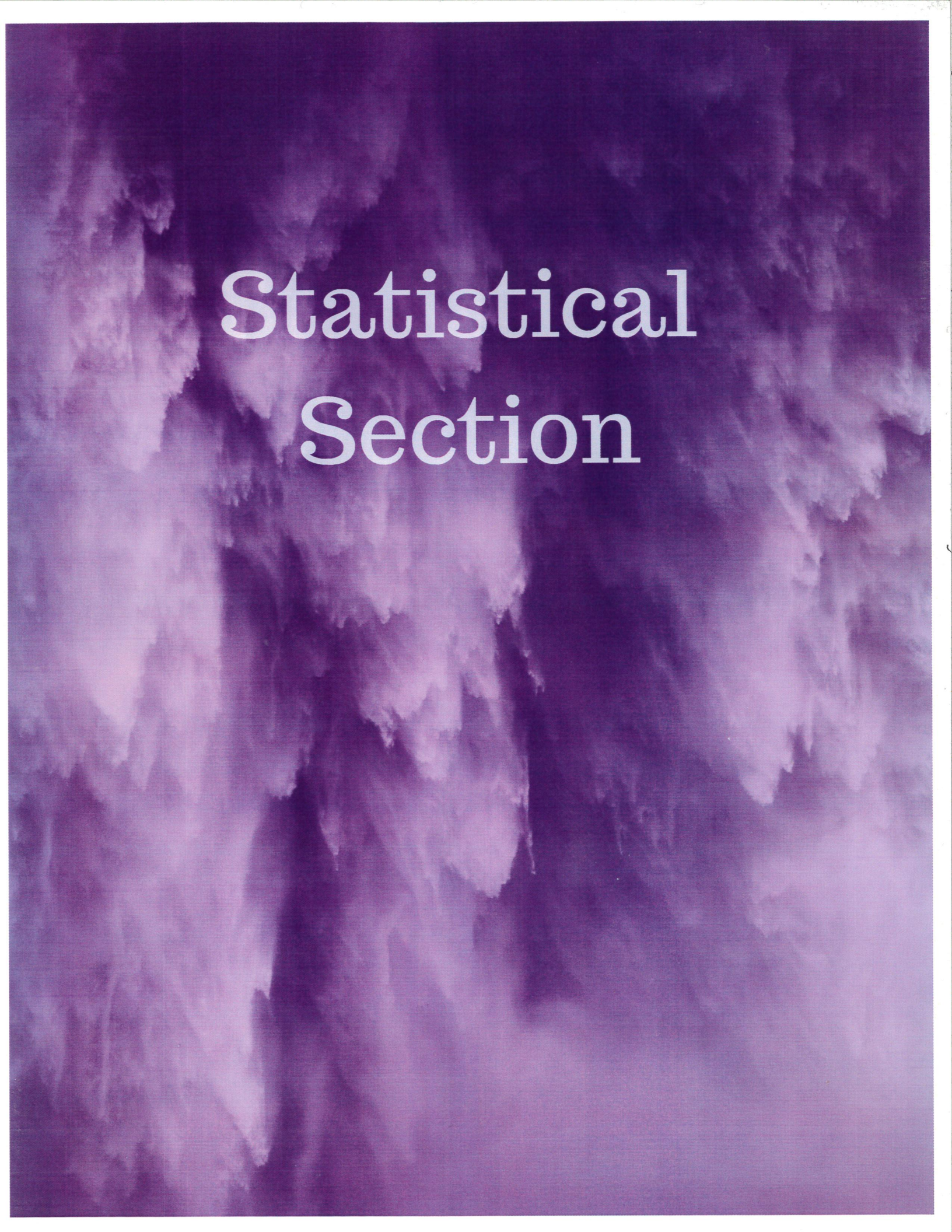
Personal services	339,488
Contractual services	72,842
General government	988
Commodities	96,045
Debt service:	
Principal	30,000
Interest	4,650

