

**CITY OF DODGE CITY, KANSAS**

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**BASIC FINANCIAL STATEMENTS  
with  
INDEPENDENT AUDITOR'S REPORT  
and  
UNIFORM GUIDANCE AUDIT REPORTS  
YEAR ENDED DECEMBER 31, 2017**

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# CITY OF DODGE CITY, KANSAS

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	4
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements	
Statement of Net Position .....	18
Statement of Activities .....	19
Fund Financial Statements	
Balance Sheet – Governmental Funds .....	20
Statement of Revenue, Expenditures and Changes in Fund Balances – Governmental Funds .....	22
Statement of Net Position – Proprietary Funds .....	24
Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds .....	26
Statement of Cash Flows – Proprietary Funds.....	27
Component Unit Financial Statements	
Statement of Net Position – Major Component Units.....	29
Statement of Activities – Major Component Units .....	30
Budgetary Comparison Statements	
General Fund .....	31
Sales Tax Fund .....	32
Budget to GAAP Reconciliation .....	33
Notes to Basic Financial Statements .....	34
<b>SUPPLEMENTARY INFORMATION</b>	
<b>COMBINING FINANCIAL STATEMENTS</b>	
Combining Balance Sheet – Nonmajor Governmental Funds.....	66
Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds .....	67
Combining Balance Sheet – Nonmajor Governmental Funds – Debt Service Funds .....	71
Combining Balance Sheet – Nonmajor Governmental Funds – Capital Projects Funds .....	72
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	74
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Special Revenue Funds .....	75
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Debt Service Funds .....	80

## SUPPLEMENTARY INFORMATION (Continued)

Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Capital Project Funds .....	81
Combining Statement of Fiduciary Net Assets – Agency Funds .....	83

## APPENDICES

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	81
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance .....	86
Schedule of Expenditures of Federal Awards .....	88
Notes to Schedule of Expenditures of Federal Awards .....	89
Schedule of Findings and Questioned Costs .....	90
Summary Schedule of Prior Audit Findings .....	92

## OTHER AUDIT

Dodge City Public Library

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and  
City Commissioners  
Dodge City, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dodge City, Kansas, as of and for the year ended December 31, 2017, 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 did not audit the financial statements of the Special Events Center Special Revenue Fund, which represent one percent, one percent, and fourteen percent, respectively, of the assets, fund balances, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Special Events Center Special Revenue Fund, is based solely on the report of the other auditors. We did not audit the financial statements of the Dodge City Housing Authority, which represent sixty-nine percent, eighty-three percent, and fifty-two percent, respectively, of the assets, fund balances, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dodge City Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dodge City, Kansas, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Sales Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis as 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dodge City, Kansas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards 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. The 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2018 on our consideration of the City of Dodge City, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 of Dodge City, Kansas' internal control over financial reporting and compliance.

*Kennedy McKee & Company LLP*

August 21, 2018

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **CITY OF DODGE CITY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

December 31, 2017

#### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Dodge City's financial performance provides an overview of the City's financial activities for the year ended December 31, 2017. It should be read in conjunction with the City's basic financial statements, listed in the table of contents.

#### **USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The government-wide statements consist of the Statement of Net Position and the Statement of Activities. These provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements follow the government-wide statements. For governmental activities, these statements tell how the services of the City were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

#### The Statement of Net Position and the Statement of Activities

One of the most important questions asked about the City's finances is this: "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps provide answers to this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and the changes in them. The net position represents the difference between assets and liabilities. Net position is one way to measure the financial position of the City. Over time, increases or decreases in the City's net position is one indicator of whether its financial health is improving or deteriorating. Other factors, such as changes in the property tax base, and economic conditions at the state and local level must also be considered when assessing the overall financial health of the City.

In the Statement of Net Position and in the Statement of Activities, the information is divided into three kinds of activities:

- Governmental activities—Many of the City's basic services are reported here, including general government, public safety, public works, culture and recreation and community services. Property taxes, sales tax, franchise fees, service charges and fees, other types of governmental revenues and taxes, and federal and state grants finance most of these activities.
- Business-type activities—The City charges a fee to residents to cover the cost of utility services it provides. These services are water/wastewater, solid waste, and drainage utilities.



## USING THIS ANNUAL REPORT (CONTINUED)

### The Statement of Net Position and the Statement of Activities (continued)

- Component units—The City includes three separate legal entities in its report: the Dodge City Public Library, the Dodge City-Ford County Development Corporation, and the Dodge City Housing Authority. Although legally separate, these component units are important because of their relationship with the City.

To assist in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenue, Expenditures, and Changes in Fund Balance. The expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues and how much it is self-financing through fees and grants.

### Fund Financial Statements

Our analysis of the City's major funds follows in this discussion. The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law or by contract. However, the City Commission establishes many other funds to help control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds—Many of the City's basic services are reported in governmental funds. The focus is on how money flows into and out of those funds and on the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. A reconciliation between the governmental funds reported here and the overall governmental activities column of the Statement of Net Position is provided.
- Proprietary funds—The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its vehicle and equipment maintenance activities. Proprietary funds are reported using the same accounting approach that all activities use in the Statement of Net Position and in the Statement of Activities.

Since the Enterprise funds use the same accounting approach in all statements, no reconciliation is necessary among the statements.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## THE CITY AS A WHOLE

### Government-Wide Statements – Overview

The City's overall financial position and operations for the past two years are summarized as follows based on the information included in the government-wide financial statements:

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 48,485,796	\$ 44,590,382	\$ 2,163,258	\$ 5,388,484	\$ 50,649,054	\$ 49,978,866
Capital assets	<u>112,579,039</u>	<u>109,926,657</u>	<u>72,504,990</u>	<u>68,939,827</u>	<u>185,084,029</u>	<u>178,866,484</u>
Total assets	<u>161,064,835</u>	<u>154,517,039</u>	<u>74,668,248</u>	<u>74,328,311</u>	<u>235,733,083</u>	<u>228,845,350</u>
Deferred outflows of resources	<u>1,578,091</u>	<u>2,106,652</u>	<u>80,952</u>	<u>119,095</u>	<u>1,659,043</u>	<u>2,225,747</u>
Noncurrent liabilities	81,090,579	74,213,311	38,076,614	37,550,019	119,167,193	111,763,330
Other liabilities	<u>14,179,432</u>	<u>14,887,204</u>	<u>3,325,116</u>	<u>2,401,189</u>	<u>17,504,548</u>	<u>17,288,393</u>
Total liabilities	<u>95,270,011</u>	<u>89,100,515</u>	<u>41,401,730</u>	<u>39,951,208</u>	<u>136,671,741</u>	<u>129,051,723</u>
Deferred inflows of resources	<u>11,715,189</u>	<u>11,955,704</u>	<u>304,990</u>	<u>294,676</u>	<u>12,020,179</u>	<u>12,250,380</u>
Net position:						
Invested in capital assets net of related debt	42,689,957	47,461,600	34,428,376	31,389,808	77,118,333	78,851,408
Restricted	15,194,028	19,315,112	-	-	15,194,028	19,315,112
Unrestricted	<u>(2,226,259)</u>	<u>(11,209,240)</u>	<u>(1,385,896)</u>	<u>2,811,714</u>	<u>(3,612,155)</u>	<u>(8,397,526)</u>
Total net position	<u>\$ 55,657,726</u>	<u>\$ 55,567,472</u>	<u>\$ 33,042,480</u>	<u>\$ 34,201,522</u>	<u>\$ 88,700,206</u>	<u>\$ 89,768,994</u>

For the years ended December 31, 2017 and 2016, net position changed as follows:

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Beginning net position	\$ 55,567,472	\$ 64,559,920	\$ 34,201,522	\$ 31,280,653	\$ 89,768,994	\$ 95,840,573
Increase (decrease) in net position	<u>90,254</u>	<u>(8,992,448)</u>	<u>(1,159,042)</u>	<u>2,920,869</u>	<u>(1,068,788)</u>	<u>(6,071,579)</u>
Ending net position	<u>\$ 55,657,726</u>	<u>\$ 55,567,472</u>	<u>\$ 33,042,480</u>	<u>\$ 34,201,522</u>	<u>\$ 88,700,206</u>	<u>\$ 89,768,994</u>

Governmental current assets increased slightly from 2016 to 2017 this is due to the general fund balance increasing slightly and the cash balance in project funds increased due to debt proceeds not being spent by year end due to bonds and temp notes being issued towards year end. The cash balance in the General Fund continues to remain strong because of a concerted effort to focus on increasing the cash balance to a level described in the financial policies. Capital assets increased because of addition and completion of public works projects and the purchase of a new radio system. Long term liabilities increased in the Government activities because of the issuance of the General Obligation Bonds in the amount of \$2,860,000 and Temporary Notes in the amount of \$7,970,000 during 2017. This debt was issued for street improvement projects and infrastructure additions. Other debt was paid based on maturity of the bonds. The other liabilities decreased slightly because of the changes of the net pension liability required by GASB 68. This requirement started in 2015. The information is generated by KPERS and there was significant changes in the net pension liability and the Unrestricted Net Position from 2016 to 2017. Deferred inflows of resources decreased because there was insurance proceeds in 2016 that had been received but not spent, these proceeds were spent in 2017.

## THE CITY AS A WHOLE (CONTINUED)

### Government-Wide Statements – Overview (continued)

Current assets decreased in the business-type activities from 2016 to 2017 because of the repayment on the KDH&E Water Loan for the construction of the water reclamation facility and the construction of the biogas plant which decreased cash assets. Drainage assets and equipment in the Sanitation and Water and Wastewater Funds were added that resulted in an increase in the Capital Assets.

	Governmental activities		Business-type activities		Total primary government	
	2017	2016	2017	2016	2017	2016
Revenue:						
Program revenue:						
Charges for services	\$ 5,118,520	\$ 6,020,765	\$ 11,224,815	\$ 11,435,317	\$ 16,343,335	\$ 17,456,082
Operating grants	5,725,595	2,353,944	825,269	825,969	6,550,864	3,179,913
Capital grants	1,879,725	971,889	-	-	1,879,725	971,889
General revenue:						
Property taxes, levied for general purposes	7,160,994	6,927,145	-	-	7,160,994	6,927,145
Property taxes and special assessments levied for debt service	2,772,328	2,738,645	-	-	2,772,328	2,738,645
Sales taxes	10,928,407	10,770,296	-	-	10,928,407	10,770,296
Franchise taxes	1,787,566	1,678,943	-	-	1,787,566	1,678,943
Expanded lottery tax	599,239	600,720	-	-	599,239	600,720
Grants and contributions	125,088	115,500	-	-	125,088	115,500
Gain (loss) on assets	-	-	(2,869)	-	(2,869)	-
Contributed capital	238	(1,877,571)	268,950	1,877,571	269,188	-
Investment earnings	227,223	133,530	35,220	79,256	262,443	212,786
Transfers	(251,247)	(249,385)	(1,133,260)	(1,114,770)	(1,384,507)	(1,364,155)
Miscellaneous	1,058,821	312,638	-	-	1,058,821	312,638
Total revenue	37,132,497	30,497,059	11,218,125	13,103,343	48,350,622	43,600,402
Program expenses:						
General government	3,833,193	3,416,906	-	-	3,833,193	3,416,906
Public safety	8,978,762	8,489,300	-	-	8,978,762	8,489,300
Public works	7,089,240	3,454,079	-	-	7,089,240	3,454,079
Culture and recreation	10,220,129	14,701,507	-	-	10,220,129	14,701,507
Community services	1,967,375	1,803,668	-	-	1,967,375	1,803,668
Indirect depreciation	2,811,133	5,652,586	-	-	2,811,133	5,652,586
Interest on long-term debt	2,142,411	1,971,461	-	-	2,142,411	1,971,461
Water/wastewater	-	-	10,404,175	8,225,420	10,404,175	8,225,420
Solid waste	-	-	1,790,658	1,760,846	1,790,658	1,760,846
Drainage	-	-	182,334	196,208	182,334	196,208
Total expenses	37,042,243	39,489,507	12,377,167	10,182,474	49,419,410	49,671,981
Increase (decrease) in net assets	\$ 90,254	\$ (8,992,448)	\$ (1,159,042)	\$ 2,920,869	\$ (1,068,788)	\$ (6,071,579)

## THE CITY AS A WHOLE (CONTINUED)

### Government-Wide Statements – Overview (continued)

The charges for services decreased 15% from 2016 to 2017. The main reasons for these decreases were: decrease in building permits because of a spring storm in 2016; decrease in revenues from events at the Events Center; there was also a decrease in program revenue generated at the sports facilities and the water park. The charges for services in the areas of general government, public safety, and community services increased slightly from 2016. The charges for services in the area of culture and recreation decreased slightly. Operating grants and capital grants in 2017 included the award of historic grants for the ATS&F depot, expanded public transportation program, FEMA grant to reimburse for expenses incurred following the January 2017 ice storm, airport improvements and public safety equipment. The franchise taxes increased by 6.5% because the gas and electric are variable depending mostly on the weather and the telephone franchise fee does continues to decrease. The sales tax increased 1.5% and the expanded lottery tax decreased .25%. The contributed capital in the primary government was negative in 2016 and was offset by the same amount in the business-type activities because of the addition of drainage facilities that were paid for from general government funds. The most notable changes in the program expenses were the culture and recreation expenses. This area decreased in the sales tax projects funds due to completion of the waterpark construction in 2016. The expenses in the general government and public safety increase modestly. The expenses in public works increased due to the of infrastructure improvements. The indirect depreciation decreased by 50% as assets start to become fully depreciated. The interest on long-term debt increased due to two new bond issues in 2016. The Business-type activities, the program revenue decreased slightly. The contributed capital decreased in the business-type activities as stated above by the addition of drainage facilities in 2016. The business type expenses increased due to the construction of the biogas plant.

### Governmental Activities

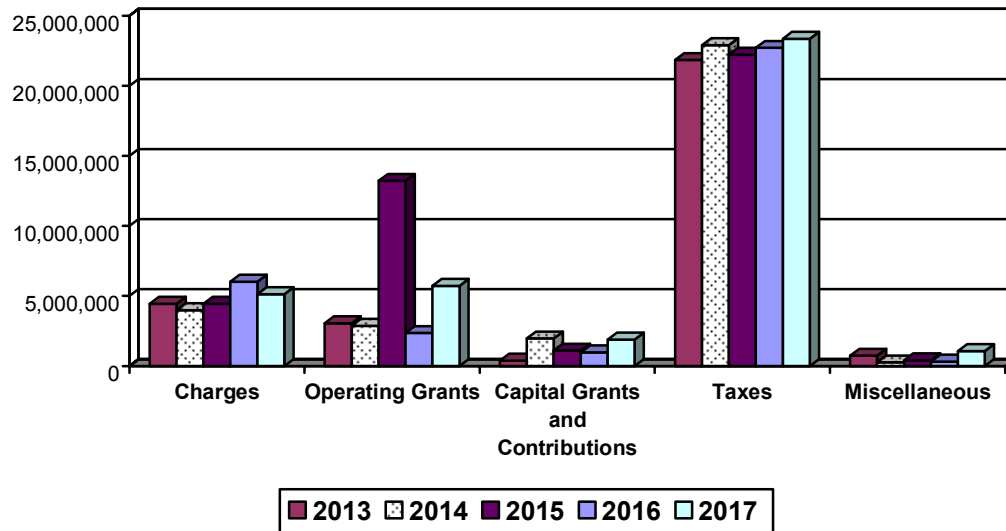
The most significant governmental activities are general government, public safety, public works, culture and recreation and community services. The main sources of revenue are property taxes, sales tax, franchise fees, charges for services, other governmental revenue and taxes, and operating grants and contributions. Total governmental revenues for the year were \$37,132,497, and total expenses were \$37,042,243. The STAR Bond projects and other project funds had funds available that were not yet spent in 2017. Several of those projects were completed in 2017 and thus the funds were spent.

## THE CITY AS A WHOLE (CONTINUED)

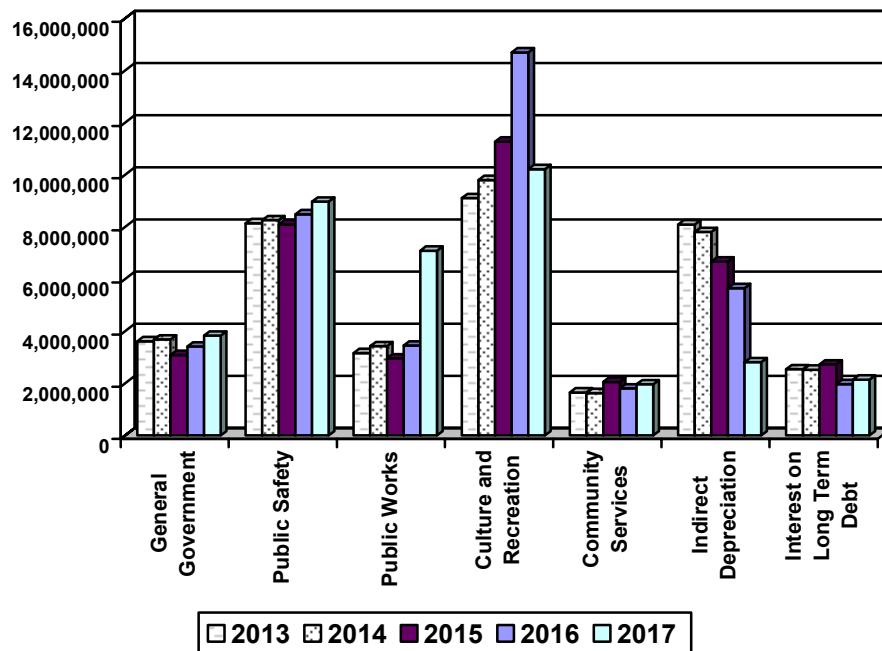
### Governmental Activities (continued)

The following charts reflect a comparison among all the governmental sources of revenue and expense categories for the years ended December 31, 2017, 2016, 2015, 2014, and 2013 based on the information included in the government-wide financial statements.