Total expenditures	<u>544,013</u>
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Net change in fund balance	4,509
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Fund balance, beginning of year	<u>522,176</u>
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Fund balance, end of year	<u><u>\$ 526,685</u></u>
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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	123 - 129
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	130 - 133
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	134 - 138
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	139 - 140
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	141 - 143
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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Net investment in capital assets	\$ 28,633,981	\$ 34,324,735	\$ 30,150,968	\$ 30,967,195	\$ 30,188,763	\$ 34,296,398	\$ 29,539,248	\$ 31,001,068	\$ 32,504,209	\$ 30,064,673
Restricted	4,194,764	4,952,971	4,889,410	3,792,344	4,215,381	3,629,818	5,570,106	5,776,169	5,618,006	6,056,718
Unrestricted	6,974,613	2,759,317	8,719,784	5,609,678	6,918,169	3,341,366	1,886,158	(1,651,934)	(2,954,862)	(376,780)
Total Governmental Activities Net Position	<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>	<u>\$ 35,125,303</u>	<u>\$ 35,167,353</u>	<u>\$ 35,744,611</u>
Business-Type Activities										
Net investment in capital assets	\$ 18,932,616	\$ 18,122,626	\$ 18,777,765	\$ 20,367,761	\$ 21,303,503	\$ 21,429,958	\$ 20,861,680	\$ 21,137,164	\$ 21,632,458	\$ 22,255,189
Restricted	4,291,580	-	-	-	-	-	-	-	-	-
Unrestricted	4,487,827	(5,716,018)	(7,359,679)	(11,450,255)	(13,777,603)	(13,745,532)	(16,192,653)	(18,086,405)	(18,400,401)	(19,881,259)
Total Business-Type Activities Net Position	<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>	<u>\$ 3,050,759</u>	<u>\$ 3,232,057</u>	<u>\$ 2,373,930</u>
Primary Government										
Net investment in capital assets	\$ 47,566,597	\$ 52,447,361	\$ 48,928,733	\$ 51,334,956	\$ 51,492,266	\$ 55,726,356	\$ 50,400,928	\$ 52,138,232	\$ 54,136,667	\$ 52,319,862
Restricted	8,486,344	4,952,971	4,889,410	3,792,344	4,215,381	3,629,818	5,570,106	5,776,169	5,618,006	6,056,718
Unrestricted	11,462,440	(2,956,701)	1,360,105	(5,840,577)	(6,859,434)	(10,404,166)	(14,306,495)	(19,738,339)	(21,355,263)	(20,258,039)
Total Primary Government Net Position	<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>	<u>\$ 38,176,062</u>	<u>\$ 38,399,410</u>	<u>\$ 38,118,541</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 2,043,993	\$ 1,671,142	\$ 1,880,860	\$ 2,202,906	\$ 2,021,994	\$ 2,755,952	\$ 3,345,911	\$ 2,399,221	\$ 2,308,622	\$ 3,517,087
Public safety	3,434,979	3,742,666	3,644,530	3,799,331	3,767,376	3,906,171	4,055,854	4,246,184	4,123,977	4,039,731
Public works	2,444,611	3,201,411	4,283,125	3,254,173	3,278,271	3,476,247	3,748,977	5,407,872	3,708,612	3,763,699
Health and sanitation	380,489	415,808	371,126	411,502	392,681	478,020	457,600	416,036	410,278	297,237
Culture and recreation	1,391,219	2,018,666	1,542,864	1,389,464	1,297,591	1,476,436	1,362,045	1,513,728	1,602,837	1,508,086
Economic development	245,863	173,649	201,947	178,197	214,899	199,198	261,256	271,252	451,731	573,137
Environmental protection	28,515	-	-	-	-	-	-	-	-	-
Interest on long-term debt	537,940	397,343	366,675	432,603	527,442	486,109	549,125	499,604	388,106	381,227
Total Governmental Activities Expenses	<u>\$ 10,507,609</u>	<u>\$ 11,620,685</u>	<u>\$ 12,291,127</u>	<u>\$ 11,668,176</u>	<u>\$ 11,500,254</u>	<u>\$ 12,778,133</u>	<u>\$ 13,780,768</u>	<u>\$ 14,753,897</u>	<u>\$ 12,994,163</u>	<u>\$ 14,080,204</u>
Business-type activities:										
Waterworks system	\$ 3,496,339	\$ 4,371,604	\$ 4,629,494	\$ 4,469,711	\$ 4,822,852	\$ 4,845,259	\$ 4,838,768	\$ 5,378,480	\$ 4,800,942	\$ 4,770,441
Sewer system	2,354,435	2,076,189	2,313,956	2,069,672	2,109,889	2,109,698	2,441,626	2,635,077	2,256,590	2,420,586
Refuse	1,859,452	1,367,679	1,402,160	1,448,504	1,273,960	1,522,051	1,386,909	1,325,981	1,350,666	1,430,807
Compressed Natural Gas	-	-	-	-	-	-	16,839	12,694	25,622	28,863
Total business-type activities expenses	<u>7,710,226</u>	<u>7,815,472</u>	<u>8,345,610</u>	<u>7,987,887</u>	<u>8,206,701</u>	<u>8,477,008</u>	<u>8,684,142</u>	<u>9,352,232</u>	<u>8,433,820</u>	<u>8,650,697</u>
Total Primary Government Expenses	<u>\$ 18,217,835</u>	<u>\$ 19,436,157</u>	<u>\$ 20,636,737</u>	<u>\$ 19,656,063</u>	<u>\$ 19,706,955</u>	<u>\$ 21,255,141</u>	<u>\$ 22,464,910</u>	<u>\$ 24,106,129</u>	<u>\$ 21,427,983</u>	<u>\$ 22,730,901</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 345,158	\$ 598,148	\$ 649,247	\$ 189,402	\$ 1,307,835	\$ 633,957	\$ 1,639,486	\$ 646,945	\$ 877,175	\$ 559,316
Public safety	843,559	654,256	642,715	635,027	701,270	613,069	587,195	616,403	639,331	675,801
Public works	313,580	582,910	131,947	194,528	199,621	227,672	243,059	201,443	171,250	188,309
Health and sanitation	125,911	426,229	128,012	117,179	112,466	118,383	100,789	225,290	225,679	221,935
Culture and recreation	139,964	712,167	628,262	652,320	659,220	616,928	714,811	552,456	511,527	1,106,643
Economic development	67,046	-	-	-	-	-	-	-	-	-
Interest on long-term debt	677,018	-	-	-	-	-	-	-	-	-
Operating grants and contributions	2,830,120	717,788	654,761	602,199	592,341	603,208	-	725,531	586,979	643,313
Capital grants and contributions ²	6,017,908	3,245,441	2,032,024	2,305,996	1,103,343	2,422,225	-	1,801,273	1,522,589	1,217,665
Total Governmental Activities Program Revenues	<u>\$ 11,360,264</u>	<u>\$ 6,936,939</u>	<u>\$ 4,866,968</u>	<u>\$ 4,696,651</u>	<u>\$ 4,676,096</u>	<u>\$ 5,235,442</u>	<u>\$ 3,285,340</u>	<u>\$ 4,769,341</u>	<u>\$ 4,534,530</u>	<u>\$ 4,612,982</u>

Business-type activities:

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Charges for services:										
Waterworks system	\$ 3,584,921	\$ 3,753,098	\$ 4,378,079	\$ 4,204,657	\$ 3,863,280	\$ 4,253,360	\$ 3,947,993	\$ 4,399,825	\$ 4,162,309	\$ 4,399,245
Sewer system	2,059,584	2,401,345	2,303,103	2,146,207	1,960,274	2,096,994	2,175,079	2,058,033	2,460,313	2,776,032
Refuse	1,496,583	1,446,387	1,452,599	1,434,386	1,359,800	1,404,573	1,538,748	1,508,945	1,615,743	1,694,720
Compressed Natural Gas	-	-	-	-	-	57	16,373	17,757	28,501	26,884
Operating grants & contributions	-	-	-	-	-	-	-	-	-	-
Capital grants & contributions	329,981	-	301,494	842,501	100	61,330	-	58,151	518,832	512,129
Total business-type activities program revenues	7,471,069	7,600,830	8,435,275	8,627,751	7,183,454	7,816,314	7,678,193	8,042,711	8,785,698	9,409,010
Total Primary Government Program Revenues	\$ 18,831,333	\$ 14,537,769	\$ 13,302,243	\$ 13,324,402	\$ 11,859,550	\$ 13,051,756	\$ 10,963,533	\$ 12,812,052	\$ 13,320,228	\$ 14,021,992
Net (Expense)/ Revenue										
Governmental activities	\$ 852,655	\$ (4,683,746)	\$ (7,424,159)	\$ (6,971,525)	\$ (6,824,158)	\$ (7,542,691)	\$ (10,495,428)	\$ (9,984,556)	\$ (8,459,633)	\$ (9,467,222)
Business-type activities	(239,157)	(214,642)	89,665	639,864	(1,023,247)	(660,694)	(1,005,949)	(1,309,521)	351,878	758,313
Total Primary Government Net Expense	\$ 613,498	\$ (4,898,388)	\$ (7,334,494)	\$ (6,331,661)	\$ (7,847,405)	\$ (8,203,385)	\$ (11,501,377)	\$ (11,294,077)	\$ (8,107,755)	\$ (8,708,909)
General Revenues:										
Governmental activities:										
Taxes										
Property taxes	\$ 4,254,049	\$ 3,857,069	\$ 3,983,853	\$ 3,651,884	\$ 3,806,320	\$ 3,830,127	\$ 3,806,019	\$ 3,879,130	\$ 4,066,071	\$ 4,548,270
Sales taxes	2,295,901	2,149,953	2,266,633	2,377,070	2,370,532	2,508,095	2,610,716	2,512,159	2,408,098	2,692,452
Franchise taxes	1,496,324	1,090,324	1,075,331	1,050,082	1,174,104	1,225,660	1,171,972	1,288,810	1,287,895	1,343,763
Tourism taxes	154,538	141,187	151,814	166,878	173,221	172,343	206,669	168,713	163,069	195,007
Investment earnings	41,448	28,447	19,829	6,731	5,050	2,774	63,304	43,871	11,425	17,459
Miscellaneous	-	-	-	-	-	-	-	-	80,135	12,117
Transfers in (out)	177,610	39,401	1,649,838	1,906,934	248,027	(251,039)	999,723	766,229	522,269	1,572,601
Total Governmental Activities	\$ 8,419,870	\$ 7,306,381	\$ 9,147,298	\$ 9,159,579	\$ 7,777,254	\$ 7,487,960	\$ 8,858,403	\$ 8,658,912	\$ 8,538,962	\$ 10,381,669
Business-type activities:										
Investment earnings ¹	\$ (526,735)	\$ 318,628	\$ 571,651	\$ 160,775	\$ (120,332)	\$ 568,181	\$ 132,906	\$ 258,680	\$ 314,410	\$ 188,142
Miscellaneous	-	-	-	-	-	-	-	198,802	-	-
Transfer in (out)	(177,610)	(39,401)	(1,649,838)	(1,906,934)	(248,027)	251,039	(999,723)	(766,229)	(522,269)	(1,572,601)
Total business-type activities	(704,345)	279,227	(1,078,187)	(1,746,159)	(368,359)	819,220	(866,817)	(308,747)	(207,859)	(1,384,459)
Total Primary Government	\$ 7,715,525	\$ 7,585,608	\$ 8,069,111	\$ 7,413,420	\$ 7,408,895	\$ 8,307,180	\$ 7,991,586	\$ 8,350,165	\$ 8,331,103	\$ 8,997,210
Change In Net Position										
Governmental activities	\$ 9,272,525	\$ 2,622,635	\$ 1,723,139	\$ 2,188,054	\$ 953,096	\$ (54,731)	\$ 1,088,676	\$ (1,325,644)	\$ 79,329	\$ 914,447
Business-type activities	(943,502)	64,585	(988,522)	(1,106,295)	(1,391,606)	158,526	(1,664,808)	(1,618,268)	144,019	(626,146)
Total Primary Government	\$ 8,329,023	\$ 2,687,220	\$ 734,617	\$ 1,081,759	\$ (438,510)	\$ 103,795	\$ (576,132)	\$ (2,943,912)	\$ 223,348	\$ 288,301

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

² 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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 178,895	\$ 968,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	4,161,390	3,836,107	-	-	-	-	-	-	-	-
Nonspendable ¹	-	-	104,577	115,518	141,556	85,643	33,820	19,374	37,376	35,956
Restricted ¹	-	-	-	-	-	-	-	-	-	-
Committed ¹	-	-	-	-	-	-	-	-	-	-
Assigned ¹	-	-	787,183	399,687	452,540	571,895	625,355	375,021	454,116	337,074
Unassigned ¹	-	-	3,524,885	3,154,540	3,236,214	3,300,921	3,223,156	2,634,603	2,513,312	3,014,975
Total General Fund	\$ 4,340,285	\$ 4,804,183	\$ 4,416,645	\$ 3,669,745	\$ 3,830,310	\$ 3,958,459	\$ 3,882,331	\$ 3,028,998	\$ 3,004,804	\$3,388,005
All Other Governmental Funds										
Reserved	\$ 1,434,580	\$ 1,716,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	2,110,369	1,862,969	-	-	-	-	-	-	-	-
Construction fund	(682,230)	(3,842,274)	-	-	-	-	-	-	-	-
Debt service fund	599,126	736,524	-	-	-	-	-	-	-	-
Nonspendable ¹	-	-	-	-	-	-	20,881	26,781	19,918	19,645
Restricted ¹	-	-	1,441,774	1,350,142	1,242,310	526,863	2,278,825	2,573,122	2,010,964	2,762,231
Committed ¹	-	-	290,226	12,254	3,409	179,440	191,413	3,409	3,409	3,409
Assigned ¹	-	-	4,536,209	280,604	387,152	302,679	272,958	678,429	605,518	769,974
Unassigned ¹	-	-	-	(1,382,393)	1,428,533	(3,876,124)	(159,804)	(404,761)	(1,421,732)	(1,850,041)
Total All Other Governmental Funds	\$ 3,461,845	\$ 473,904	\$ 6,268,209	\$ 260,607	\$ 3,061,404	\$ (2,867,142)	\$ 2,604,273	\$ 2,876,980	\$ 1,218,077	\$1,705,218

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.

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 8,200,812	\$ 7,238,533	\$ 7,477,631	\$ 7,245,914	\$ 7,524,177	\$ 7,736,225	\$ 7,795,376	\$ 7,848,812	\$ 7,925,133	\$ 8,779,492
Intergovernmental	1,228,511	2,779,121	1,132,263	2,031,138	862,696	713,441	1,060,212	1,446,873	1,366,280	1,065,425
Licenses and permits	140,719	128,612	128,930	148,891	106,354	126,432	299,218	196,046	191,846	188,367
Charges for services	864,245	1,631,740	1,390,018	1,527,311	1,383,555	1,570,319	1,497,588	1,221,397	1,382,813	1,376,351
Fines and forfeitures	266,283	331,678	248,445	295,843	312,345	331,806	355,959	419,796	373,381	395,775
Special assessment taxes	862,849	865,168	891,890	845,586	829,432	1,837,078	607,448	600,415	600,571	609,214
Use of money and property	5,360,556	28,447	19,829	6,731	5,050	2,774	63,304	43,271	11,425	17,459
Employee/Employer contributions	1,047,063	-	-	-	-	-	-	-	-	-
Miscellaneous	1,210,595	674,181	574,466	293,173	511,320	915,815	1,936,458	856,880	539,974	1,128,712
Total revenues	\$ 19,181,633	\$ 13,677,480	\$ 11,863,472	\$ 12,394,587	\$ 11,534,929	\$ 13,233,890	\$ 13,615,563	\$ 12,633,490	\$ 12,391,423	\$ 13,560,795
Expenditures										
General government	\$ 2,273,971	\$ 1,464,215	\$ 1,464,958	\$ 2,001,441	\$ 1,795,145	\$ 2,145,740	\$ 2,153,525	\$ 1,925,518	\$ 1,643,600	\$ 2,994,601
Public Safety	3,424,203	3,370,681	3,433,538	3,561,539	3,528,601	3,557,487	3,734,445	3,856,591	3,804,030	3,739,648
Highways and streets	1,834,963	1,743,191	1,802,441	1,740,316	1,664,529	1,702,826	1,664,652	1,661,177	1,573,624	1,366,833
Health and sanitation	376,353	398,288	353,701	393,732	375,751	462,797	443,129	398,141	393,656	280,697
Culture and recreation	3,995,766	1,919,208	1,448,000	1,271,625	1,190,358	1,359,086	1,215,149	1,300,726	1,430,253	1,336,039
Environmental protection	28,515	-	-	-	-	-	-	-	-	-
Economic development	245,674	173,459	201,758	176,039	191,459	176,134	224,736	234,523	415,211	536,620
Capital improvements	1,560,545	6,414,857	3,984,996	9,561,723	2,988,055	5,707,803	4,240,256	3,544,902	2,873,244	2,059,618
Debt service										
Principal	3,952,666	1,483,200	3,511,342	1,905,335	1,228,512	3,709,972	1,278,744	3,125,118	1,513,545	1,507,086
Interest	600,199	403,659	353,670	430,152	463,490	530,757	483,297	586,203	479,761	454,029
Debt Issuance Costs	-	-	-	-	40,016	-	-	-	-	-
Total expenditures	\$ 18,292,855	\$ 17,370,758	\$ 16,554,404	\$ 21,041,902	\$ 13,465,916	\$ 19,352,602	\$ 15,437,933	\$ 16,632,899	\$ 14,126,924	\$ 14,275,171
Excess of revenues over (under) expenditures	\$ 888,778	\$ (3,693,278)	\$ (4,690,932)	\$ (8,647,315)	\$ (1,930,987)	\$ (6,118,712)	\$ (1,822,370)	\$ (3,999,409)	\$ (1,735,501)	\$ (714,376)