#### Governmental Activities - Revenues



#### Governmental Activities - Expenses

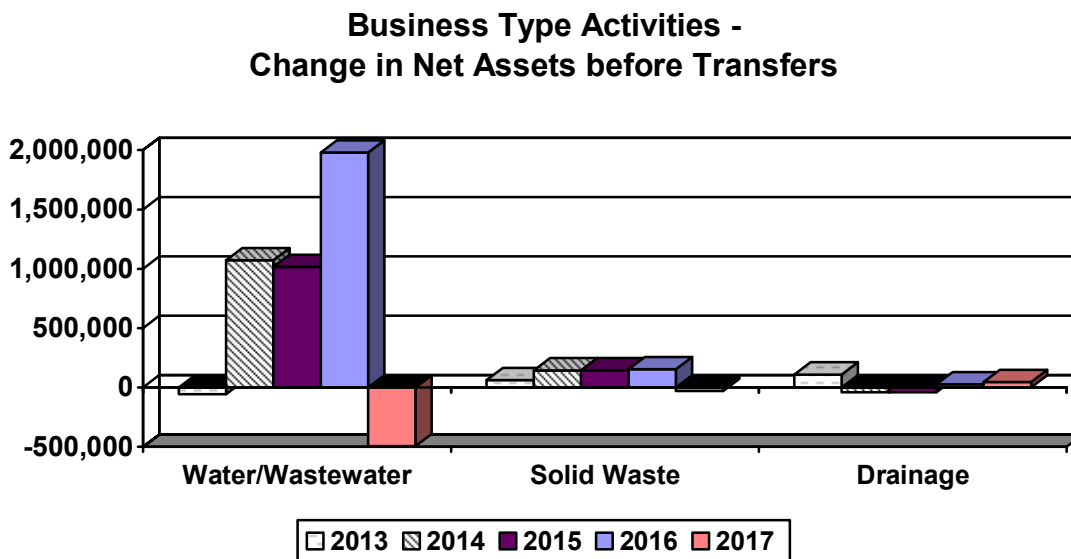
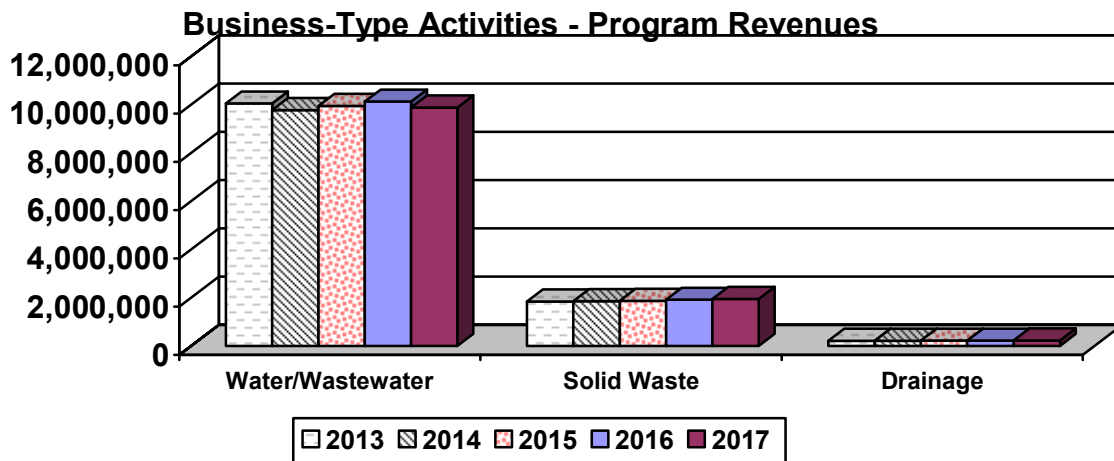


## THE CITY AS A WHOLE (CONTINUED)

### Business-Type Activities

The business-type activities of the City are the water/wastewater, solid waste, and drainage utilities. These activities derive most of their revenue from charges for services. Total business-type program revenues are \$12,050,084 and operating expenses are \$12,377,167.

The charts below compare program revenues and changes in net assets for the years ended December 31, 2017, 2016, 2015, 2014, and 2013 based on the information included in the government-wide financial statements.



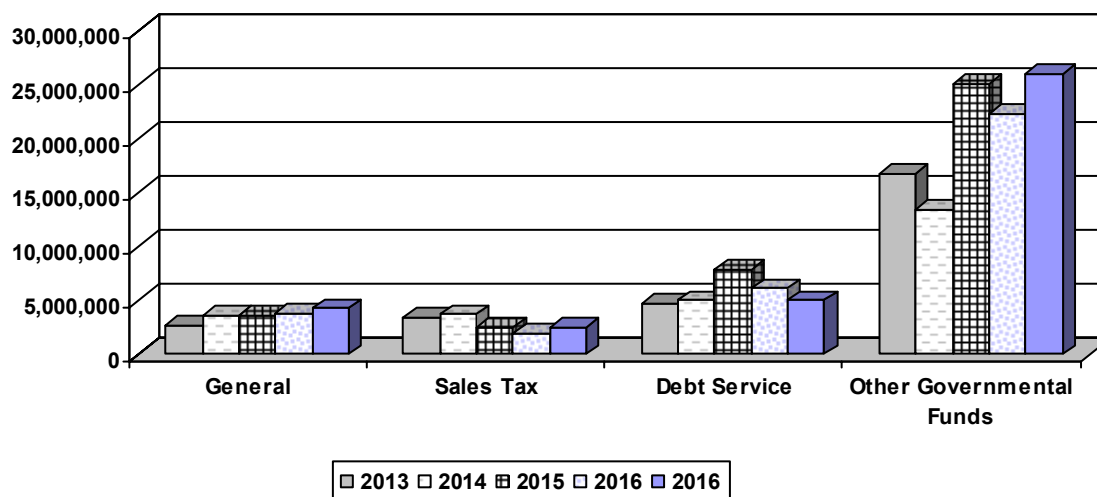
## THE CITY'S FUND BALANCES

### Governmental Activities

As the City completed the year, the governmental funds reported a combined fund balance of \$37,858,025, as reflected in the Balance Sheet - Governmental Funds. This balance represents an increase of \$3,672,924 (10.74%) from last year's ending balance. A concerted effort has been made to increase the fund balances, with the exception of project funds, to a level that would cover future replacement costs as well as a target of 15-25% of current budgeted expenses in the general fund to be able to fund operations at all times, especially if an emergency situation would exist. That has been accomplished in the general fund.

A comparison of fund balances based on information included in the fund financial statements is presented below:

**Governmental Fund Balances**



Following is an analysis of General Fund and Sales Tax Fund revenue and expenditures compared to the previous year:

The percentage of revenue that funded the General Fund in 2017 is sales tax at 34.45%, property tax at 35.16%, franchise fees at 13.19%, licenses, charges and rentals at 8.78%, fines at 6.35% with other revenues representing the remainder of the funding. General Fund revenue decreased from 2016 by 1.36%.

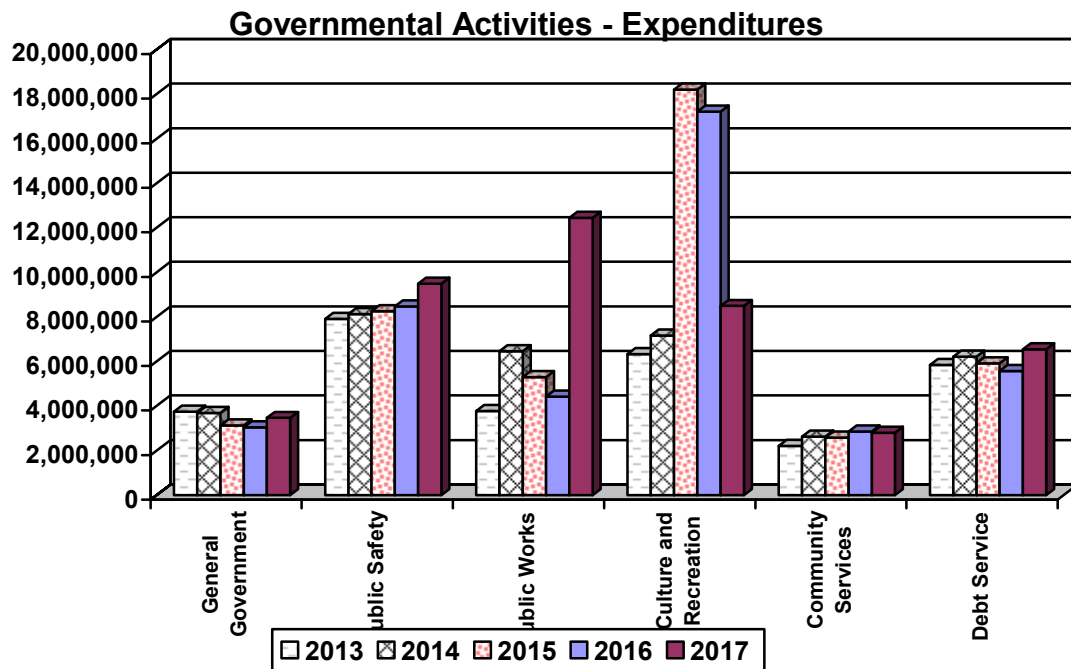
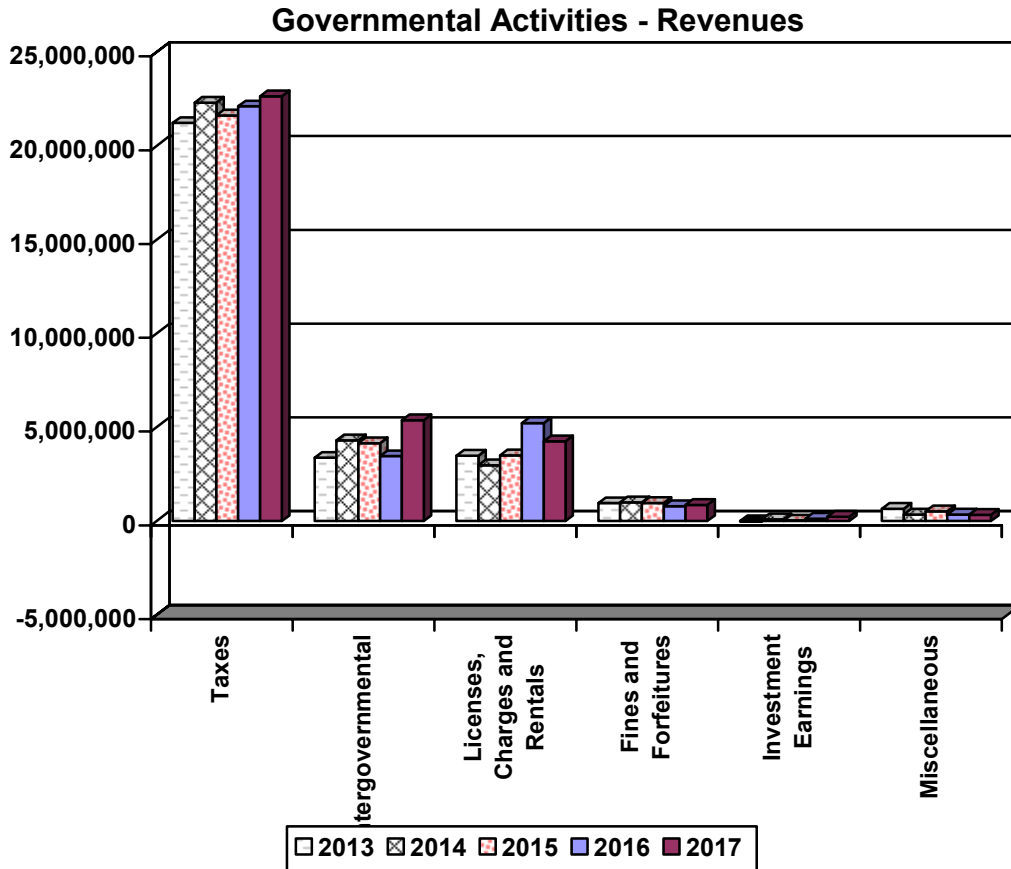
Property tax collections remain very stable. The chart below lists the percentage of property tax collected compared to the amount that was levied.

Year	% of Property Tax Collected compared to the amount Levied	% of Property Tax Collected plus Delinquent amount compared to the amount Levied
2012	96.56%	99.34%
2013	96.64%	106.50%
2014	100.97%	103.97%
2015	100.01%	109.03%
2016	95.90%	99.30%
2017	102.18%	106.92%

## THE CITY'S FUND BALANCES (CONTINUED)

### Governmental Activities (continued)

The Sales Tax Fund is funded primarily by sales tax and partially by user fees and charges. The overall revenue in the sales tax fund remained stable.





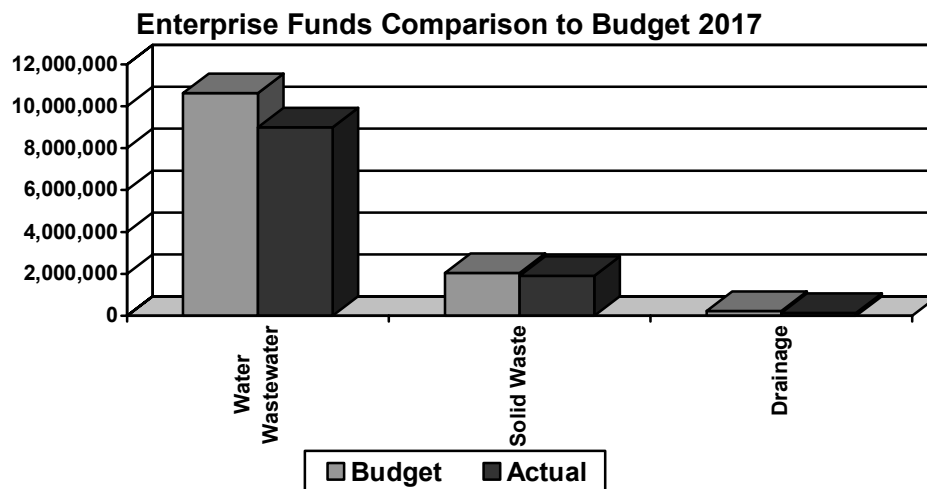
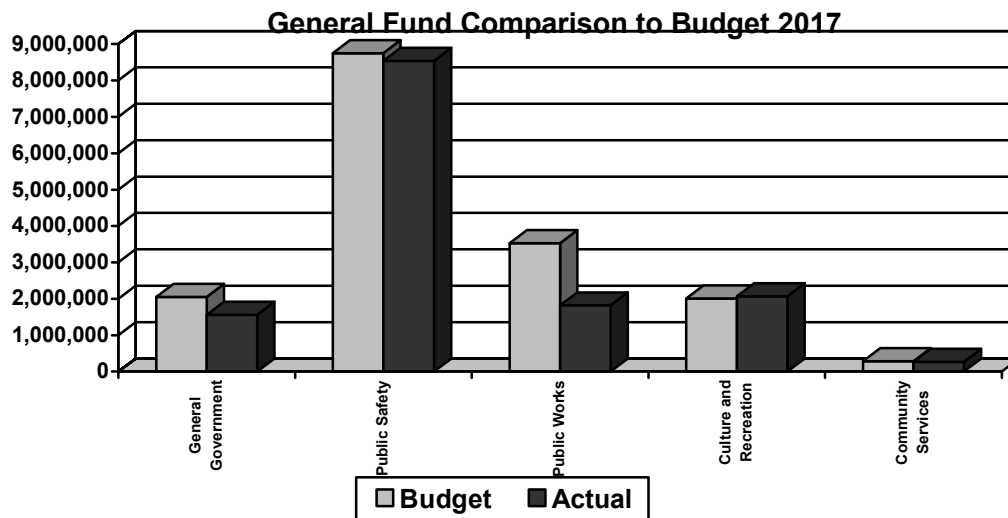
## BUDGETARY HIGHLIGHTS

The governmental funds included in the published budget are the General Fund, Special Liability, Library, Library Employee Benefits, Sales Tax, Convention and Visitors, Special Streets and Highways, Special Park and Recreation, Special Alcohol and Drug, Alcohol and Drug Safety Action, GO Bond and Interest Funds, and Development and Growth. Budgeted business-type funds are as follows: Water/Wastewater, Solid Waste and Drainage Utility Funds. The internal service fund is the Vehicle Maintenance Fund.

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. Budgets were amended for the following funds:

	Original budget	Amended budget
Convention and Visitors	\$ 1,134,025	\$ 1,359,025
Development & Growth	1,050,000	1,250,000
Transportation	400,265	460,265
Special Alcohol & Drug	97,300	110,000

The following charts show expenditures by category compared with the published budget for the current year.



## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

The City has invested \$185 million in capital assets (net of depreciation). Approximately 60.83% of this investment is related to governmental activities and includes infrastructure, buildings, equipment and land. Governmental capital assets increased by approximately 2.41%, while capital assets held for business-type activities increased 5.17% from the previous year. Capital assets held by the City at the end of the current and previous year is summarized as follows:

	Capital Assets (Net of Depreciation, in Thousands)					
	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 5,915	\$ 5,993	\$ 1,527	\$ 1,527	\$ 7,442	\$ 7,520
Buildings and improvements	62,654	62,150	23,260	23,277	85,914	85,427
Machinery and equipment	9,948	9,343	1,126	929	11,074	10,272
Infrastructure	27,662	29,146	36,034	36,534	63,696	65,680
Water rights	-	-	2,850	2,912	2,850	2,912
Construction in progress	6,400	3,295	7,708	3,760	14,108	7,055
Totals	<u>\$ 112,579</u>	<u>\$ 109,927</u>	<u>\$ 72,505</u>	<u>\$ 68,939</u>	<u>\$ 185,084</u>	<u>\$ 178,866</u>

The City of Dodge City has a five-year capital improvement program, which includes the street program, and a five year municipal equipment replacement program. In each program, capital improvements are completed annually, equipment is scheduled for replacement, and street improvements are completed annually. The additions to the capital assets in the governmental funds are a result of improvements scheduled during the year. Vehicles were replaced according to the schedule in Administration, Cemetery, the Police, Parks, Golf Course, Public Works, Engineering and Athletic Field Maintenance. Other capital improvements in the Governmental funds include communication system improvements and radios for the Police, Fire and Public Works departments, compressors in the Fire department, asphalt recycler in the Public Works department, construction of the Dance/Cheer and Gymnastics buildings at the YMCA, construction of a new Parks Shop, construction of a storage building at the Special Events Center, build out of offices at the Santa Fe Depot complex, and construction of a pavilion at the Longbranch Lagoon. The streets improvement projects include Central Avenue widening from Layton to Highway 50, additions and upgrades to several traffic signals, and Park Street reconstruction, and other smaller resurfacing and reconstruction projects. The addition of Long Branch Lagoon (Water Park) contributed to the capital additions in the Governmental funds. The capital improvements in the Business-type activities include: waterline loop at Fairway Drive and US 50 intersection; 7<sup>th</sup> Avenue waterline, rehabilitation of Well #31, SCADA system upgrades and drainage improvements on Wyatt Earp Blvd and scheduled vehicle upgrades.

Additional information about the City's capital assets is presented in Note F of the financial statements.

### Long-Term Liabilities

At the end of the current year, the City had long-term liabilities related to governmental activities of \$79,687,668. This includes \$26,213,050 in general obligation bonds, \$7,970,000 in temporary notes, \$907,297 in capital lease obligations, \$842,321 in compensated absences, and \$43,755,000 in revenue bonds.

## CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

### Long-Term Liabilities (continued)

The total amount of debt related to business-type activities at the end of the current year was \$37,232,787.

The debt position of the City is summarized below and is more fully analyzed in Note I of the financial statements.

#### Long-Term Obligations

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 26,213,050	\$ 26,045,150	\$ 13,611,950	\$ 15,074,850	\$ 39,825,000	\$ 41,120,000
Temporary notes	7,970,000	-	-	-	7,970,000	-
Capital lease obligations	907,297	1,126,137	-	-	907,297	1,126,137
Compensated absences	842,321	861,008	156,173	134,083	998,494	995,091
Revenue bonds	43,755,000	45,205,000	-	-	43,755,000	45,205,000
Other obligations	-	-	24,464,664	22,475,169	24,464,664	22,475,169
Totals	<u>\$ 79,687,668</u>	<u>\$ 73,237,295</u>	<u>\$ 38,232,787</u>	<u>\$ 37,684,102</u>	<u>\$ 117,920,455</u>	<u>\$ 110,921,397</u>

## RELEVANT CURRENT ECONOMIC FACTORS, DECISIONS AND CONDITIONS

Expenses, such as employee costs, utilities, and commodities continue to increase. The use type taxes including the sales tax, transient guest tax and expanded lottery tax, increased from the prior year by 2.00%. Other revenue sources have remained stable. The City continues to maintain quality services. The General Fund fund balance increased by 11.88%.

The City of Dodge City has received a STAR Bond designation from the State of Kansas. The ideal outcome of this designation is to assist in attracting retail development to Dodge City. This entails a retail district as well as the historic downtown district. The City continues to work on the Main Street project which may increase the viability of the downtown district. Included in this district is a regional outdoor waterpark. Construction of this water park was completed and opened in May, 2016. In addition, a new hotel was opened in the fall of 2017. The restoration of a historic building for a restaurant and banquet facilities began in early 2016 and was completed and opened late 2016. A Ford automobile dealership was updated and expanded and is included in this district. Landscaping, parking lots and the addition to the historic Boot Hill Museum will complete the Historic District STAR bond area. An additional STAR Bond area was approved in an area along 14<sup>th</sup> Street and this area will contain the development of a home improvement store with a garden center, retail shop space and a convenience store. The City continues to work on several housing projects to improve the number and quality of the housing stock in Dodge City and authorizes incentives when necessary. The City currently operates a wastewater treatment plant south of town that services a beef packing plant as well as a large portion of the City. This plant produces methane gas that is currently being burned off. The technology has advanced greatly in the last few years and the City has completed construction of a bio gas plant that will capture this gas and convert it into a renewable energy that can be piped into a major gas line that is close in proximity to the treatment plant and sell the gas as well as renewable energy credits. The plant began refining and selling gas in February 2018. This will be an additional source of revenue for the City. Because of wind farm development in Ford County, existing business growth and the addition to a majority of the schools, the community continues to see modest growth.

The City of Dodge City continues its efforts to be the entertainment capital of Southwest Kansas. Because of the ½% sales tax authorized in 1997, the four projects on the ballot have been completed, are operational and have proved successful. These projects are: a motor sport race track; a softball/baseball complex and other athletic fields in the community; the air conditioning of the Civic Center; and a special events center. The City continues to enhance the original projects and has added onto these facilities with additional sports fields to appeal to all types of sports venues. With the addition of the State of Kansas's first destination casino which has been operational since December of 2009, the area west of Dodge City continues to grow. The Special Events Center is located adjacent to the casino, and a hotel opened in early 2011 at the same location. This whole area continues to be an entertainment district for Dodge City and Southwest Kansas.

As Dodge City and Ford County continue to grow, the City and its partners are working on the downtown area, the housing and recruitment of retail and industry to expand on what we have and to diversify the tourism and agriculture industry.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide various interested parties with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk and Finance Officer, 806 Second Avenue, Dodge City, Kansas 67801.

The separately issued financial statements of the component units may be obtained from administrative offices as follows:

Dodge City Public Library  
1001 Second Avenue  
Dodge City, KS 67801

Dodge City/Ford County Development Corporation  
101 E. Wyatt Earp Blvd.  
Dodge City, KS 67801

Dodge City Housing Authority  
407 E. Bend  
Dodge City, KS 67801

## **BASIC FINANCIAL STATEMENTS**

# CITY OF DODGE CITY, KANSAS

## STATEMENT OF NET POSITION

December 31, 2017

	Primary government		
	Governmental activities	Business-type activities	Component units
			Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 12,226,730	\$ 1,167,189	\$ 13,393,919
Investments	-	-	592,182
Property taxes receivable	7,545,173	-	7,545,173
Receivables, net	1,444,507	638,070	2,082,577
Due from other governments	113,656	-	113,656
Inventories	3,874,137	357,999	4,232,136
Notes receivable	-	-	173,194
Prepaid expense	-	-	10,891
Restricted cash and investments	23,281,593	-	23,281,593
Capital assets, net	112,579,039	72,504,990	185,084,029
Other noncurrent assets	-	-	7,314
Total assets	161,064,835	74,668,248	235,733,083
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension	1,578,091	80,952	1,659,043
<b>LIABILITIES</b>			
Accounts payable	1,728,519	1,339,323	3,067,842
Salaries and benefits payable	404,058	71,005	475,063
Accrued interest payable	413,639	371,326	784,965
Other accrued liabilities	-	580,826	580,826
Deferred revenue	-	-	181,076
Compensated absences payable	842,321	156,173	998,494
Net pension liability	10,790,895	806,463	11,597,358
Noncurrent liabilities:			
Due within one year	4,723,664	3,329,298	8,052,962
Due in more than one year	76,366,915	34,747,316	111,114,231
Total liabilities	95,270,011	41,401,730	136,671,741
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	7,545,173	-	7,545,173
Deferred gain on refunding	2,419,467	219,528	2,638,995
Contractual obligations	847,070	-	847,070
Pension	903,479	85,462	988,941
Total deferred inflows of resources	11,715,189	304,990	12,020,179
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	42,689,957	34,428,376	77,118,333
Restricted (expendable):			
Debt service	6,100,037	-	6,100,037
Construction	4,695,980	-	4,695,980
Projects	4,398,011	-	4,398,011
Prospects and housing	-	-	16,743
Unrestricted	(2,226,259)	(1,385,896)	(3,612,155)
Total net position	\$ 55,657,726	\$ 33,042,480	\$ 88,700,206

The accompanying notes are an integral part of the basic financial statements.

# CITY OF DODGE CITY, KANSAS

## STATEMENT OF ACTIVITIES

Year ended December 31, 2017

Functions/programs	Expenses	Program revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
General government	\$ 3,833,193	\$ 320,632	\$ 2,175,422	\$ 101,466
Public safety	8,978,762	1,208,312	9,564	171
Public works	7,089,240	218,348	1,925,007	1,771,793
Culture and recreation	10,220,129	3,239,783	444,509	-
Community services	1,967,375	131,445	1,171,093	6,295
Indirect depreciation	2,811,133	-	-	-
Interest on long-term debt	2,142,411	-	-	-
Total governmental activities	37,042,243	5,118,520	5,725,595	1,879,725
Business-type activities:				
Water/wastewater	10,404,175	9,058,424	825,269	-
Solid waste	1,790,658	1,942,862	-	-
Drainage	182,334	223,529	-	-
Total business-type activities	12,377,167	11,224,815	825,269	-
Total primary government	\$ 49,419,410	\$ 16,343,335	\$ 6,550,864	\$ 1,879,725
Component units	\$ 4,567,957	\$ 1,000,692	\$ 1,516,248	\$ 367,861

### General revenues:

#### Taxes:

Property taxes, levied for general purposes

Property taxes and special assessments, levied for debt service

Sales taxes

Franchise taxes

Expanded lottery taxes

Grants and contributions not restricted to specific programs

Gain (loss) on assets

Contributed capital, net

Investment earnings

Transfers

Miscellaneous

Total general revenues and transfers

Change in net assets

Net position - beginning

Net position - ending

The accompanying notes are an integral part of the basic financial statements.



Changes in net position			
Primary government			
Governmental activities	Business-type activities	Total	Component units
\$ (1,235,673)	\$ -	\$ (1,235,673)	\$ -
(7,760,715)	-	(7,760,715)	-
(3,174,092)	-	(3,174,092)	-
(6,535,837)	-	(6,535,837)	-
(658,542)	-	(658,542)	-
(2,811,133)	-	(2,811,133)	-
(2,142,411)	-	(2,142,411)	-
(24,318,403)	-	(24,318,403)	-
-	(520,482)	(520,482)	-
-	152,204	152,204	-
-	41,195	41,195	-
-	(327,083)	(327,083)	-
(24,318,403)	(327,083)	(24,645,486)	-
-	-	-	(1,683,156)
7,160,994	-	7,160,994	-
2,772,328	-	2,772,328	-
10,928,407	-	10,928,407	-
1,787,566	-	1,787,566	-
599,239	-	599,239	-
125,088	-	125,088	-
-	(2,869)	(2,869)	-
238	268,950	269,188	-
227,223	35,220	262,443	5,273
(251,247)	(1,133,260)	(1,384,507)	1,384,507
1,058,821	-	1,058,821	303,652
24,408,657	(831,959)	23,576,698	1,693,432
90,254	(1,159,042)	(1,068,788)	10,276
55,567,472	34,201,522	89,768,994	8,967,072
<u>\$ 55,657,726</u>	<u>\$ 33,042,480</u>	<u>\$ 88,700,206</u>	<u>\$ 8,977,348</u>

**CITY OF DODGE CITY, KANSAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
December 31, 2017

	<u>General</u>	<u>Sales tax</u>
<u>ASSETS</u>		
Cash and investments	\$ 4,123,150	\$ -
Property taxes receivable	4,054,867	-
Sales taxes receivable	377,401	377,401
Due from other governments	-	-
Other receivables	441,079	6,726
Due from other funds	182,149	-
Inventories	44,350	-
Restricted cash and investments	-	2,256,209
	<hr/>	<hr/>
Total assets	\$ 9,222,996	\$ 2,640,336
	<hr/>	<hr/>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 546,030	\$ 86,775
Payroll liabilities	355,586	7,038
Due to other funds	-	-
	<hr/>	<hr/>
Total liabilities	901,616	93,813
	<hr/>	<hr/>
Deferred inflows of resources:		
Property tax	4,054,867	-
Contractual obligations	-	-
Revolving loans	-	-
	<hr/>	<hr/>
Total deferred inflows of resources:	4,054,867	-
	<hr/>	<hr/>
Fund balances:		
Nonspendable:		
Endowment	-	-
Inventory	44,350	-
Long-term receivables	-	-
Restricted:		
Debt service	-	-
Capital projects	-	-
Grants	-	-
Committed:		
Projects	-	2,546,523
Assigned:		
Encumbrances	15,552	-
Other capital expenditures	-	-
Community service and promotion	-	-
Other purposes	-	-
Designated for subsequent year's expenditures	2,508,925	-
Unassigned	1,697,686	-
	<hr/>	<hr/>
Total fund balances	4,266,513	2,546,523
	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 9,222,996	\$ 2,640,336
	<hr/>	<hr/>

The accompanying notes are an integral part of the basic financial statements.

Temporary notes star bonds	Other governmental funds	Total governmental funds
\$ -	\$ 9,993,158	\$ 14,116,308
-	3,490,306	7,545,173
-	-	754,802
-	167,214	167,214
-	188,341	636,146
-	-	182,149
3,758,801	44,759	3,847,910
2,653,139	16,460,780	21,370,128
<u>\$ 6,411,940</u>	<u>\$ 30,344,558</u>	<u>\$ 48,619,830</u>
\$ -	\$ 1,080,044	\$ 1,712,849
-	37,882	400,506
-	182,149	182,149
<u>-</u>	<u>1,300,075</u>	<u>2,295,504</u>
-	3,490,306	7,545,173
-	847,070	847,070
-	74,058	74,058
<u>-</u>	<u>4,411,434</u>	<u>8,466,301</u>
-	100,000	100,000
-	-	44,350
-	376,853	376,853
-	5,022,994	5,022,994
6,411,940	11,109,005	17,520,945
-	270	270
-	-	2,546,523
-	3,278	18,830
-	3,043,939	3,043,939
-	405,724	405,724
-	1,224,654	1,224,654
-	3,938,955	6,447,880
-	(592,623)	1,105,063
<u>6,411,940</u>	<u>24,633,049</u>	<u>37,858,025</u>
<u>\$ 6,411,940</u>	<u>\$ 30,344,558</u>	<u>\$ 48,619,830</u>

## CITY OF DODGE CITY, KANSAS

### RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS

December 31, 2017

Total fund balances on the balance sheet	\$ 37,858,025
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Amounts reported for governmental activities in the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	112,579,039
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Certain liabilities are not required to be accrued in the fund financial statements.	(413,639)
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Only the current portion of compensated absences is shown as an expenditure in the fund financial statements.	(842,321)
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Economic development revolving loans are considered deferred revenue in the fund financial statements.	74,058
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Long-term liabilities, including bonds payable and deferred gain on refunding, are not due and payable in the current period and therefore are not reported in the fund financial statements.	(83,510,046)
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Net pension liability, including deferred outflows and inflows, is not due and payable in the current period and therefore is not reported in the fund financial statements.	(10,116,283)
--	--------------

Internal service funds are used by management to charge the costs of certain activities, such as vehicle maintenance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	28,894
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Rounding.	<u>(1)</u>
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Net position of governmental activities	<u><u>\$ 55,657,726</u></u>
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# CITY OF DODGE CITY, KANSAS

## STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Year ended December 31, 2017

	<u>General</u>	<u>Sales tax</u>
Revenue:		
Taxes	\$ 11,222,372	\$ 5,911,617
Intergovernmental	136,386	-
Licenses, fees and permits	315,559	-
Charges for services	666,883	590,520
Insurance recovery	-	-
Rentals	207,747	15,785
Fines and forfeitures	860,240	-
Investment earnings	92,794	19,689
Contribution from property owners	-	-
Miscellaneous	51,308	2,600
Total revenue	<u>13,553,289</u>	<u>6,540,211</u>
Expenditures:		
General government	1,529,996	-
Public safety	8,389,835	-
Public works	1,680,578	-
Culture and recreation	1,949,877	1,789,632
Community services	525,936	-
Debt service:		
Principal	-	-
Interest and commissions	-	-
Total expenditures	<u>14,076,222</u>	<u>1,789,632</u>
Excess (deficiency) of revenue over expenditures	<u>(522,933)</u>	<u>4,750,579</u>
Other financing sources (uses):		
Debt issue proceeds	-	-
Proceeds of refunding bonds	-	-
Payment to refunded bond escrow agent	-	-
Transfers in	1,440,560	-
Transfers out	(464,750)	(4,118,728)
Transfers to component units	-	-
Total other financing sources and uses	<u>975,810</u>	<u>(4,118,728)</u>
Net change in fund balance	452,877	631,851
Fund balances, beginning of year	<u>3,813,636</u>	<u>1,914,672</u>
Fund balances, end of year	<u><u>\$ 4,266,513</u></u>	<u><u>\$ 2,546,523</u></u>

The accompanying notes are an integral part of the basic financial statements.

Temporary notes star bonds	Other governmental funds	Total governmental funds
\$ -	\$ 5,515,306	\$ 22,649,295
-	5,243,988	5,380,374
-	-	315,559
-	2,461,786	3,719,189
-	85,365	85,365
-	-	223,532
-	-	860,240
-	114,740	227,223
-	2,102,000	2,102,000
-	284,831	338,739
-	15,808,016	35,901,516
-	1,937,155	3,467,151
-	1,103,209	9,493,044
21,914	10,744,573	12,447,065
-	4,754,070	8,493,579
-	2,276,661	2,802,597
-	3,927,100	3,927,100
-	2,613,817	2,613,817
21,914	27,356,585	43,244,353
(21,914)	(11,548,569)	(7,342,837)
-	11,017,730	11,017,730
-	6,386,835	6,386,835
-	(6,137,558)	(6,137,558)
6,433,854	9,990,105	17,864,519
-	(12,147,780)	(16,731,258)
-	(1,384,507)	(1,384,507)
6,433,854	7,724,825	11,015,761
6,411,940	(3,823,744)	3,672,924
-	28,456,793	34,185,101
\$ 6,411,940	\$ 24,633,049	\$ 37,858,025

## CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2017

Net change in fund balances, total governmental funds	\$ 3,672,924
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Capital assets:	
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 as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	3,454,325
Long-term liabilities:	
Long-term liabilities are reported in the statement of net assets. This is the amount by which proceeds exceeded repayments.	(7,339,907)
Net reoffering premium relating to defeased bonds.	(615,448)
Bond issue costs are included in expenditures in the fund financial statements.	265,827
Amortization of deferred amounts.	452,131
Accrued interest is an expense in the statement of activities.	19,275
Capital lease payments are recorded as expenditures in the fund financial statements.	218,909
Other:	
Principal received on economic development revolving loans provides current financial resources to governmental funds, and loans made are included in expenditures. This is the amount by which principal repayments exceeded loans made.	(21,378)
Net change in inventory.	3,808
Only the current portion of compensated absences is shown as an expenditure in the fund financial statements.	20,366
Change in net pension liability, including deferred outflows and inflows.	(43,247)
Internal service funds are used by management to charge the cost of certain activities, such as vehicle maintenance, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	2,669
Change in net position of governmental activities	<u><u>\$ 90,254</u></u>

# CITY OF DODGE CITY, KANSAS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

December 31, 2017

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 387,213	\$ 307,875
Receivables, net	517,114	108,302
Inventories	357,999	-
Total current assets	<u>1,262,326</u>	<u>416,177</u>
Noncurrent assets:		
Capital assets:		
Land	1,508,692	18,200
Buildings and improvements	37,463,664	64,804
Furniture and equipment	4,077,947	2,788,194
Utility systems	50,196,592	-
Water rights	3,542,614	-
Construction in progress	7,708,192	-
Less accumulated depreciation and amortization	<u>(34,877,034)</u>	<u>(2,403,692)</u>
Total noncurrent assets	<u>69,620,667</u>	<u>467,506</u>
Total assets	<u>70,882,993</u>	<u>883,683</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension	<u>45,287</u>	<u>32,484</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	1,298,733	40,590
Payroll liabilities	44,077	24,148
Accrued interest payable	371,326	-
GO bonds payable	426,200	-
Revenue bonds payable	1,095,000	-
Loan payable	<u>1,808,098</u>	<u>-</u>
Total current liabilities	<u>5,043,434</u>	<u>64,738</u>



Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 472,101	\$ 1,167,189	\$ 21,887
12,654	638,070	-
-	357,999	26,227
484,755	2,163,258	48,114
-	1,526,892	-
-	37,528,468	-
4,865	6,871,006	68,269
3,095,471	53,292,063	-
-	3,542,614	-
-	7,708,192	-
(683,519)	(37,964,245)	(65,768)
2,416,817	72,504,990	2,501
2,901,572	74,668,248	50,615
3,181	80,952	-
-	1,339,323	15,668
2,780	71,005	3,552
-	371,326	-
-	426,200	-
-	1,095,000	-
-	1,808,098	-
2,780	5,110,952	19,220

# CITY OF DODGE CITY, KANSAS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS (CONTINUED)

December 31, 2017

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Noncurrent liabilities:		
GO bonds payable	\$ 4,885,750	\$ -
Revenue bonds payable	7,205,000	-
Loan payable	22,656,566	-
Bond premium	580,826	-
Compensated absences payable	67,403	84,106
Net pension liability	451,173	323,622
Total noncurrent liabilities	35,846,718	407,728
Total liabilities	40,890,152	472,466
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred gain on bond refunding	219,528	-
Pension	47,812	34,294
Total deferred inflows or resources	267,340	34,294
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	31,544,053	467,506
Unrestricted	(1,773,265)	(58,099)
Total net position	\$ 29,770,788	\$ 409,407

The accompanying notes are an integral part of the basic financial statements.

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ -	\$ 4,885,750	\$ -
-	7,205,000	-
-	22,656,566	-
-	580,826	-
4,664	156,173	16,168
31,668	806,463	-
<u>36,332</u>	<u>36,290,778</u>	<u>16,168</u>
<u>39,112</u>	<u>41,401,730</u>	<u>35,388</u>
-	219,528	-
3,356	85,462	-
<u>3,356</u>	<u>304,990</u>	<u>-</u>
2,416,817	34,428,376	2,501
445,468	(1,385,896)	12,726
<u>\$ 2,862,285</u>	<u>\$ 33,042,480</u>	<u>\$ 15,227</u>

# CITY OF DODGE CITY, KANSAS

## STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

Year ended December 31, 2017

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Operating revenue:		
Charges for services	\$ 9,058,424	\$ 1,942,862
Operating expenses:		
Personal services	1,364,908	958,350
Contractual services	5,272,632	435,565
Repairs and maintenance	129,706	114,988
Other supplies and expenses	405,366	187,459
Capital outlay	368,030	452
Other expense	19,758	16,817
Depreciation	1,842,106	77,027
Total operating expense	9,402,506	1,790,658
Operating income (loss)	(344,082)	152,204
Nonoperating revenue (expense):		
Operating grants	825,269	-
Interest and investment revenue	26,168	4,778
Interest expense	(1,001,669)	-
Total nonoperating revenue (expense)	(150,232)	4,778
Income (loss) before other revenue, expenses and transfers	(494,314)	156,982
Other revenue, expenses and transfers:		
Contributed capital, net	233,528	-
Gain (loss) on disposal of assets	(2,783)	(86)
Transfers out	(907,880)	(186,860)
Change in net assets	(1,171,449)	(29,964)
Total net position beginning of year	30,942,237	439,371
Total net position end of year	\$ 29,770,788	\$ 409,407

The accompanying notes are an integral part of the basic financial statements.

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
<u>\$ 223,529</u>	<u>\$ 11,224,815</u>	<u>\$ 466,241</u>
90,188	2,413,446	126,062
93	5,708,290	5,666
-	244,694	125,269
-	592,825	205,467
10,583	379,065	-
1,268	37,843	-
<u>80,202</u>	<u>1,999,335</u>	<u>549</u>
<u>182,334</u>	<u>11,375,498</u>	<u>463,013</u>
<u>41,195</u>	<u>(150,683)</u>	<u>3,228</u>
-	825,269	-
4,274	35,220	-
<u>-</u>	<u>(1,001,669)</u>	<u>-</u>
<u>4,274</u>	<u>(141,180)</u>	<u>-</u>
45,469	(291,863)	3,228
35,422	268,950	238
-	(2,869)	(160)
<u>(38,520)</u>	<u>(1,133,260)</u>	<u>-</u>
42,371	(1,159,042)	3,306
<u>2,819,914</u>	<u>34,201,522</u>	<u>11,921</u>
<u><u>\$ 2,862,285</u></u>	<u><u>\$ 33,042,480</u></u>	<u><u>\$ 15,227</u></u>

# CITY OF DODGE CITY, KANSAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

Year ended December 31, 2017

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Cash flows from operating activities:		
Receipts from customers	\$ 8,981,919	\$ 1,943,891
Payments for goods and services	(5,014,698)	(757,993)
Payments to employees	(1,348,182)	(942,606)
Net cash provided (used) by operating activities	<u>2,619,039</u>	<u>243,292</u>
Cash flows from noncapital financing activities:		
Operating grants	825,269	-
Operating subsidies to other funds	(907,880)	(186,860)
Net cash provided (used) by noncapital financing activities	<u>(82,611)</u>	<u>(186,860)</u>
Cash flows from capital and related financing activities:		
Proceeds of capital debt	3,010,501	-
Purchases of capital assets	(5,112,364)	(186,053)
Principal paid on capital debt	(2,483,906)	-
Interest paid on capital debt	(1,066,153)	-
Net cash provided (used) by capital and related financing activities	<u>(5,651,922)</u>	<u>(186,053)</u>
Cash flows from investing activities:		
Interest and dividends	<u>26,168</u>	<u>4,778</u>
Net increase (decrease) in cash and cash equivalents	(3,089,326)	(124,843)
Balances, beginning of year	<u>3,476,539</u>	<u>432,718</u>
Balances, end of year	<u><u>\$ 387,213</u></u>	<u><u>\$ 307,875</u></u>
Cash and cash equivalents	<u><u>\$ 387,213</u></u>	<u><u>\$ 307,875</u></u>

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 224,164	\$ 11,149,974	\$ 466,240
(12,364)	(5,785,055)	(350,673)
(85,679)	(2,376,467)	(123,170)
126,121	2,988,452	(7,603)
-	825,269	-
(38,520)	(1,133,260)	-
(38,520)	(307,991)	-
-	3,010,501	-
-	(5,298,417)	(2,167)
-	(2,483,906)	-
-	(1,066,153)	-
-	(5,837,975)	(2,167)
4,274	35,220	-
91,875	(3,122,294)	(9,770)
380,226	4,289,483	31,657
\$ 472,101	\$ 1,167,189	\$ 21,887
\$ 472,101	\$ 1,167,189	\$ 21,887

# CITY OF DODGE CITY, KANSAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (CONTINUED)

Year ended December 31, 2017

	Business-type activities Enterprise funds	
	<u>Water/ wastewater</u>	<u>Solid waste</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (344,082)	\$ 152,204
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,842,106	77,027
Change in assets and liabilities:		
Receivables, net	(76,505)	1,029
Inventories	177,773	-
Pension deferred outflows	21,439	15,582
Accounts and other payables	1,015,544	11,385
Net pension liability	(37,706)	(28,534)
Pension deferred inflows	20,470	14,599
Net cash provided (used) by operating activities	<u>\$ 2,619,039</u>	<u>\$ 243,292</u>
Noncash transaction:		
Contributed capital	<u>\$ 233,528</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.



Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 41,195	\$ (150,683)	\$ 3,228
80,202	1,999,335	549
635	(74,841)	-
-	177,773	(1,520)
1,122	38,143	-
1,226	1,028,155	(9,860)
148	(66,092)	-
1,593	36,662	-
<u>\$ 126,121</u>	<u>\$ 2,988,452</u>	<u>\$ (7,603)</u>
<u>\$ 35,422</u>	<u>\$ 268,950</u>	<u>\$ -</u>

# CITY OF DODGE CITY, KANSAS

## STATEMENT OF NET POSITION MAJOR COMPONENT UNITS

December 31, 2017

	<u>Dodge City Public Library</u>	<u>Dodge City- Ford County Development Corporation</u>	<u>Dodge City Housing Authority</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 860,253	\$ 536,187	\$ 136,413	\$ 1,532,853
Investments	-	-	592,182	592,182
Accounts receivable, net	-	-	236,792	236,792
Grants receivable, net	-	54,625	-	54,625
Inventory	-	135,798	19,389	155,187
Notes receivable	-	113,992	59,202	173,194
Prepaid expense	-	-	10,891	10,891
Other noncurrent assets	-	7,314	-	7,314
Capital assets, net	<u>728,113</u>	<u>1,089,076</u>	<u>6,963,987</u>	<u>8,781,176</u>
Total assets	<u>1,588,366</u>	<u>1,936,992</u>	<u>8,018,856</u>	<u>11,544,214</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension	<u>59,772</u>	<u>-</u>	<u>88,854</u>	<u>148,626</u>
<u>LIABILITIES</u>				
Accounts payable	22,911	2,020	101,709	126,640
Accrued interest payable	-	556,611	-	556,611
Compensated absences payable	61,570	27,613	11,198	100,381
Deposits and deferred revenue	-	102,617	78,459	181,076
Other accrued liabilities	-	8,176	6,192	14,368
Net pension liability	544,272	-	367,515	911,787
Long-term liabilities:				
Due in more than one year	<u>-</u>	<u>762,000</u>	<u>-</u>	<u>762,000</u>
Total liabilities	<u>628,753</u>	<u>1,459,037</u>	<u>565,073</u>	<u>2,652,863</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension	<u>42,075</u>	<u>-</u>	<u>20,554</u>	<u>62,629</u>
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	728,113	327,076	6,963,987	8,019,176
Restricted:				
Temporarily restricted	-	16,743	-	16,743
Unrestricted	<u>249,197</u>	<u>134,136</u>	<u>558,096</u>	<u>941,429</u>
Total net position	<u>\$ 977,310</u>	<u>\$ 477,955</u>	<u>\$ 7,522,083</u>	<u>\$ 8,977,348</u>

The accompanying notes are an integral part of the basic financial statements.

# CITY OF DODGE CITY, KANSAS

## STATEMENT OF ACTIVITIES MAJOR COMPONENT UNITS

Year ended December 31, 2017

	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Dodge City Public Library				
Culture and recreation	\$ 1,378,961	\$ 37,294	\$ 59,348	\$ -
Depreciation	91,894	-	-	-
Total Dodge City Public Library	1,470,855	37,294	59,348	-
Dodge City-Ford County Development Corporation				
Community services	568,738	147,457	548,190	9,248
Depreciation	7,956	-	-	-
Total Dodge City-Ford County Development Corporation	576,694	147,457	548,190	9,248
Dodge City Housing Authority				
Community services	1,978,472	815,941	908,710	358,613
Depreciation	541,936	-	-	-
Total Dodge City Housing Authority	2,520,408	815,941	908,710	358,613
Total component units	\$ 4,567,957	\$ 1,000,692	\$ 1,516,248	\$ 367,861

General revenues:  
Investment earnings  
Transfer from primary government  
Miscellaneous

Total general revenues

Change in net assets  
Net position - beginning

Net position - ending

The accompanying notes are an integral part of the basic financial statements.

Changes in net position			
Dodge City Public Library	Dodge City- Ford County Development Corporation	Dodge City Housing Authority	Totals
\$ (1,282,319)	\$ -	\$ -	\$ (1,282,319)
(91,894)	-	-	(91,894)
(1,374,213)	-	-	(1,374,213)
-	136,157	-	136,157
-	(7,956)	-	(7,956)
-	128,201	-	128,201
-	-	104,792	104,792
-	-	(541,936)	(541,936)
-	-	(437,144)	(437,144)
(1,374,213)	128,201	(437,144)	(1,683,156)
786	299	4,188	5,273
1,384,507	-	-	1,384,507
44,050	1,172	258,430	303,652
1,429,343	1,471	262,618	1,693,432
55,130	129,672	(174,526)	10,276
922,180	348,283	7,696,609	8,967,072
\$ 977,310	\$ 477,955	\$ 7,522,083	\$ 8,977,348

# CITY OF DODGE CITY, KANSAS

## BUDGETARY COMPARISON STATEMENT GENERAL FUND

Year ended December 31, 2017

	Budgeted amounts		Actual amounts	Variance with
	Original	Final	(budgetary basis)	final budget
				positive
				(negative)
Budgetary fund balance, beginning of year	\$ 2,150,561	\$ 2,150,561	\$ 2,985,890	\$ 835,329
Resources (inflows):				
Taxes	10,924,139	10,924,139	11,223,538	299,399
Intergovernmental	118,300	118,300	136,386	18,086
Licenses, fees and permits	223,850	223,850	315,559	91,709
Charges for services	705,000	705,000	666,883	(38,117)
Rentals	80,000	80,000	207,747	127,747
Fines and forfeitures	972,000	972,000	827,941	(144,059)
Investment earnings	10,000	10,000	92,794	82,794
Miscellaneous	5,000	5,000	47,665	42,665
Transfers from other funds	1,433,260	1,433,260	1,440,560	7,300
Amounts available for appropriation	16,622,110	16,622,110	17,944,963	1,322,853
Charges to appropriations (outflows):				
General government	2,052,920	2,052,920	1,561,768	491,152
Public safety	8,749,815	8,749,815	8,539,305	210,510
Public works	3,525,460	3,525,460	1,819,758	1,705,702
Culture and recreation	2,005,650	2,005,650	2,070,720	(65,070)
Community services	288,265	288,265	548,781	(260,516)
Transfers to other funds	-	-	16,500	(16,500)
Total charges to appropriations	16,622,110	16,622,110	14,556,832	2,065,278
Budgetary fund balance, end of year	\$ -	\$ -	\$ 3,388,131	\$ 3,388,131

The accompanying notes are an integral part of the basic financial statements.

# CITY OF DODGE CITY, KANSAS

## BUDGETARY COMPARISON STATEMENT SALES TAX FUND

Year ended December 31, 2017

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 1,804,949	\$ 1,804,949	\$ 1,519,255	\$ (285,694)
Resources (inflows):				
Taxes	5,945,000	5,945,000	5,927,274	(17,726)
Charges for services	421,000	421,000	590,520	169,520
Rentals	10,000	10,000	15,785	5,785
Investment earnings	2,500	2,500	19,689	17,189
Miscellaneous	-	-	(1,766)	(1,766)
Amounts available for appropriation	8,183,449	8,183,449	8,070,757	(112,692)
Charges to appropriations (outflows):				
Culture and recreation	3,330,755	3,330,755	1,803,808	1,526,947
Transfers to other funds	3,530,000	3,530,000	4,118,728	(588,728)
Total charges to appropriations	6,860,755	6,860,755	5,922,536	938,219
Budgetary fund balance, end of year	\$ 1,322,694	\$ 1,322,694	\$ 2,148,221	\$ 825,527

The accompanying notes are an integral part of the basic financial statements.