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other financing sources (uses)										
General obligation bonds issued	\$ -	\$ 890,641	\$ 5,715,000	-	\$ 4,644,322	\$ -	\$ 248,245	\$ 60,067	\$ -	\$ -
Sale of real estate	-	-	-	-	-	-	-	-	80,135	12,117
Proceeds from capital lease obligations	55,210	-	-	-	-	569,354	64,689	1,152,052	-	-
Temporary Notes Issued	-	-	-	-	-	-	2,548,000	-	-	-
Refunding bonds issued	-	757,621	-	-	-	-	3,357,000	1,985,000	-	-
Payment to refunded bond escrow agent	-	(755,000)	-	-	-	-	-	-	-	-
Transfers in	1,687,190	2,731,795	4,219,322	4,948,663	2,892,525	4,543,673	6,693,841	7,890,036	4,079,567	4,445,926
Transfers out	(1,509,580)	(2,692,394)	(2,576,623)	(3,055,850)	(2,644,498)	(4,794,712)	(5,694,118)	(7,123,807)	(3,557,298)	(2,873,325)
Total other financing sources (uses)	\$ 232,820	\$ 932,663	\$ 7,357,699	\$ 1,892,813	\$ 4,892,349	\$ 318,315	\$ 7,217,657	\$ 3,963,348	\$ 602,404	\$ 1,584,718
Net change in Fund Balances	\$ 1,121,598	\$ (2,760,615)	\$ 2,666,767	\$ (6,754,502)	\$ 2,961,362	\$ (5,800,397)	\$ 5,395,287	\$ (36,061)	\$ (1,133,097)	\$ 870,342
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	\$ 6,486,604	\$ 5,905,978	\$ 4,222,881
Prior period adjustment	-	236,572	-	-	-	-	-	(544,565)	(550,000)	-
Fund balances, beginning of year, as restated	\$ -	\$ 8,038,702	\$ 8,018,087	\$ 10,684,854	\$ 3,930,352	\$ 6,891,714	\$ 1,091,317	\$ 5,942,039	\$ 5,355,978	\$ 4,222,881
Fund balances, end of year	\$ 1,121,598	\$ 5,278,087	\$ 10,684,854	\$ 3,930,352	\$ 6,891,714	\$ 1,091,317	\$ 6,486,604	\$ 5,905,978	\$ 4,222,881	\$ 5,093,223
Debt service as a percentage of noncapital expenditures	42.9%	16.7%	27.9%	16.1%	16.2%	30.3%	14.1%	28.0%	17.6%	15.9%

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
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
2016	3,382,302	496,828	2,512,159	1,288,810	168,713	7,848,812
2017	3,553,157	512,914	2,408,098	1,287,895	163,069	7,925,133
2018	4,042,377	505,893	2,692,452	1,343,763	195,007	8,779,492

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
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%
2016	4,055,406	3,812,166	94.0%	182,657	3,994,823	98.5%
2017	4,592,141	3,801,217	82.8%	154,752	3,955,969	86.1%
2018	4,876,094	4,381,620	89.9%	166,651	4,548,270	93.3%

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.

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

Levy Year	Real Property	Personal Property ¹	Utilities	Oil & Gas	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
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%
2016	76,909,849	2,587,788	4,915,755	3,878	84,417,270	48.040	549,387,855	15.37%
2017	79,065,681	2,468,867	5,106,589	3,878	86,645,015	52.995	564,289,277	15.35%
2018	83,962,971	2,457,165	5,548,248	10,828	91,979,212	53.013	597,630,925	15.39%

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	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
2009 ³	26.768	4.322	0.999	13.779	1.129	46.997	36.522	18.194	1.500	50.745	53.019	58.947
2010 ⁴	29.207	4.771	1.042	13.321	0.649	48.990	35.822	18.002	1.500	51.443	55.790	61.609
2011 ⁵	27.841	4.613	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	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	0.973	8.202	0.206	47.237	35.164	18.021	1.500	61.194	64.055	56.578
2014	30.306	4.992	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	0.979	9.603	0.848	47.046	35.012	18.063	1.500	60.835	65.621	55.444
2016	30.320	4.887	0.979	11.007	0.847	48.040	34.747	20.074	1.500	63.518	62.639	48.036
2017	31.475	4.867	1.000	14.877	0.776	52.995	34.749	20.075	1.500	65.412	64.040	49.518
2018	35.266	4.868	1.000	10.618	1.261	53.013	34.274	20.068	1.500	65.397	62.947	43.447

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

³ 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.

⁴ 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.

⁵ 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	2018			2009		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Wal-Mart Real Estate	\$2,531,925	1	2.75%	\$2,861,003	1	3.00%
Kansas Gas & Electric	\$2,510,661	2	2.73%	\$1,223,841	2	1.28%
Barton Solvents	\$1,217,075	3	1.32%	---	---	---
Kansas Gas Service ¹	\$1,183,023	4	1.29%	\$1,079,473	3	1.13%
Valmont Industries	\$1,114,823	5	1.21%	---	---	---
Vlami Enterprises ⁵	\$1,089,585	6	1.18%	\$1,055,536	4	1.10%
HE of El Dorado LLC	\$724,865	7	0.79%	---	---	---
T Town LLC ⁴	\$687,884	8	0.75%	---	---	---
Lakepoint El Dorado LLC	\$593,719	9	0.65%	---	---	---
BNSF	\$565,945	10	0.62%	---	---	---
Southwestern Bell	---	---	---	\$634,008	5	0.66%
Pioneer Balloon	---	---	---	\$581,469	6	0.61%
Ted & Barbra Dankert LP	---	---	---	\$493,478	8	0.52%
El Dorado Group II LLC	---	---	---	\$475,641	9	0.50%
El Dorado Trisand Group	---	---	---	\$464,275	10	0.49%
Sutherland Lumber	---	---	---	\$504,608	7	0.53%
Total	\$12,219,505		13.29%	\$9,373,332		9.81%
Total Assessed Value ²	\$91,979,212			\$95,524,529		

Source: Butler County 2018 tax roll

Notes:

¹ Formerly Western Resources - Gas Division

² Includes motor vehicle valuation

³ City of El Dorado is listed as the 9th top tax payer, however it is only because of CID network areas granted for business. We have exempted ourselves.