# CITY OF DODGE CITY, KANSAS

## BUDGETARY COMPARISON STATEMENT BUDGET TO GAAP RECONCILIATION

Year ended December 31, 2017

	General fund	Sales tax fund
Sources/inflows of resources:		
Actual amounts available for appropriation from the budgetary comparison statement	\$ 17,944,963	\$ 8,070,757
Differences, budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource, but is not a current-year revenue for financial reporting purposes.	(2,985,890)	(1,519,255)
Current year sales tax and other receivable amounts are not a budgetary resource, but they are revenues for financial reporting purposes.	818,480	384,127
Prior year sales tax and other receivable amounts are a budgetary resource, but they are not revenues for financial reporting purposes.	(783,704)	(395,418)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(1,440,560)	-
	<u>\$ 13,553,289</u>	<u>\$ 6,540,211</u>
Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds		
	<u>\$ 13,553,289</u>	<u>\$ 6,540,211</u>
Uses/outflows of resources:		
Actual amounts of charges to appropriations from the budgetary comparison statement	\$ 14,556,832	\$ 5,922,536
Differences, budget to GAAP:		
Current year encumbrances are included as a budgetary outflow.	(15,552)	(14,175)
Prior year encumbrances are not included as a budgetary outflow.	3,500	-
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes.	(16,500)	(4,118,728)
Certain transfers were reclassified to expenditures for budgetary purposes.	(448,250)	-
Inventory purchases are included as a budgetary outflow, but are reported as expense when the inventory is sold for financial reporting purposes.	(3,808)	-
Rounding	-	(1)
	<u>\$ 14,076,222</u>	<u>\$ 1,789,632</u>
Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds		
	<u>\$ 14,076,222</u>	<u>\$ 1,789,632</u>

The accompanying notes are an integral part of the basic financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**



# CITY OF DODGE CITY, KANSAS

## NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2017

### A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Dodge City was incorporated under the laws of the State of Kansas and operates under a City Manager-Commission form of government. The City's major operations include police and fire protection, water/wastewater, solid waste and drainage utility services, airport and recreational facilities.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

#### 1. Financial reporting entity

These financial statements present the City of Dodge City (the primary government) and its component units. As defined by GASB Statement No. 14 and clarified by GASB Statement No. 39, component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City.

**Component units.** In conformity with GAAP, the financial statements of component units have been included in the financial reporting entity as discretely presented component units.

*Discretely presented component units.* The component units column in the government-wide financial statements includes the financial data of the City's major component units. These units are reported in a separate column to emphasize that they are legally separate from the City.

*Dodge City Public Library:* The members of the governing board of the Public Library are appointed by the City Commissioners. The Public Library is fiscally dependent on the City because the budget is approved by the City Commissioners. In addition, the Public Library is prohibited from issuing bonded debt without the approval of the City Commission.

*Dodge City - Ford County Development Corporation:* Two members of the Corporation's Board of Directors are appointed by the City Commissioners. The Corporation is fiscally dependent on the City because nearly all employees of the Corporation are paid by the City and are accountable to the City Manager and Commissioners.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 1. Financial reporting entity (continued)

*Dodge City Housing Authority:* The members of the governing board of the Housing Authority are appointed by the City Commission. Although the City does not have the authority to approve or modify the Housing Authority's operational and capital budgets, and the Housing Authority has the authority to issue bonded debt, the City is fiscally responsible for the Housing Authority since it was created as an agent of the City. The Housing Authority uses the accrual basis of accounting and consists of one enterprise fund. The Housing Authority has a fiscal year ending September 30, and the financial data included in the discrete presentation are as of and for the year ended September 30, 2017.

Complete financial statements of each of the individual major component units can be obtained directly from their administrative offices.

#### Administrative Offices:

Dodge City Public Library  
1001 Second Avenue  
Dodge City, Kansas 67801

Dodge City - Ford County Development Corporation  
101 E. Wyatt Earp Blvd.  
Dodge City, Kansas 67801

Dodge City Housing Authority  
407 E. Bend  
Dodge City, Kansas 67801

### 2. Basic financial statements - government-wide statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general government, public safety, public works, culture and recreation and community services functions are classified as governmental activities. The water/wastewater, solid waste and drainage utility services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Restricted net position includes those restricted for debt service, construction and projects. The City first utilizes restricted resources to finance qualifying activities.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basic financial statements - government-wide statements (continued)

The government-wide Statement of Activities reports both the gross and net cost of each of the City's governmental functions and business-type activities. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or business-type activity. Governmental charges for services include licenses, fees and permits, rentals, fines and forfeitures, and charges for recreational activities. Business-type charges (operating revenue) include charges for utility services. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. All internal activity has been eliminated.

The net costs (by governmental function or business-type activity) are normally covered by general government revenues such as property taxes, intergovernmental revenues, and interest income.

The City does not allocate indirect costs. The direct costs of General Fund services provided such as finance, personnel, purchasing, legal, technology management, etc. are included in the governmental functions categories.

This government-wide focus is on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

3. Basic financial statements - fund financial statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets and deferred outflows of resources, liabilities and deferred inflows of resources, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following funds are used by the City:

a. Governmental funds:

The focus of the governmental funds' measurement in the fund statements is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General fund is the primary operating fund of the City. It is used to account for and report all financial resources except those required to be accounted for in another fund.

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt service funds are established for the purpose of accumulating resources for the payment of interest and principal on long-term debt other than that payable from enterprise funds.

Capital projects funds are used to account for major capital expenditures not financed by enterprise funds.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basic financial statements - fund financial statements (continued)

a. Governmental funds (continued):

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

b. Proprietary funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the City:

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues include charges for services; non-operating revenues include investment income, operating grants and contributions.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments or funds of the City on a cost-reimbursement basis. Because the principal users of the internal services are the City's governmental activities, the financial statement of the internal service fund is consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate governmental functional activity (general government, public safety, public works, etc.). Internal services are provided through the Vehicle Maintenance Fund.

c. Fiduciary funds:

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net assets and changes in net position and are reported using accounting principles similar to proprietary funds.

The City's fiduciary funds are presented in the fund financial statements by type (pension, private purpose and agency). Because by definition these assets are being held for the benefit of a third party (other local governments, private parties, pension participants etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 3. Basic financial statements - fund financial statements (continued)

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth the minimum criteria (percentage of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The City may electively add funds as major funds. The nonmajor funds are combined in one column in the fund financial statements. Major governmental funds are the General, Sales Tax and Temporary Notes Star Bonds. The major business-type fund is the Water/Wastewater Fund. The City has elected to include the Solid Waste, and Drainage Utility Funds as major funds, which have specific community focus.

### 4. Measurement focus and basis of accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

#### **Measurement Focus**

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets, deferred inflows of resources, liabilities and deferred outflows of resources are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

#### **Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 4. Measurement focus and basis of accounting (continued)

#### **Basis of Accounting (continued)**

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City considers revenues to be available if they are expected to be collected within 60 days of the end of the year.

Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

### 5. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year-end, except for the portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

### 6. Budgetary control

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

- a. Preparation of the budget for the succeeding calendar year on or before August 1<sup>st</sup>.
- b. Publication in local newspaper on or before August 5<sup>th</sup> of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15<sup>th</sup>, but at least ten days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25<sup>th</sup>.

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Budgetary control (continued)

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
Convention and Visitors	\$ 1,134,025	\$ 1,359,025
Development and Growth	1,050,000	1,250,000
Vehicle Maintenance	400,265	460,265
Special Alcohol and Drug	97,300	110,000

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

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

A legal operating budget is not required for state and federal grant funds, donation funds, reserve funds, capital projects funds, agency funds and the following special revenue funds:

Special Revenue:

- Sales Tax Organizations
- Sales Tax Depreciation and Replacement
- Special Law Enforcement Trust
- Economic Development Revolving
- Hoover Trust
- Roof Insurance Repairs
- Medical Insurance Reserve
- Capital Equipment Reserve
- GREAT
- Fire CPR Training
- Model for Change
- Special Events Center
- SMPC Trust
- Municipal Band
- Sales Tax Event
- Rural Housing Incentive District
- Transient Guest Tax
- Depot

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

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) or the Kansas Police and Firemen's Retirement System (KP&F), both of which are cost-sharing multiple-employer state-wide pension plans. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

### 8. Section 125 plan

The City offers a section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, other medical costs and child care costs. The plan is administered by the health insurance provider.

### 9. Health savings account

The City offers eligible employees a health savings account administered by Fidelity State Bank. It is optional for employees to participate in the City's high deductible health plan. The City's match for the HSA is \$750 for family and \$250 for single.

### 10. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### 11. Financial statement amounts

#### a. Pooled cash

To facilitate better management of the City's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the appropriate funds based on the average monthly balance of cash and temporary investments included in the combined pool of cash and temporary investments.

#### b. Investments and restricted cash

Investments consist of time deposits, certificates of deposit, the State Municipal Investment Pool and repurchase agreements. The investment pool is administered by a board consisting of the State Treasurer and four additional members appointed by the Governor of the State of Kansas. Investments are reported at fair value (which is the same as cost) in the statement of net position. Unrealized gains and losses are included in the change in net position.

Enterprise funds and sales tax revenue bond project funds, based on certain bond covenants, are required to establish and maintain a prescribed amount of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. These amounts are restricted cash. Cash in capital projects funds and the Sales Tax Fund is restricted for the corresponding project.



A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Financial statement amounts (continued)

c. Cash and cash equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, and all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased.

d. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include trade accounts receivable for miscellaneous charges and receivables from other governments for grant funding. Business-type activities report utility service charges as accounts receivable. An allowance for doubtful receivables is not considered necessary because receivables are written off when they become uncollectible.

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk allocates the annual assessment to the taxing units. Taxes are levied by November 1, and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed by January 20 and the second half is due May 10 and distributed by June 5. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City. Accruals of uncollected current year property taxes have been deferred and are not reflected in revenue.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relation to the financial statements taken as a whole.

In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue.

e. Inventories

Inventories in the general fund consist of land and merchandise held for resale and are carried at the lower of cost (first-in, first-out) or market.

Inventories in the proprietary funds consist of expendable supplies held for the City's use and are carried at the lower of cost (first-in, first-out) or market.

Dodge City - Ford County Development Corporation's abandoned housing inventory consists of building materials, lots and houses in process of rehabilitation and are stated at the lower of cost or market, determined by the specific identification method.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Financial statement amounts (continued)

f. Capital assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation/amortization on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10-50 years
Furniture and equipment	5-10 years
Utility systems	25-50 years
General infrastructure	10-50 years
Water rights	50 years

12. Deferred outflows of resources

The City reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide and proprietary funds statements of net position. Deferred outflows of resources reported in this year's financial statements include a deferred outflow of resources for contributions made to the City's defined benefit pension plans between the measurement date of the net pension liabilities from those plans and the end of the City's fiscal year. Deferred outflows for pension contributions are recognized in the financial statements over a total of five years.

13. Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an increase in net position that applies to the future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the City's various statements of net position for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of five years, including the current year. The City has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. In addition, the City has a deferred gain on refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded or refunding debt. The City also has contractual obligations reported in the government-wide statement of net position. The contractual obligations will be met in the subsequent period.

On the modified accrual basis of accounting, the City has recorded revolving loan receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 14. Compensated absences

The City's policies regarding vacation permit an employee to accumulate a maximum of 20 to 30 days of vacation, depending on years of experience. These amounts are paid to the employee upon retirement or if the employee left in good standing. A maximum accumulation of 120 days of sick leave is allowed. Upon retirement or termination, 25% of the accumulated sick leave is paid to employees in good standing and with twelve continuous months of service. The City has a sick leave bank whereby employees can transfer excess sick leave to a bank to be used by employees who are on extended sick leave and have exhausted their own sick leave accumulation. The sick leave bank is administered by a committee of City employees. All employees are given credit for holidays worked, which is then accumulated for additional time off. This holiday time must be taken within the same year in which earned or the time is lost.

The liabilities for accrued vacation, sick leave and holiday time have been recorded in the respective funds, representing the City's commitment to fund such costs from future operations. The liabilities are based on current salary costs and the vested portion of accumulated benefits.

### 15. Government-wide and proprietary fund net position

Government-wide and proprietary fund net position is divided into three components:

- a. Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.
- b. Restricted net position – consist of net position that is restricted by creditors, by state enabling legislation, by grantors, and by other contributors.
- c. Unrestricted net position – all other net position is reported under this category.

### 16. Governmental fund balances

In the governmental fund financial statements, fund balances are classified as follows:

- a. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
- b. Restricted – Amounts that can be spent only for specific purposes due to City resolutions, state or federal laws, or externally imposed conditions by grantors and creditors.
- c. Committed – Amounts that can be used only for specific purposes determined by a formal action by City Commissioners resolution.
- d. Assigned – Amounts that are designated by the City Commissioners or management for a particular purpose but are not spendable until there is formal approval.
- e. Unassigned – All amounts not included in other spendable classifications.

## A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 17. Special assessments

Projects financed in part by special assessments are financed through issuance of general obligation bonds of the City and are retired from the bond and interest fund. Special assessments paid prior to the issuance of bonds are recorded as revenue in the appropriate project fund. Special assessments received after the issuance of bonds are recorded as revenue in the bond and interest fund or the appropriate capital project fund.

### 18. Interfund activity

Interfund activity is reported as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables and are subject to elimination upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

### 19. Other post employment benefits

As provided by K.S.A. 12-5040, the City allows eligible retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements, because it is not considered material.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the City makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the City under this program.

## B. COMPLIANCE WITH KANSAS LAW

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports, Kansas Department of Administration, and interpretation by the legal representatives of the City.

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by budget. Budgeted and actual expenditures for the year ended December 31, 2017 are as follows:

## B. COMPLIANCE WITH KANSAS LAW (CONTINUED)

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 16,622,110	\$ 14,556,832	\$ 2,065,278
Special Liability	851,873	718,940	132,933
Library	1,012,152	1,012,152	-
Library Employee Benefits	372,355	372,355	-
Sales Tax	6,860,755	5,922,536	938,219
Convention and Visitors	1,359,025	1,124,503	234,522
Special Streets and Highways	748,450	819,023	(70,573)
Special Park and Recreation	97,300	97,300	-
Special Alcohol and Drug	110,000	110,026	(26)
Development and Growth	1,250,000	1,113,017	136,983
GO Bond and Interest	3,419,100	3,364,105	54,995
Water/Wastewater	10,625,224	8,991,900	1,633,324
Solid Waste	2,049,696	1,909,937	139,759
Drainage Utility	228,325	138,213	90,112
Vehicle Maintenance	460,265	463,574	(3,309)

The cash basis law provided by K.S.A. 10-1113 prohibits the creation of indebtedness in excess of available monies in a fund. Funds in the category are as follows:

STAR Bond Power Center	\$ 115,076
Bio-Gas Construction	3,733,015

Although certain special revenue federal grant funds overspent their cash balances, according to K.S.A. 12-1664, the City is not prohibited from financing the federal share of a local program from current funds if available. Funds in the category are as follows:

Runway 14-32	\$ 67,600
Minibus Grant 2017-18	57,043
KHRC Abandoned Housing	9,921
USDA Rural Business	11,690

## C. DEPOSITS AND INVESTMENTS

*Policy.* The City does not have a formal policy for bank account deposits; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds to have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the City's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

The investment policy of the City includes money market accounts and certificates of deposit which are considered deposits for financial accounting purposes. It also includes financial instruments such as U.S. Government obligations, money markets and the State Municipal Investment Pool. This policy requires the City to follow state statutes for investments. Statutes name the types of investments allowed and also require depository security coverage and that securities be titled in the name of the municipality.

## C. DEPOSITS AND INVESTMENTS (CONTINUED)

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Additionally, K.S.A. 10-131(a)(6) authorizes the City to invest proceeds of bonds in obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation. 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 - deposits.* Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. At year-end, the carrying amount of the City's deposits, including certificates of deposit, was \$15,854,480 and the bank balance was \$15,898,763. Of the bank balance, \$2,524,066 was covered by FDIC insurance, and \$13,374,697 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

*Investments.* As of December 31, 2017, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Kansas Municipal Investment Pool	\$11,360,364	(See below)	N/A
Escrow Accounts – Dreyfus	4,563,127	N/A	AAAm
Money Market Funds – Security Bank	<u>6,068,897</u>	N/A	AAAm
	<u>\$21,992,388</u>		

At December 31, 2017, the City had invested \$11,360,364 in the State's Municipal Investment Pool. The Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

Separately issued financial statements of the Municipal Investment Pool may be obtained from the Pooled Money Investment Board, 900 S.W. Jackson, Suite 209, Topeka, Kansas 66612-1220.

*Credit quality risk.* Investment quality ratings given above are per Standard & Poor's, and they are as of December 31, 2017.

*Concentration of credit risk.* Investment types and percents at cost are as follows: Kansas Municipal Investment Pool 52%, Dreyfus escrow accounts 21% and Security Bank money market funds 27%.

*Interest Rate Risk.* The City's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### D. RECEIVABLES

Receivables at December 31, 2017 consist of the following:

	Governmental activities	Business-type activities	Total
Miscellaneous charges receivable	\$ 562,089	\$ 127,390	\$ 689,479
Water charges receivable	-	204,377	204,377
Wastewater charges receivable	-	186,493	186,493
Solid waste charges receivable	-	107,236	107,236
Drainage utility charges receivable	-	12,574	12,574
Loans receivable	74,058	-	74,058
Sales tax receivable	754,802	-	754,802
Expanded lottery tax receivable	53,558	-	53,558
Net receivables	<u>\$ 1,444,507</u>	<u>\$ 638,070</u>	<u>\$ 2,082,577</u>

#### E. LOANS RECEIVABLE

Loans receivable of the Economic Development Revolving Fund are as follows:

In 2006, the City issued \$70,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. In 2007, \$35,000 was added to the \$70,000 loan. The loan at six percent is to be repaid over a period of eleven years. At December 31, 2017 the loan balance was \$64,949.

In 2007, the City issued a \$90,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six percent is to be repaid over a period of nine years. At December 31, 2017, the loan balance was \$8,686.

In 2011, the City issued a \$21,200 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six percent is to be repaid over a period of seven years. At December 31, 2017 the loan balance was \$423.

## F. CAPITAL ASSETS

A summary of changes in property and equipment of the primary government follows:

	Primary government			
	Beginning balance	Increases	Decreases	Ending balance
Governmental activities:				
Land	\$ 5,993,467	\$ -	\$ 77,576	\$ 5,915,891
Buildings and improvements	77,541,884	2,643,287	326,103	79,859,068
Machinery and equipment	26,277,138	2,352,394	517,785	28,111,747
Infrastructure	228,191,733	1,876,704	548,659	229,519,778
Construction in progress	3,295,390	5,881,790	2,777,331	6,399,849
Total capital assets at historical cost	341,299,612	12,754,175	4,247,454	349,806,333
Less accumulated depreciation for:				
Buildings and improvements	15,391,866	1,813,528	-	17,205,394
Machinery and equipment	16,934,193	1,883,394	653,715	18,163,872
Infrastructure	199,046,896	2,811,132	-	201,858,028
Total accumulated depreciation	231,372,955	6,508,054	653,715	237,227,294
Governmental activities capital assets, net	<u>\$ 109,926,657</u>	<u>\$ 6,246,121</u>	<u>\$ 3,593,739</u>	<u>\$ 112,579,039</u>

	Primary government			
	Beginning balance	Increases	Decreases	Ending balance
Business-type activities:				
Land	\$ 1,526,892	\$ -	\$ -	\$ 1,526,892
Buildings and improvements	37,064,410	536,446	72,389	37,528,467
Machinery and equipment	6,729,993	527,775	386,761	6,871,007
Infrastructure	52,735,054	557,009	-	53,292,063
Water rights	3,542,614	-	-	3,542,614
Construction in progress	3,760,442	4,823,886	876,136	7,708,192
Total capital assets at historical cost	105,359,405	6,445,116	1,335,286	110,469,235
Less accumulated depreciation/ amortization for:				
Buildings and improvements	13,787,742	553,604	72,388	14,268,958
Machinery and equipment	5,801,433	344,574	400,517	5,745,490
Infrastructure	16,200,231	1,057,364	-	17,257,595
Water rights	630,172	62,030	-	692,202
Total accumulated depreciation	36,419,578	2,017,572	472,905	37,964,245
Business-type activities capital assets, net	<u>\$ 68,939,827</u>	<u>\$ 4,427,544</u>	<u>\$ 862,381</u>	<u>\$ 72,504,990</u>

Depreciation and amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 47,351
Public safety	330,232
Public works	248,679
Culture and recreation	2,779,768
Community services	53,787
Indirect depreciation	2,811,133
Internal service	549
Total governmental activities	<u>\$ 6,271,499</u>



## F. CAPITAL ASSETS (CONTINUED)

Business-type activities:	
Water wastewater	\$ 1,842,106
Solid waste	77,027
Drainage	<u>80,202</u>
Total business-type activities	<u>\$ 1,999,335</u>

A summary of changes in property and equipment of material governmental component units follows:

<u>Dodge City Public Library</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Culture and recreation:				
Land	\$ 338,171	\$ -	\$ -	\$ 338,171
Buildings and improvements	1,965,741	-	-	1,965,741
Furniture and equipment	<u>589,246</u>	<u>13,056</u>	<u>2,992</u>	<u>599,310</u>
Total capital assets at historical cost	<u>2,893,158</u>	<u>13,056</u>	<u>2,992</u>	<u>2,903,222</u>
Less accumulated depreciation for:				
Buildings and improvements	1,599,768	69,107	-	1,668,875
Furniture and equipment	<u>486,439</u>	<u>22,787</u>	<u>2,992</u>	<u>506,234</u>
Total accumulated depreciation	<u>2,086,207</u>	<u>91,894</u>	<u>2,992</u>	<u>2,175,109</u>
Governmental activities capital assets, net	<u>\$ 806,951</u>	<u>\$ (78,838)</u>	<u>\$ -</u>	<u>\$ 728,113</u>

<u>Development Corporation</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Community services:				
Industrial park land and improvements	\$ 1,053,282	\$ -	\$ -	\$ 1,053,282
Furniture and equipment	<u>71,379</u>	<u>36,247</u>	<u>-</u>	<u>107,626</u>
	1,124,661	36,247	-	1,160,908
Less accumulated depreciation for furniture and equipment	<u>63,876</u>	<u>7,956</u>	<u>-</u>	<u>71,832</u>
Governmental activities capital assets, net	<u>\$ 1,060,785</u>	<u>\$ 28,291</u>	<u>\$ -</u>	<u>\$ 1,089,076</u>

The industrial park land and improvements represent lots at the industrial park which are held for sale and are carried at cost. The cost includes improvements to the land to provide roads and utility access. These improvements were financed with funds from a Community Development Block Grant which flowed through the City of Dodge City, Kansas, and they are not being depreciated.

<u>Housing Authority</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Community services:				
Land	\$ 363,865	\$ -	\$ -	\$ 363,865
Buildings and equipment	15,527,067	631,131	-	16,158,198
Construction in progress	<u>851,863</u>	<u>358,613</u>	<u>613,907</u>	<u>596,569</u>
	16,742,795	989,744	613,907	17,118,632
Less accumulated depreciation for buildings and equipment	<u>9,612,709</u>	<u>541,936</u>	<u>-</u>	<u>10,154,645</u>
Governmental activities capital assets, net	<u>\$ 7,130,086</u>	<u>\$ 447,808</u>	<u>\$ 613,907</u>	<u>\$ 6,963,987</u>

## G. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are used when one fund has an obligation to transfer funds to another. The following is a summary of interfund receivables and payables at December 31, 2017:

<u>Amount</u>	<u>Due to</u>	<u>Due from</u>
\$ 47,291	General Fund	Runway 14-32 Design
34,363	General Fund	Minibus Grant 2017-18
11,690	General Fund	USDA Rural Business Development
<u>88,805</u>	General Fund	Star Bond Power Center
<u>\$ 182,149</u>		

The General Fund made advances to grant funds that operate on a reimbursement basis that will be repaid when the reimbursement is received. The advance to the Star Bond Power Center fund was to cover costs incurred prior to the issuance of debt.

## H. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds including expenditures and transfers of resources to provide services, construct assets and service debt. The governmental and proprietary funds financial statements generally reflect such transactions as transfers. The internal service funds record charges for service to City departments as operating revenue. All City funds record these payments to the internal service fund as operating expenses.

Interfund transfers are made either for operating purposes or to transfer residual equity balances.

A summary of interfund transfers for 2017 is as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory authority</u>
Transfers:			
General	Capital Equipment	\$ 446,250	K.S.A. 68-141g
General	Municipal Band	18,500	K.S.A. 12-101a
Sales Tax	ST Depreciation and Replacement	345,000	Resolution No. 2009-09
Sales Tax	SEC Revenue Bond	1,397,237	Resolution No. 2009-09
Sales Tax	Special Events Center	988,881	Resolution No. 2009-09
Sales Tax	Sales Tax Organizations	710,000	Resolution No. 2009-09
Sales Tax	General	150,000	Resolution No. 2009-09
Sales Tax	Water Park Revenue Bond	527,611	Resolution No. 2015-03
Sales Tax Organizations	Depot	250,000	Contractual
Development and Growth	GO Bond and Interest	650,000	K.S.A. 12-1,118
GO Bond and Interest	Temp Notes McDonalds	380,000	Resolution No. 2017-01
GO Bond and Interest	Temp Notes Star Bonds	6,433,854	Resolution No. 2017-01
GO Bond and Interest	GO Bond Refunding 2017	60,558	Resolution No. 2017-36
GO Bond and Interest	Temp Notes Candletree	1,110,000	Resolution No. 2017-01
GO Bond and Interest	GO Bond 2017	3,020,638	Resolution No. 2017-18
Convention and Visitors	General	60,000	Contractual
Water/wastewater	General	907,880	K.S.A. 12-825d
Solid Waste	General	186,860	K.S.A. 12-825d
Drainage	General	38,520	K.S.A. 12-825d
Special Parks and Rec.	General	97,300	K.S.A. 79-41a04
Convention and Visitors	Sales Tax Organizations	85,430	Contractual
		<u>\$ 17,864,519</u>	

## H. INTERFUND TRANSACTIONS (CONTINUED)

A summary of transfers to component units follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Library Fund	Dodge City Public Library	\$1,012,152
Library Employee Benefits Fund	Dodge City Public Library	<u>372,355</u>
		<u>\$1,384,507.</u>

## I. LONG-TERM LIABILITIES

### Long-term obligations

The City's long-term liabilities are segregated between amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

	<u>Debt outstanding January 1, 2017</u>	<u>Additions</u>	<u>Retirements and repayments</u>	<u>Debt outstanding December 31, 2017</u>	<u>Interest expense</u>
<u>Governmental activities</u>					
To be paid with tax levies:					
General obligation bonds	\$ 26,045,150	\$ 8,675,000	\$ 8,507,100	\$ 26,213,050	\$ 871,205
Temporary notes	-	7,970,000	-	7,970,000	-
Capital lease obligations	1,126,137	-	218,840	907,297	17,510
Compensated absences	861,000	79,099	97,778	842,321	-
To be paid with sales tax revenue:					
Revenue bonds	<u>45,205,000</u>	<u>-</u>	<u>1,450,000</u>	<u>43,755,000</u>	<u>3,446,676</u>
	<u>73,237,287</u>	<u>16,724,099</u>	<u>10,273,718</u>	<u>79,687,668</u>	<u>4,335,391</u>
<u>Business-type activities</u>					
To be paid with utility revenues:					
General obligation bonds	15,074,850	-	1,462,900	13,611,950	478,725
Loans	22,475,169	3,010,501	1,021,006	24,464,664	634,107
Compensated absences	<u>134,083</u>	<u>27,462</u>	<u>5,372</u>	<u>156,173</u>	<u>-</u>
	<u>37,684,102</u>	<u>3,037,963</u>	<u>2,489,278</u>	<u>38,232,787</u>	<u>1,112,832</u>
	<u>\$ 110,921,389</u>	<u>\$ 19,762,062</u>	<u>\$ 12,762,996</u>	<u>\$ 117,920,455</u>	<u>\$ 5,448,223</u>

Added and deleted amounts for compensated absences do not include the current cost as such amounts are not readily determinable.

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities

General obligation bonds:

General obligation bonds are serial bonds to be retired through calendar year 2035. At December 31, 2017 the bonds consist of the following:

	<u>Interest Rates</u>	<u>Maturity dates</u>	<u>Bonds outstanding</u>
Internal improvements, issued December 1, 2008 in the amount of \$1,155,000	3.25% to 4.25%	09-01-18	\$ 135,000
Internal improvements, issued October 7, 2009 in the amount of \$6,280,000	1.75% to 4.25%	09-01-29	435,000
Internal improvements, issued August 1, 2012 in the amount of \$14,105,050	2.00% to 4.00%	09-01-32	8,438,050
Internal improvements, issued December 12, 2013 in the amount of \$6,235,000	2.00% to 4.00%	09-01-28	1,075,000
Internal improvements, issued December 1, 2014 in the amount of \$675,000	2.00% to 3.25%	09-01-29	555,000
Internal improvements, issued February 3, 2016 in the amount of \$5,705,000	2.00% to 3.125%	09-01-35	5,200,000
Internal improvements, issued December 15, 2016 in the amount of \$2,000,000	2.00% to 4.00%	09-01-31	1,875,000
Internal improvements, issued June 1, 2017 in the amount of \$2,860,000	2.50% to 3.00%	09-01-26	2,685,000
Internal improvements, issued December 28, 2017 in the amount of \$5,815,000	2.00% to 4.00%	09-01-29	<u>5,815,000</u>
			<u>\$ 26,213,050</u>

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities (continued)

Principal and interest payments of general obligation bonds required to be made in the following years are:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2018	\$ 2,693,800	\$ 818,561	\$ 3,512,361
2019	2,584,650	800,870	3,385,520
2020	2,670,500	716,260	3,386,760
2021	2,741,350	627,090	3,368,440
2022	2,837,200	531,436	3,368,636
2023-2027	8,094,600	1,567,609	9,662,209
2028-2032	3,525,950	439,047	3,964,997
2033-2035	<u>1,065,000</u>	<u>65,868</u>	<u>1,130,868</u>
	<u>\$ 26,213,050</u>	<u>\$ 5,566,741</u>	<u>\$ 31,779,791</u>

The amount of long-term debt that can be incurred by the City is limited by K.S.A. 10-308. Total outstanding bonded indebtedness during a year can be no greater than 30% of the assessed value of taxable tangible property as certified to the County Clerk on the preceding August 25. As of December 31, 2017, the amount of outstanding bonded indebtedness was equal to 22.44% of property assessments as of July 1, 2016.

Capital leases:

The following is a description of capital lease obligations of the City:

	<u>Interest rate</u>	<u>Maturity date</u>	<u>Outstanding balance</u>
Airport Hangar, dated April 5, 2013 in the amount of \$349,878	3.00%	04-05-23	\$ 222,194
Fire Truck, dated April 12, 2013 in the amount of \$427,172	2.00%	03-01-18	88,155
Radio Equipment, dated June 1, 2016 in the amount of \$695,740	1.76%	06-01-23	<u>596,948</u>
Totals			<u>\$ 907,297</u>

Assets recorded under capital leases were \$1,472,790 and corresponding accumulated depreciation at December 31, 2017 was \$371,636.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of December 31, 2017.

	<u>Amount</u>
2018	\$ 236,420
2019	146,786
2020	146,783
2021	146,784
2022	146,783
Thereafter	<u>146,785</u>
	<u>\$ 970,341</u>

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities (continued)

Capital leases (continued):

Total lease payments	\$ 970,341
Less: Amount representing interest	<u>63,044</u>
Present value of lease payments	<u>\$ 907,297</u>

For purposes of comparing actual expenditures to budget, only the amounts actually due in the current period are included in accordance with K.S.A. 10-1116b.

Temporary notes:

Temporary notes consist of the following:

	<u>Interest rate</u>	<u>Maturity date</u>	<u>Notes outstanding</u>
Series 2017 temporary notes	1.50%	10-01-19	<u>\$ 7,970,000</u>
	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2019	<u>\$ 7,970,000</u>	<u>\$ 233,787</u>	<u>\$ 8,203,787</u>

Revenue bonds:

Revenue bonds to be paid from sales tax revenue consist of the following:

	<u>Interest rates</u>	<u>Maturity date</u>	<u>Bonds outstanding</u>
Series 2009 sales tax projects	4.10% to 5.00%	06-01-18	\$ 2,265,000
Series 2015 water park	2.00% to 4.00%	06-01-35	9,125,000
Series 2016 refunding revenue bonds	2.00% to 4.00%	06-01-34	<u>32,365,000</u>
			<u>\$ 43,755,000</u>

The aggregate annual principal and interest payments of revenue bonds required to be made in the following years are:

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2018	\$ 1,535,000	\$ 1,689,419	\$ 3,224,419
2019	1,625,000	1,629,925	3,254,925
2020	1,735,000	1,587,775	3,322,775
2021	1,820,000	1,545,275	3,365,275
2022	1,900,000	1,504,313	3,404,313
2023-2027	11,430,000	6,253,176	17,683,176
2028-2032	15,595,000	3,274,193	18,869,193
2033-2035	<u>8,115,000</u>	<u>467,838</u>	<u>8,582,838</u>
	<u>\$ 43,755,000</u>	<u>\$ 17,951,914</u>	<u>\$ 61,706,914</u>

# I. LONG-TERM LIABILITIES (CONTINUED)

## Revenue bonds (continued):

The revenue bond ordinances for the above bonds provides for deposits to the principal and interest account each year to provide for the payment of principal and interest on the bonds as they become due and payable.

## Business-type activities

## General obligation bonds:

General obligation bonds, secured by revenues derived from the operations of the applicable enterprise fund types, consist of the following:

	<u>Interest rates</u>	<u>Maturity date</u>	<u>Bonds outstanding</u>
Series 2012-A waterworks and waterworks utility system refunding bonds	2.00% to 4.00%	9-01-24	\$ 8,300,000
Series 2012-B refunding and improvement bonds	2.00% to 4.00%	9-01-32	<u>5,311,950</u>
			<u>\$ 13,611,950</u>

The aggregate annual principal and interest payments required to be made in the following years are:

	<u>Series 2012-A</u>	<u>Series 2012-B</u>	<u>Interest due</u>	<u>Total due</u>
2018	\$ 1,095,000	\$ 426,200	\$ 420,209	\$ 1,941,409
2019	1,120,000	440,350	378,523	1,938,873
2020	1,145,000	454,500	332,909	1,932,409
2021	1,185,000	473,650	280,379	1,939,029
2022	1,220,000	492,800	225,883	1,938,683
2023-2027	2,535,000	1,455,400	501,780	4,492,180
2028-2032	<u>-</u>	<u>1,569,050</u>	<u>164,428</u>	<u>1,733,478</u>
	<u>\$ 8,300,000</u>	<u>\$ 5,311,950</u>	<u>\$ 2,304,111</u>	<u>\$ 15,916,061</u>

General obligation bond ordinances for the above bonds provide for deposits to principal and interest accounts each year to provide for the payment of principal and interest on the bonds as they become due and payable.

## I. LONG-TERM LIABILITIES (CONTINUED)

### Loans:

The City approved a loan agreement effective September 22, 2009, with the State of Kansas Department of Health and Environment for a water reclamation facility in the amount of \$29,532,000. The interest rate is 2.83% per annum. The loan repayment schedule provides for semi-annual payments over a twenty-year period. The loan balance at December 31, 2017 was \$24,464,664.