⁴ Formerly Villas at BCC LLC

⁵ Formerly Vlami, Ted & Elizabeth-Vlami Enterprises

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	Issuance Premiums	Temporary Notes	Capital Leases	General Obligation Bonds	Temporary Notes	US Corps of Engineering Contract	KS Dept of Health & Environment Loans	Capital Leases			
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	248,245	2,548,000	350,230	2,647,477	-	50,875,729	8,294,684	152,693	80,251,581	27.14%	6,223
2016	14,144,023	283,487	2,548,000	1,264,922	8,935,977	-	52,216,045	2,040,170	130,151	81,562,775	26.42%	6,308
2017	12,285,050	252,656	2,548,000	1,063,271	8,329,950	-	53,603,299	2,030,867	-	80,113,093	26.36%	6,173
2018	10,947,313	221,825	2,548,000	856,988	7,482,688	-	55,039,134	1,932,460	149,220	79,177,628	24.72%	6,071

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 Cap in 2009 and 2010.

In 2016, KDHE loan 1639 was refinanced with the 2016 bond.

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

Fiscal Year	General Obligation Bonds ¹	Less Debt Service Funds	Net Bonded Debt	Net Bonded Debt Per Capita	Net Bonded Debt to Estimated Actual Value
2009	11,555,000 ²	599,126	10,955,874	841.40	1.99%
2010	11,450,000	736,524	10,713,476	818.07	1.96%
2011	15,470,000	796,642	14,673,358	1,128.03	2.72%
2012	14,115,000	749,354	13,365,646	1,036.10	3.45%
2013	19,365,000	586,235	18,778,765	1,461.16	3.46%
2014	15,085,000	88,835	14,996,165	1,162.94	2.86%
2015	17,782,000	1,880,474	15,901,526	1,234.69	2.89%
2016	23,080,000	-	23,080,000	1,784.86	4.20%
2017	20,615,000	151,448	20,463,552	1,576.67	3.63%
2018	18,430,001	312,329	18,117,672	1,389.29	3.03%

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 This is the general bonded debt of both governmental and business-type activates, net of original issuance discounts and premiums.

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, 2018**

	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Overlapping Debt
Overlapping Debt:			
Butler County	\$ 292,000	12.33%	\$ 35,995
Unified School District No. 490 ²	81,708,000	42.56%	34,775,682
Unified School District No. 375	53,575,000	14.32%	7,669,662
Butler Community College	1,951,671	12.33%	240,583
	<u>\$ 137,526,671</u>		<u>\$ 42,721,921</u>
Direct Debt:			
City of El Dorado Direct Debt	<u>14,574,126</u>		<u>14,574,126</u>
Total direct and overlapping debt	<u><u>\$ 152,100,797</u></u>		<u><u>\$ 57,296,047</u></u>

Source: The debt outstanding was provided by each entity.

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

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

² USD 490 Reported the incorrect outstanding debt in the 2017 CAFR. The 2018 outstanding debt amount reflects USD 490's debt as of 7/1/2018 which is the beginning of their 2018-2019 fiscal year.

City of El Dorado

Legal Debt Margin

Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Valuation	\$ 82,504,452	\$ 82,506,642	\$ 80,892,544	\$ 82,287,668	\$ 81,690,778	\$ 79,584,768	\$ 81,547,189	\$ 84,417,270	\$ 86,645,015	\$ 91,979,212
Assessed Valuation on Motor Vehicles	13,020,077	12,106,043	11,807,736	11,870,038	12,132,153	11,927,805	12,502,945	12,446,756	12,739,283	12,419,253
Total Assessed Valuation ¹	<u>\$ 95,524,529</u>	<u>\$ 94,612,685</u>	<u>\$ 92,700,280</u>	<u>\$ 94,157,706</u>	<u>\$ 93,822,931</u>	<u>\$ 91,512,573</u>	<u>\$ 94,050,134</u>	<u>\$ 96,864,026</u>	<u>\$ 99,384,298</u>	<u>\$ 104,398,465</u>
Legal Debt Limit ²	<u>\$ 28,657,359</u>	<u>\$ 28,383,806</u>	<u>\$ 27,810,084</u>	<u>\$ 28,247,312</u>	<u>\$ 28,146,879</u>	<u>\$ 27,453,772</u>	<u>\$ 28,215,040</u>	<u>\$ 29,059,208</u>	<u>\$ 29,815,289</u>	<u>\$ 31,319,540</u>
Bonded Indebtedness	\$ 11,555,000	\$ 11,450,000	\$ 15,470,000	\$ 14,115,000	\$ 19,365,000	\$ 15,085,000	\$ 17,782,000	\$ 22,790,000	\$ 20,615,000	\$ 18,430,001
Temporary Notes	655,000	4,000,000	2,000,000	1,260,000	-	-	2,548,000	2,548,000	2,548,000	2,548,000
Total Debt	<u>12,210,000</u>	<u>15,450,000</u>	<u>17,470,000</u>	<u>15,375,000</u>	<u>19,365,000</u>	<u>15,085,000</u>	<u>20,330,000</u>	<u>25,338,000</u>	<u>23,163,000</u>	<u>20,978,001</u>
Less:										
Assets in Debt Service Fund	\$ 599,126	\$ 736,524	\$ 796,642	\$ 749,354	\$ 586,235	\$ 88,835	\$ 1,880,474	\$ -	\$ 151,448	\$ 312,329
Exempted Debt (KSA 10-309)-G.O. Bonds	4,034,440	4,658,939	5,256,448	4,733,138	7,256,969	6,612,762	8,315,990	15,499,604	13,724,756	12,191,752
Exempted Debt (KSA 10-309)-Temporary Notes	-	-	1,711,400	1,260,000	-	-	-	1,462,042	1,462,042	1,462,042
Total Deductions	<u>4,633,566</u>	<u>5,395,463</u>	<u>7,764,490</u>	<u>6,742,492</u>	<u>7,843,204</u>	<u>6,701,597</u>	<u>10,196,464</u>	<u>16,961,646</u>	<u>15,338,246</u>	<u>13,966,123</u>
Total Amount Applicable to Debt Limit	<u>7,576,434</u>	<u>10,054,537</u>	<u>9,705,510</u>	<u>8,632,508</u>	<u>11,521,796</u>	<u>8,383,403</u>	<u>10,133,536</u>	<u>8,376,354</u>	<u>7,824,754</u>	<u>7,011,878</u>
Legal Debt Margin	<u>\$ 21,080,925</u>	<u>\$ 18,329,269</u>	<u>\$ 18,104,574</u>	<u>\$ 19,614,804</u>	<u>\$ 16,625,083</u>	<u>\$ 19,070,369</u>	<u>\$ 18,081,504</u>	<u>\$ 20,682,854</u>	<u>\$ 21,990,536</u>	<u>\$ 24,307,661</u>
Legal Debt Margin as a percentage of the Debt Limit	73.56%	64.58%	65.10%	69.44%	59.07%	69.46%	64.08%	71.17%	73.76%	77.61%

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>
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
2016	4,581,166	2,993,801	1,587,365	-	-	-	N/A
2017	4,395,833	2,492,503	1,903,330	-	-	-	N/A
2018	4,544,519	2,542,106	2,002,413	-	-	-	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

Fiscal Year	Population¹	Personal Income	Per Capita Personal Income²	Unemployment Rate³
2009	13,021	\$ 280,250,983	\$ 21,523	7.2%
2010	13,096	\$ 284,942,768	\$ 21,758	8.3%
2011	13,008	\$ 284,937,902	\$ 20,306	7.7%
2012	12,900	\$ 265,866,458	\$ 20,509	6.6%
2013	12,852	\$ 277,012,008	\$ 21,554	6.7%
2014	12,895	\$ 280,178,986	\$ 22,677	5.4%
2015	12,879	\$ 295,672,571	\$ 22,903	4.3%
2016	12,931	\$ 299,117,807	\$ 23,132	4.4%
2017 ⁴	12,979	\$ 307,008,819	\$ 23,654	3.2%
2018 ⁵	13,041	\$ 320,286,960	\$ 24,560	4.0%

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.

⁴ Error found in formula worksheet for Personal Income column for the year of 2017 effecting personal income and per capita income.

⁵ For 2018, labor force information was collected from the Bureau of Labor Statistics data from the time period of February 2018-March 2019.

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
HollyFrontier Corporation ²	475	1	7.97%	432	2	7.26%
El Dorado Correctional Facility	440	2	7.39%	429	3	7.21%
Butler Community College	439	3	7.37%	417	4	7.01%
USD #490 ¹	362	4	6.08%	994	1	16.70%
Butler County Government	350	5	5.87%	370	5	6.22%
Susan B. Allen Memorial Hospital	298	6	5.00%	282	6	4.74%
Pioneer Balloon	265	7	4.45%	200	8	3.36%
C-Tech ³	153	8	2.57%	215	7	3.61%
Walmart	146	9	2.45%	172	9	2.89%
City of El Dorado	126	10	2.11%	137	10	2.30%
Total	3,054		51.26%	3,648		61.30%

Total Employment ⁴ 5,958 5,951

Source: City of El Dorado Survey of Employers

Notes:

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

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

³ Formerly Blackburn Construction.

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

City of El Dorado

Full-Time Equivalent City Government Employees by Function

Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
Administration	1	1	1	1	1	1	1	1	1	1
CVB	0	0	0	0	1	1	2	2	2	1
Airport	1	1	1	1	1	1	1	1	1	1
Engineering	4	4	4	4	4	4	4	4	4	4
Legal/Judicial	3	3	3	4	3	3	2	2	2	2
Public Safety										
Police	28	28	29	29	29	27	28	26	25	25
Fire	17	17	16	17	17	17	17	17	17	16
Building/Zoning	2	2	2	3	3	3	2	2	2	2
Public Works										
Public Works	7	7	7	7	7	8	10	6	6	8
Major Street Improvements	9	10	10	15	12	6	6	12	12	8
Culture/Recreation										
Park Maintenance	2	3	3	4	2	2	2	2	2	4
Recreation	6	3	6	7	7	8	10	10	10	9
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	18	19	18	18	18	17	16	17	16	18
Sewer	5	6	6	6	6	6	6	5	5	4
Refuse	16	16	16	12	10	10	11	8	8	8
Stormwater	2	2	2	2	2	2	2	1	1	1
Data Processing	12	12	12	11	11	12	13	11	10	10
Total	137	138	140	145	138	132	137	131	128	126

Source: City Budget Office

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

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

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 Forestry are included in the Recreation number.

In 2017, the Police Department and Public Utilities Department struggled to maintain a full staff. Data Processing eliminated the position of Administrative Assistant to the City Manager.