The aggregate annual principal and interest payments required to be made in the following years are:

	Principal due	Interest due	Total due
2018	\$ 1,808,098	\$ 670,373	\$ 2,478,471
2019	1,860,360	628,111	2,488,471
2020	1,913,380	575,091	2,488,471
2021	1,967,913	464,473	2,432,386
2022	2,023,998	464,476	2,488,474
2023-2027	11,018,850	1,423,506	12,442,356
2028-2029	<u>3,872,065</u>	<u>113,639</u>	<u>3,985,704</u>
	<u>\$ 24,464,664</u>	<u>\$ 4,339,669</u>	<u>\$ 28,804,333</u>

### Sales tax projects revenue bond disclosures

Insurance is carried through St. Paul Travelers Insurance Company on the Special Events Center in the amount of \$34,163,613 with an additional \$3,795,957 for personal property effective January 1, 2017 through January 1, 2018. The premium for this coverage was \$35,086 plus \$3,898 for personal property.

The balance sheet of the Series 2009 Sales Tax Revenue Bonds and Series 2016 Refunding Revenue Bonds is on page seventy one.

The statement of revenue, expenditures, and changes in fund balance of the Series 2009 Sales Tax Revenue Bonds and Series 2016 Refunding Revenue Bonds is on page eighty.

The City complied with Rebate Covenants outlined in Section 1202 of Resolution 2009-09 and Supplemental Resolution 2016-05.

The City completed the disclosure requirements outlined in Section 1301 of Resolution 2009-09 and Supplemental Resolution 2016-05.

### Waterworks and wastewater utility system refunding bond disclosures

Insurance is carried through St. Paul Travelers Insurance Company on the Wastewater Treatment Plant in the amount of \$5,910,615 and the Water Reclamation Facility in the amount of \$17,825,600 with an additional \$1,144,000 for personal property effective January 1, 2017 through January 1, 2018. The premium for this coverage was \$6,070 on the plant and \$18,307 on the facility plus \$1,175 for personal property.

The balance sheet of the Water/Wastewater Fund is on page twenty four.



I. LONG-TERM LIABILITIES (CONTINUED)

Waterworks and wastewater utility system refunding bond disclosures (continued)

The statement of revenue, expenditures, and changes in net assets of the Water/Wastewater Fund is on page twenty six.

The water and wastewater systems had 8,322 and 7,941 customers at the beginning of the year and 8,301 and 7,933 customers at the end of the year, respectively.

J. LONG-TERM DEBT - COMPONENT UNITS

Development Corporation - note payable

The note payable is due to a private company. It is payable upon the sale of the land and industrial park improvements with no set termination date. Upon the sale of any property, seventy-five percent of the net sales price of the first \$50,000 and all net sales price over \$50,000 is payable for interest accumulated to that date and then as a reduction to principal. If at termination, the Organization elects not to pay the principal and interest due, all land and industrial park improvements will be transferred to the lender. Interest is computed annually from July 1 through June 30 using the New York prime rate on June 30 of the prior year. Interest compounds as of June 30 of each year.

Accrued interest on the note plus the amount of the note payable has been limited to a prior year estimated fair value of the property. During 2017 no additional interest was accrued on the note. No appraisal of the property has been done in order to assess whether the accrued interest recorded plus the related debt accurately reflect the Organization's liability on this property.

K. 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, 2017, there were Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$107,280,000.

L. BOND DEFEASANCE

On December 28, 2017, the City issued \$5,815,000 of general obligation refunding bonds with interest rates ranging between 2.00% and 4.00%. The City issued the bonds to advance refund \$6,030,000 of outstanding debt with rates ranging between 3.00 and 4.00% interest rate. The refunding proceeds were deposited with an Escrow Agent to provide for all future debt service on the refunded portion of the callable debt. As a result, the refunded bonds are considered defeased, and the City has removed the liability from its accounts.

The advance refunding reduced total debt service payments over the next eleven years by \$280,881. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$242,033.

## M. DEFINED BENEFIT PENSION PLAN

*Plan Description.* The Kansas Public Employees Retirement System (KPERS, or the System) is a corporate body and an instrumentality of the State of Kansas. KPERS is the administrator of a cost-sharing multiple-employer defined-benefit pension plan (Pension Plan) as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. KPERS financial statements are included in its Comprehensive Annual Financial Report which can be found on the System's website at [www.kpers.org](http://www.kpers.org). 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 include:
- State/School employees
- Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional but irrevocable once elected.

*Benefits:* Benefits are established by statute and may only be changed by the General Assembly. Members (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 a member's combined age and years of credited service equal 85 "points" (Police and Firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members 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.

Members choose one of seven payment options for their monthly retirement benefits. At retirement, a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member'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 base 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.

#### M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Contributions:* Member contribution rates are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined based on the results of each 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. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and the school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0% of total payroll for the fiscal year ended December 31, 2016.

The actuarially determined employer contribution rates (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	<u>Actuarial employer rate</u>	<u>Statutory employer capped rate</u>
Local government employees	8.46	8.46
Police and Firemen	19.03	19.03

Member contribution rates as a percentage of eligible compensation in fiscal year 2017 were 6.00% for Public Employees and 7.15% for Police and Firemen.

*Employer and Nonemployer Allocations:* Although KPERS administers one cost sharing multiple-employer defined benefit 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, the System 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 allocation percentages for each group as of December 31, 2017, are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal years ended December 31, 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

At December 31, 2017, the City's share proportion for the KPERS and KP&F Local employees' groups were 0.347580% and 0.699817%, which were 0.0179% and .030068% decreases from its proportion measured at December 31, 2016.

At December 31, 2017, the Library's share proportion for the Local employees group was 0.037576%, which was a 0.000927% decrease from its proportion measured at December 31, 2016.

#### M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

*Net Pension Liabilities:* At December 31, 2017, the City's net pension liability for KPERS and KP&F were \$5,034,542 and \$6,562,816 for its total proportionate share of the net pension liability for the Local groups.

At December 31, 2017, the Library's net pension liability was \$544,272 for its total proportionate share of the net pension liability for the Local group.

*Pension Expense:* For the year ended December 31, 2017, the City recognized pension expense for KPERS and KP&F of \$409,793 and \$877,464, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

For the year ended December 31, 2017, the Library recognized pension expense of \$50,123, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

*Actuarial Assumptions:* The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.75 percent
Salary increases, including wage increases	3.50 to 12.00 percent, including inflation
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 Table, as appropriate, 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.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015. The experience study is date November 18, 2016.

## M. DEFINED BENEFIT PENSION PLAN (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 as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

Asset class	Long-term target allocation	Long-term expected real rate of return
Global equity	47.00%	6.80%
Fixed income	13.00	1.25
Yield driven	8.00	6.55
Real return	11.00	1.71
Real estate	11.00	5.05
Alternatives	8.00	9.85
Short-term investments	<u>2.00</u>	(0.25)
Total	<u>100.00%</u>	

**Discount Rate:** The discount rate used 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 State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:** The following tables present the net pension liability of the Pension Plan as of December 31, 2016, calculated using the discount rate of 8.00%, as well as what the Pension Plan's 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:

M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	<u>Discount rate</u>	<u>City's proportionate share of KPERS net pension liability</u>
1% decrease	6.75%	\$ 7,250,841
Current discount rate	7.75%	5,034,542
1% increase	8.75%	3,166,289

	<u>Discount rate</u>	<u>City's proportionate share of KP&amp;F net pension liability</u>
1% decrease	6.75%	\$ 9,310,300
Current discount rate	7.75%	6,562,816
1% increase	8.75%	4,262,780

	<u>Discount rate</u>	<u>Library's proportionate share of net pension liability</u>
1% decrease	6.75%	\$ 783,870
Current discount rate	7.75%	544,272
1% increase	8.75%	342,300

*Deferred Outflows of Resources and Deferred Inflows of Resources:* At December 31, 2017, the City's total deferred outflows of resources are \$1,659,043 and total deferred inflows of resources are \$988,941. At December 31, 2017, the Library's total deferred outflows of resources are \$59,772 and total deferred inflows of resources are \$42,075. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five year period. The following provides the net deferred outflows/(deferred inflows) of resources as of December 31, 2017, that will be recognized in pension expense in future years:

	<u>City Local Groups</u>	<u>Library Local Group</u>
2018	\$ 67,573	\$ (2,992)
2019	501,469	18,527
2020	229,953	10,926
2021	(155,571)	(9,425)
2022	26,678	661
	<u>\$ 670,102</u>	<u>\$ 17,697</u>

The Dodge City - Ford County Development Corporation and the Dodge City Housing Authority are part of the City's KPERS local group.

## N. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and medical needs of employees. The City participates in a public entity risk pool to cover worker's compensation claims. The City purchases commercial insurance to cover property, liability and medical needs of employees. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded coverage in any of the past three years.

## O. CONTINGENCIES

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the City at December 31, 2017.

## P. JOINT VENTURES

On January 1, 1993, the City of Dodge City, Kansas, entered into a joint venture with Ford County, Kansas, for the operation of a communications center. By joint resolution the Dodge City/Ford County Emergency Communications Board was created to operate the Dodge City/Ford County Communications Department. The Board consists of equal membership of City and County personnel. The department provides emergency communications for City and County agencies and is physically located in the Ford County Government Center. The budgeted operating expenditures are shared equally by the two governments.

On July 21, 1997, the City of Dodge City, Kansas entered into a joint venture with Ford County, Kansas, for the construction and operation of certain public projects. On June 10, 1997, the voters of Dodge City and of Ford County approved a one-half percent city-wide and a one-half percent county-wide retailer's sales tax to finance these projects. The projects included but were not limited to the following: air-conditioning at the Civic Center building; an outdoor motor sports complex; field sport facilities, including a baseball/softball complex and additional soccer facilities and renovation of existing facilities; and a special events center.

All City sales tax revenues for these projects are deposited into the Sales Tax Fund. County sales tax revenues which are designated for Ford County and the City of Dodge City are transferred to the City and deposited into the same fund. All expenditures from the Sales Tax Fund are subject to approval of the City Commission. All real estate acquired for the projects is titled to the City.

The interlocal agreement was amended on August 10, 2005. The agreement created a Community Facilities Advisory Board (CFAB) to serve as the project review and advisory committee. There are seven members on the Board: one City Commissioner, one County Commissioner, four at-large members and the Chairperson of the Board of Directors of the Dodge City/Ford County Development Corporation or his designee.

P. JOINT VENTURES (CONTINUED)

On November 18, 2010, the City of Dodge City, Kansas entered into a joint venture with Venuworks of Dodge City, LLC. The agreement calls for Venuworks to operate and manage the Special Events Center. The City retains title and ownership of the Center. Venuworks receives a flat monthly management fee plus variable management fees for food and beverage sales, contractually obligated incomes and fulfillment fees. Variable commissions are capped on an annual basis.

On November 5, 2012, the City of Dodge City, Kansas entered into a joint venture with Young Men's Christian Association of Southwest Kansas (YMCA). The agreement calls for YMCA to operate and manage the Parks and Recreation Department. The City retains title to all Parks and Recreation property. The City reimburses the YMCA for a percentage of payroll and also for large property purchases and repairs.

Q. CONSTRUCTION COMMITMENTS

As of December 31, 2017, the City had the following commitments with respect to unfinished capital projects and repairs:

<u>Project</u>	<u>Project commitments authorized</u>	<u>Expenditures to date</u>	<u>Remaining financial commitment</u>
Sixth Ave. Extension	\$ 1,196,012	\$ 511,174	\$ 684,838
Biogas Purification System	7,991,137	7,658,192	332,945
Airport Runway 14-32	12,057,151	203,441	11,853,710
Wagon Wheel Infrastructure	844,711	426,786	417,925

R. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 21, 2018, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.



## **SUPPLEMENTARY INFORMATION**

## **COMBINING FINANCIAL STATEMENTS**

# CITY OF DODGE CITY, KANSAS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Special revenue funds	Debt service funds	Capital projects funds	Total nonmajor governmental funds
<u>ASSETS</u>				
Cash and investments	\$ 9,718,945	\$ -	\$ 274,213	\$ 9,993,158
Property taxes receivable	1,526,299	1,857,089	106,918	3,490,306
Due from other governments	167,214	-	-	167,214
Other receivables	180,543	-	7,798	188,341
Inventories	44,759	-	-	44,759
Restricted cash and investments	-	5,022,994	11,437,786	16,460,780
Total assets	<u>\$11,637,760</u>	<u>\$ 6,880,083</u>	<u>\$11,826,715</u>	<u>\$ 30,344,558</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 722,842	\$ -	\$ 357,202	\$ 1,080,044
Payroll liabilities	37,882	-	-	37,882
Due to other funds	93,344	-	88,805	182,149
Total liabilities	<u>854,068</u>	<u>-</u>	<u>446,007</u>	<u>1,300,075</u>
Deferred inflows of resources:				
Property tax	1,526,299	1,857,089	106,918	3,490,306
Contractual obligations	847,070	-	-	847,070
Revolving loans	74,058	-	-	74,058
Total deferred inflows of resources	<u>2,447,427</u>	<u>1,857,089</u>	<u>106,918</u>	<u>4,411,434</u>
Fund balances:				
Nonspendable:				
Endowment	100,000	-	-	100,000
Long-term receivables	376,853	-	-	376,853
Restricted:				
Debt service	-	5,022,994	-	5,022,994
Capital projects	-	-	11,109,005	11,109,005
Grants	270	-	-	270
Assigned:				
Encumbrances	3,278	-	-	3,278
Other capital expenditures	2,764,078	-	279,861	3,043,939
Community service and promotion	405,724	-	-	405,724
Other purposes	1,224,654	-	-	1,224,654
Designed for subsequent year's expenditures	3,938,955	-	-	3,938,955
Unassigned	<u>(477,547)</u>	<u>-</u>	<u>(115,076)</u>	<u>(592,623)</u>
Total fund balances	<u>8,336,265</u>	<u>5,022,994</u>	<u>11,273,790</u>	<u>24,633,049</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$11,637,760</u>	<u>\$ 6,880,083</u>	<u>\$11,826,715</u>	<u>\$ 30,344,558</u>

**CITY OF DODGE CITY, KANSAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS**

December 31, 2017

	Special liability	Library	Library employee benefits	Convention and visitors
<u>ASSETS</u>				
Cash and investments	\$ 187,886	\$ 99,858	\$ 28,217	\$ 266,543
Property taxes receivable	365,679	878,560	282,060	-
Due from other governments	-	-	-	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 553,565</u>	<u>\$ 978,418</u>	<u>\$ 310,277</u>	<u>\$ 266,543</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 5,401	\$ -	\$ -	\$ 35,829
Payroll liabilities	-	-	-	11,605
Due to other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>5,401</u>	<u>-</u>	<u>-</u>	<u>47,434</u>
Deferred inflows of resources:				
Property tax	365,679	878,560	282,060	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>365,679</u>	<u>878,560</u>	<u>282,060</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	-	-	-
Community service and promotion	-	-	-	115,246
Other purposes	42,743	59,860	17,821	-
Designed for subsequent year's expenditures	139,742	39,998	10,396	103,863
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>182,485</u>	<u>99,858</u>	<u>28,217</u>	<u>219,109</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 553,565</u>	<u>\$ 978,418</u>	<u>\$ 310,277</u>	<u>\$ 266,543</u>

Special streets and highways	Special park and recreation	Special alcohol and drug	Alcohol and drug safety action	Development and growth
\$ 630,110	\$ 140,021	\$ 222	\$ 11,403	\$ 394,180
-	-	-	-	-
-	-	-	-	53,558
-	-	-	-	-
-	-	-	-	-
<u>\$ 630,110</u>	<u>\$ 140,021</u>	<u>\$ 222</u>	<u>\$ 11,403</u>	<u>\$ 447,738</u>
\$ 28,389	\$ -	\$ -	\$ -	\$ 5,945
8,080	-	-	-	-
-	-	-	-	-
<u>36,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,945</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,278	-	-	-	-
-	-	-	-	-
-	-	-	-	-
158,986	7,450	-	-	-
431,377	132,571	222	11,403	441,793
-	-	-	-	-
<u>593,641</u>	<u>140,021</u>	<u>222</u>	<u>11,403</u>	<u>441,793</u>
<u>\$ 630,110</u>	<u>\$ 140,021</u>	<u>\$ 222</u>	<u>\$ 11,403</u>	<u>\$ 447,738</u>

**CITY OF DODGE CITY, KANSAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS (CONTINUED)**

December 31, 2017

	Sales tax organizations	Sales tax depreciation and replacement	Sales tax event	Rural housing incentive district
<u>ASSETS</u>				
Cash and investments	\$ 132,122	\$ 1,911,465	\$ 57,916	\$ 126,045
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 132,122</u>	<u>\$ 1,911,465</u>	<u>\$ 57,916</u>	<u>\$ 126,045</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 448	\$ 361,535	\$ -	\$ -
Payroll liabilities	2,981	-	-	-
Due to other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>3,429</u>	<u>361,535</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	1,549,930	-	-
Community service and promotion	13,645	-	-	-
Other purposes	-	-	57,916	126,045
Designed for subsequent year's expenditures	115,048	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>128,693</u>	<u>1,549,930</u>	<u>57,916</u>	<u>126,045</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 132,122</u>	<u>\$ 1,911,465</u>	<u>\$ 57,916</u>	<u>\$ 126,045</u>