City of El Dorado

Operating Indicators by Function

Last Ten Fiscal Years

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Municipal Court										
Citations Issued	3,616	3,870	3,612	4,304	3,841	3,575	3,201	4,004	3,218	3311
Warrants Issued	170	301	150	182	341	376	281	354	379	358
Warrants Served	127	227	202	235	409	362	334	408	395	288
Airport										
Fuel Sales (gallons)	24,380	18,523	18,461	19,210	30,880	31,001	31,192	29,154	25,068	26,894
Fire										
Total Number of Incidents	1,380	1,238	1,263	1,295	1,299	1,302	1,298	1,110	1,382	1666
Fire Calls	158	122	187	180	109	180	153	153	157	172
Rescue & Emergency Medical Calls	768	719	662	787	781	743	749	677	759	878
Hazardous Materials Calls	107	77	69	40	89	54	81	69	52	55
Inspections	1,104	1,156	1,218	1,094	1,026	925	725	539	758	718
Hydrants Tested	567	705	695	782	720	735	1,390	1,546	678	740
Police										
Criminal Violations Reported	1,516	1,383	1,350	1,532	1,442	1,523	826	2,610	1,132	2153
Traffic Accidents	387	307	275	237	117	311	342	344	318	287
Building & Zoning										
New Residential Construction Permits	15	17	5	7	4	10	12	9	20	20
New Commercial Construction Permits	6	14	8	5	5	1	6	5	6	6
Street Operations										
Streets Swept (Curb Miles)	3,744	4,619	3,747	4,167	3,798	3,941	4,215	4,351	4,425	4006
Animal Control										
Animal Licenses	1,500	1,477	1,432	1,579	1,606	1,654	1,751	1,263	1,344	1229
Animal Control Calls	979	1,575	987	1,602	1,883	1,904	1,883	1,722	2,132	1534
Animal Citations	163	162	125	220	207	247	332	234	294	224
Cemetery										
Burials	135	162	138	128	130	127	135	104	114	102
Parks and Recreation										
Youth Soccer Participants	218	170	202	294	345	366	387	436	416	384
Swimming Pool Attendance	18,569	20,179	21,299	21,174	19,284	16,590	14,560	12,892	12,255	11,966
Youth Baseball/Softball Participants	324	385	407	580	827	703	680	745	502	540
Youth Basketball Participants	114	114	172	172	287	260	271	211	189	188
Youth Volleyball Participants	295	311	305	378	407	350	331	281	243	196
Adult Softball Teams	21	24	25	19	17	16	17	17	8	5
Adult Flag Football Teams	8	9	9	5	4	4	10	0	0	0
Adult Basketball Teams	5	8	8	12	9	8	6	8	5	5
Adult Volleyball Teams	26	33	32	22	21	22	22	23	20	13
Youth Flag Football	0	0	0	0	0	0	0	0	91	91
Water										
New Meters	19	26	11	19	17	5	17	30	6	27
Treated Water Pumped (millions of gallons)	1,153	1,200	1,329	1,350	1,223	1,254	1,189	1,166	1,191	1202
Water Distribution Service Calls	289	256	275	336	251	236	242	243	199	285
Water Leaks Repaired	33	70	93	94	58	40	52	26	30	39
Sewer										
Sewer Maintenance Service Calls	326	203	263	230	244	208	222	215	187	178
Refuse										
Refuse Collected (tons)	6,478	6,392	6,255	6,237	8,946	8,125	8,875	8,763	9,653	11,467
Recycling Material (tons)	1,286	1,469	1,637	1,731	1,956	1,845	1,265	1,304	1,083	987
Yardwaste Collected (tons)	4,600	4,500	4,500	4,000	3,800	4,000	4,000	4,000	4,000	4000

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Square Miles of the City	8.10	8.1	8.1	8.1	9.1	9.1	9.14	9.1	9.1	9.1
Street Operations										
Miles of Paved City Streets	79.98	82.2	82.2	82.2	83.77	84.65	85.06	85.06	85.06	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	14	14	14	14	14
Parks and Recreation										
Swimming Pools	1	2	2	2	2	2	2	2	² 1	1
Activity Center	1	1	1	1	1	1	1	1	1	1
Ball Diamonds	9	9	9	10	12	12	12	12	12	12
Soccer Fields	6	6	6	6	6	6	6	6	6	6
Water										
Water Mains (miles)	104.63	106.85	106.85	106.85	¹ 122.7	123.20	124.10	124.10	124.10	129.40
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 (BG)	22.20	22.20	22.20	22.20	22.20	50.00	50.00	50.00	50.00	50.00
Sewer										
Sanitary Sewers (miles)	53.41	53.94	53.94	53.94	¹ 90.8	91.30	92.00	92.00	92.00	93.40

Source: Various City Departments

¹ 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.

² Note: The Prairie Trails pool was filled in due to lack of attendance and desire to maintain a failing structure.

CITY OF EL DORADO, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2018

Finding 2018-001 – Significant Deficiency (Prior Year Finding 2017-001 – 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. Staff will also give special attention to capital assets and will report when they are received and ensure that they are capitalized.

Corrective Action Plan (Unaudited) – City staff will review revenues and expenses and the balance sheet accounts to ensure proper reporting. Staff will also review invoices pertaining to capital assets, discuss with department heads, and determine when they were received to post them to the correct year.

Finding 2018-002 – Significant Deficiency

Condition – During the course of our audit, we identified instances in which the City failed to adhere to its internal procurement policy.

Criteria – Adherence to the procurement policy developed by the City is important for ensuring full and open competition and compliance with the procurement requirements set forth by Uniform Guidance.

Cause – The City’s internal control structure failed to ensure that procurement guidelines outlined in the City’s policy were being followed.

Effect – By failing to follow the procurement policy, the City could have entered into a contract with a vendor who may not have been the most qualified or cost effective for the service or good provided.

CITY OF EL DORADO, KANSAS

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

Finding 2018-002 – Significant Deficiency (Continued)

Recommendation – We recommend that the City follow its own internal procurement policy in order to ensure compliance with procurement requirements.

Management's Response (Unaudited) – Management will discuss with staff the importance of following the procurement policy developed by the City.

Corrective Action Plan (Unaudited) – The City will follow its own internal procurement policy in order to ensure compliance with procurement requirements.

CITY OF EL DORADO, KANSAS

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Year Ended December 31, 2018

Finding 2017-001 – 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 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 29, 2019.

Internal Control Over Financial Reporting

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

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

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify deficiencies in internal control, described in the accompanying schedule of findings and responses as Findings 2018-001 and 2018-002 that we consider to be significant deficiencies.

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 findings 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.

May 29, 2019
Topeka, Kansas