Transient guest tax	Special law enforcement trust	Economic development revolving	Hoover trust	Roof insurance repairs
\$ 232,799	\$ 19,155	\$ 377,167	\$ 120,776	\$ 530,889
-	-	-	-	-
-	-	-	-	-
-	-	74,058	-	-
-	-	-	-	-
<u>\$ 232,799</u>	<u>\$ 19,155</u>	<u>\$ 451,225</u>	<u>\$ 120,776</u>	<u>\$ 530,889</u>
\$ -	\$ 80	\$ 314	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	80	314	-	-
-	-	-	-	-
-	-	-	-	-
-	-	74,058	-	-
-	-	74,058	-	-
-	-	-	100,000	-
-	-	376,853	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	530,889
-	-	-	-	-
232,799	19,075	-	20,776	-
-	-	-	-	-
-	-	-	-	-
<u>232,799</u>	<u>19,075</u>	<u>376,853</u>	<u>120,776</u>	<u>530,889</u>
<u>\$ 232,799</u>	<u>\$ 19,155</u>	<u>\$ 451,225</u>	<u>\$ 120,776</u>	<u>\$ 530,889</u>

**CITY OF DODGE CITY, KANSAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS (CONTINUED)**

December 31, 2017

	Medical insurance reserve	Capital equipment reserve	Fire CPR training	Runway 14-32 design
<u>ASSETS</u>				
Cash and investments	\$ 2,869,040	\$ 765,403	\$ 2,072	\$ -
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	44,542
Other receivables	6,070	-	-	-
Inventories	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,875,110</u>	<u>\$ 765,403</u>	<u>\$ 2,072</u>	<u>\$ 44,542</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 36,594	\$ 82,144	\$ -	\$ 20,309
Payroll liabilities	-	-	-	-
Due to other funds	-	-	-	47,291
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>36,594</u>	<u>82,144</u>	<u>-</u>	<u>67,600</u>
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	683,259	-	-
Community service and promotion	-	-	2,072	-
Other purposes	451,762	-	-	-
Designed for subsequent year's expenditures	2,386,754	-	-	-
Unassigned	-	-	-	(23,058)
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>2,838,516</u>	<u>683,259</u>	<u>2,072</u>	<u>(23,058)</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,875,110</u>	<u>\$ 765,403</u>	<u>\$ 2,072</u>	<u>\$ 44,542</u>



GREAT	Police body worn cameras	Minibus grant 2015-16	Minibus grant 2016-17	Minibus grant 2017-18
\$ 7,315	\$ 270	\$ 6,054	\$ -	\$ -
-	-	-	-	-
-	-	-	-	57,034
(1,182)	-	-	-	-
-	-	-	-	-
<u>\$ 6,133</u>	<u>\$ 270</u>	<u>\$ 6,054</u>	<u>\$ -</u>	<u>\$ 57,034</u>
\$ 1,116	\$ -	\$ 6,054	\$ -	\$ 8,943
-	-	-	-	13,737
-	-	-	-	34,363
<u>1,116</u>	<u>-</u>	<u>6,054</u>	<u>-</u>	<u>57,043</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	270	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,017	-	-	-	-
-	-	-	-	(9)
<u>5,017</u>	<u>270</u>	<u>-</u>	<u>-</u>	<u>(9)</u>
<u>\$ 6,133</u>	<u>\$ 270</u>	<u>\$ 6,054</u>	<u>\$ -</u>	<u>\$ 57,034</u>

**CITY OF DODGE CITY, KANSAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS (CONTINUED)**

December 31, 2017

	KHRC Abandoned Housing	Model for change	USDA rural business development	Special events center
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 4,921	\$ -	\$ 351,581
Property taxes receivable	-	-	-	-
Due from other governments	9,921	-	2,159	-
Other receivables	-	-	-	101,597
Inventories	-	-	-	44,759
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 9,921	\$ 4,921	\$ 2,159	\$ 497,937
	<hr/>	<hr/>	<hr/>	<hr/>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 9,921	\$ -	\$ -	\$ 95,816
Payroll liabilities	-	-	-	-
Due to other funds	-	-	11,690	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	9,921	-	11,690	95,816
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Deferred inflows of resources:</b>				
Property tax	-	-	-	-
Contractual obligations	-	-	-	847,070
Revolving loans	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	-	-	-	847,070
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
<b>Assigned:</b>				
Encumbrances	-	-	-	-
Other capital expenditures	-	-	-	-
Community service and promotion	-	-	-	-
Other purposes	-	4,921	-	-
Designed for subsequent year's expenditures	-	-	-	-
Unassigned	-	-	(9,531)	(444,949)
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	-	4,921	(9,531)	(444,949)
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 9,921	\$ 4,921	\$ 2,159	\$ 497,937
	<hr/>	<hr/>	<hr/>	<hr/>

SMPC trust	Municipal band	Depot	Total nonmajor special revenue funds
\$ 145,271	\$ 5,374	\$ 294,870	\$ 9,718,945
-	-	-	1,526,299
-	-	-	167,214
-	-	-	180,543
-	-	-	44,759
<u>\$ 145,271</u>	<u>\$ 5,374</u>	<u>\$ 294,870</u>	<u>\$ 11,637,760</u>
\$ -	\$ -	\$ 24,004	\$ 722,842
-	-	1,479	37,882
-	-	-	93,344
<u>-</u>	<u>-</u>	<u>25,483</u>	<u>854,068</u>
-	-	-	1,526,299
-	-	-	847,070
-	-	-	74,058
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,447,427</u>
-	-	-	100,000
-	-	-	376,853
-	-	-	270
-	-	-	3,278
-	-	-	2,764,078
-	5,374	269,387	405,724
24,500	-	-	1,224,654
120,771	-	-	3,938,955
-	-	-	(477,547)
<u>145,271</u>	<u>5,374</u>	<u>269,387</u>	<u>8,336,265</u>
<u>\$ 145,271</u>	<u>\$ 5,374</u>	<u>\$ 294,870</u>	<u>\$ 11,637,760</u>

# CITY OF DODGE CITY, KANSAS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DEBT SERVICE FUNDS

December 31, 2017

	GO bond and interest	Special events center revenue bonds	Water park revenue bonds	Total nonmajor debt service funds
<u>ASSETS</u>				
Property taxes receivable	\$ 1,857,089	\$ -	\$ -	\$ 1,857,089
Restricted cash and investments	<u>455,522</u>	<u>3,776,802</u>	<u>790,670</u>	<u>5,022,994</u>
Total assets	<u>\$ 2,312,611</u>	<u>\$ 3,776,802</u>	<u>\$ 790,670</u>	<u>\$ 6,880,083</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Deferred inflows of resources:				
Property tax	\$ 1,857,089	\$ -	\$ -	\$ 1,857,089
Fund balances:				
Restricted for debt service	<u>455,522</u>	<u>3,776,802</u>	<u>790,670</u>	<u>5,022,994</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,312,611</u>	<u>\$ 3,776,802</u>	<u>\$ 790,670</u>	<u>\$ 6,880,083</u>

# CITY OF DODGE CITY, KANSAS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS

December 31, 2017

	Capital improvement	GO bonds 2013	GO bonds 2015	STAR bond project fund
<u>ASSETS</u>				
Cash and investments	\$ 274,213	\$ -	\$ -	\$ -
Property taxes receivable	106,918	-	-	-
Other receivables	7,798	-	-	-
Restricted cash and investments	-	781,482	3,683,671	4,612,530
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 388,929	\$ 781,482	\$ 3,683,671	\$ 4,612,530
	<hr/>	<hr/>	<hr/>	<hr/>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 2,150	\$ -	\$ 64,642	\$ -
Due to other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	2,150	-	64,642	-
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred inflows of resources:				
Property tax	106,918	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Restricted for capital projects	-	781,482	3,619,029	4,612,530
Assigned to other capital expenditures	279,861	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	279,861	781,482	3,619,029	4,612,530
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ 388,929	\$ 781,482	\$ 3,683,671	\$ 4,612,530
	<hr/>	<hr/>	<hr/>	<hr/>

Temporary notes Candletree 2016	GO bonds 2016	GO refunding bonds 2017-B	GO bonds 2017	Special obligation bonds 2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
209,433	969,506	47,259	941,578	132,790
<u>\$ 209,433</u>	<u>\$ 969,506</u>	<u>\$ 47,259</u>	<u>\$ 941,578</u>	<u>\$ 132,790</u>
\$ 174,191	\$ 59,978	\$ 5,188	\$ 24,782	\$ -
-	-	-	-	-
174,191	59,978	5,188	24,782	-
-	-	-	-	-
35,242	909,528	42,071	916,796	132,790
-	-	-	-	-
-	-	-	-	-
35,242	909,528	42,071	916,796	132,790
<u>\$ 209,433</u>	<u>\$ 969,506</u>	<u>\$ 47,259</u>	<u>\$ 941,578</u>	<u>\$ 132,790</u>

# CITY OF DODGE CITY, KANSAS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS (CONTINUED)

December 31, 2017

	Star bond power center	Temporary notes McDonalds	Total nonmajor capital projects funds
<u>ASSETS</u>			
Cash and investments	\$ -	\$ -	\$ 274,213
Property taxes receivable	-	-	106,918
Other receivables	-	-	7,798
Restricted cash and investments	-	59,537	11,437,786
	<hr/>	<hr/>	<hr/>
Total assets	\$ -	\$ 59,537	\$ 11,826,715
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 26,271	\$ -	\$ 357,202
Due to other funds	88,805	-	88,805
	<hr/>	<hr/>	<hr/>
Total liabilities	115,076	-	446,007
	<hr/>	<hr/>	<hr/>
Deferred inflows of resources:			
Property tax	-	-	106,918
	<hr/>	<hr/>	<hr/>
Fund balances:			
Restricted for capital projects	-	59,537	11,109,005
Assigned to other capital expenditures	-	-	279,861
Unassigned	(115,076)	-	(115,076)
	<hr/>	<hr/>	<hr/>
Total fund balances	(115,076)	59,537	11,273,790
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 59,537	\$ 11,826,715
	<hr/>	<hr/>	<hr/>

**CITY OF DODGE CITY, KANSAS**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

Year ended December 31, 2017

	Special revenue funds	Debt service funds	Capital projects funds	Total nonmajor governmental funds
Revenue:				
Taxes	\$ 2,724,331	\$ 2,431,922	\$ 359,053	\$ 5,515,306
Intergovernmental	4,578,780	460,000	205,208	5,243,988
Charges for services	2,461,786	-	-	2,461,786
Insurance recovery	85,365	-	-	85,365
Investment earnings	6,028	(2,898)	111,610	114,740
Contribution from property owners	-	-	2,102,000	2,102,000
Miscellaneous	268,836	-	15,995	284,831
Total revenue	<u>10,125,126</u>	<u>2,889,024</u>	<u>2,793,866</u>	<u>15,808,016</u>
Expenditures:				
General government	1,644,842	261,955	30,358	1,937,155
Public safety	251,184	-	852,025	1,103,209
Public works	2,477,223	-	8,267,350	10,744,573
Culture and recreation	4,267,159	-	486,911	4,754,070
Community services	2,276,661	-	-	2,276,661
Debt service:				
Principal	-	3,927,100	-	3,927,100
Interest and commissions	-	2,613,817	-	2,613,817
Total expenditures	<u>10,917,069</u>	<u>6,802,872</u>	<u>9,636,644</u>	<u>27,356,585</u>
Excess (deficiency) of revenue over expenditures	<u>(791,943)</u>	<u>(3,913,848)</u>	<u>(6,842,778)</u>	<u>(11,548,569)</u>
Other financing sources (uses):				
Debt issue proceeds	-	11,017,730	-	11,017,730
Proceeds of refunding bonds	-	6,386,835	-	6,386,835
Payment to refunded bond escrow agent	-	(6,137,558)	-	(6,137,558)
Transfers in	2,844,061	2,574,848	4,571,196	9,990,105
Transfers out	(1,142,730)	(11,005,050)	-	(12,147,780)
Transfers to component units	(1,384,507)	-	-	(1,384,507)
Total other financing sources and uses	<u>316,824</u>	<u>2,836,805</u>	<u>4,571,196</u>	<u>7,724,825</u>
Net change in fund balances	<u>(475,119)</u>	<u>(1,077,043)</u>	<u>(2,271,582)</u>	<u>(3,823,744)</u>
Fund balances, beginning of year	<u>8,811,384</u>	<u>6,100,037</u>	<u>13,545,372</u>	<u>28,456,793</u>
Fund balances, end of year	<u>\$ 8,336,265</u>	<u>\$ 5,022,994</u>	<u>\$ 11,273,790</u>	<u>\$ 24,633,049</u>



# CITY OF DODGE CITY, KANSAS

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS

Year ended December 31, 2017

	Special liability	Library	Library employee benefits
Revenue:			
Taxes	\$ 601,263	\$ 1,052,076	\$ 382,987
Intergovernmental	-	-	-
Charges for services	-	-	-
Insurance recovery	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
Total revenue	<u>601,263</u>	<u>1,052,076</u>	<u>382,987</u>
Expenditures:			
General government	718,940	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Community services	-	-	-
Total expenditures	<u>718,940</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	<u>(117,677)</u>	<u>1,052,076</u>	<u>382,987</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Transfers to component units	<u>-</u>	<u>(1,012,152)</u>	<u>(372,355)</u>
Total other financing sources and uses	<u>-</u>	<u>(1,012,152)</u>	<u>(372,355)</u>
Net change in fund balances	(117,677)	39,924	10,632
Fund balances, beginning of year	<u>300,162</u>	<u>59,934</u>	<u>17,585</u>
Fund balances, end of year	<u><u>\$ 182,485</u></u>	<u><u>\$ 99,858</u></u>	<u><u>\$ 28,217</u></u>

<u>Convention and visitors</u>	<u>Special streets and highways</u>	<u>Special park and recreation</u>	<u>Special alcohol and drug</u>	<u>Alcohol and drug safety action</u>
\$ -	\$ -	\$ -	\$ -	\$ -
1,042,796	957,592	104,750	104,750	-
44,815	-	-	-	150
-	-	-	-	-
-	-	-	-	-
23,972	-	-	-	-
<u>1,111,583</u>	<u>957,592</u>	<u>104,750</u>	<u>104,750</u>	<u>150</u>
-	-	-	-	-
-	-	-	-	2,282
-	865,745	-	-	-
-	-	-	-	-
1,235,491	-	-	110,026	-
<u>1,235,491</u>	<u>865,745</u>	<u>-</u>	<u>110,026</u>	<u>2,282</u>
(123,908)	91,847	104,750	(5,276)	(2,132)
-	-	-	-	-
(145,430)	-	(97,300)	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(145,430)	-	(97,300)	-	-
(269,338)	91,847	7,450	(5,276)	(2,132)
<u>488,447</u>	<u>501,794</u>	<u>132,571</u>	<u>5,498</u>	<u>13,535</u>
<u>\$ 219,109</u>	<u>\$ 593,641</u>	<u>\$ 140,021</u>	<u>\$ 222</u>	<u>\$ 11,403</u>

# CITY OF DODGE CITY, KANSAS

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended December 31, 2017

	Development and growth	Sales tax organizations	Sales tax depreciation and replacement
Revenue:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	624,239	6,295	112,500
Charges for services	-	-	-
Insurance recovery	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	6	-
	<u>624,239</u>	<u>6,301</u>	<u>112,500</u>
Total revenue			
Expenditures:			
General government	463,017	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	638,547
Community services	-	569,480	-
	<u>463,017</u>	<u>569,480</u>	<u>638,547</u>
Total expenditures			
Excess (deficiency) of revenue over expenditures	<u>161,222</u>	<u>(563,179)</u>	<u>(526,047)</u>
Other financing sources (uses):			
Transfers in	-	795,430	345,000
Transfers out	(650,000)	(250,000)	-
Transfers to component units	-	-	-
	<u>(650,000)</u>	<u>545,430</u>	<u>345,000</u>
Total other financing sources and uses			
Net change in fund balances	<u>(488,778)</u>	<u>(17,749)</u>	<u>(181,047)</u>
Fund balances, beginning of year	<u>930,571</u>	<u>146,442</u>	<u>1,730,977</u>
Fund balances, end of year	<u>\$ 441,793</u>	<u>\$ 128,693</u>	<u>\$ 1,549,930</u>

<u>Sales tax event</u>	<u>Rural housing incentive district</u>	<u>Transient guest tax</u>	<u>Special law enforcement trust</u>	<u>Economic development revolving</u>
\$ -	\$ 340,406	\$ 347,599	\$ -	\$ -
112,227	-	-	-	-
-	-	-	11,617	-
-	-	-	-	-
-	-	-	-	4,728
-	-	-	-	21,378
<u>112,227</u>	<u>340,406</u>	<u>347,599</u>	<u>11,617</u>	<u>26,106</u>
-	342,791	-	-	-
-	-	-	62,355	-
-	-	-	-	-
65,123	-	-	-	-
-	-	306,084	-	740
<u>65,123</u>	<u>342,791</u>	<u>306,084</u>	<u>62,355</u>	<u>740</u>
<u>47,104</u>	<u>(2,385)</u>	<u>41,515</u>	<u>(50,738)</u>	<u>25,366</u>
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
47,104	(2,385)	41,515	(50,738)	25,366
<u>10,812</u>	<u>128,430</u>	<u>191,284</u>	<u>69,813</u>	<u>351,487</u>
<u>\$ 57,916</u>	<u>\$ 126,045</u>	<u>\$ 232,799</u>	<u>\$ 19,075</u>	<u>\$ 376,853</u>

# CITY OF DODGE CITY, KANSAS

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended December 31, 2017

	Hoover trust	Roof insurance repairs	Medical insurance reserve	Capital equipment reserve
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	56,159
Charges for services	-	-	249,437	-
Insurance recovery	-	85,365	-	-
Investment earnings	1,132	-	-	-
Miscellaneous	-	-	-	9,336
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total revenue	1,132	85,365	249,437	65,495
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Expenditures:				
General government	-	266,294	(208,769)	50,879
Public safety	-	-	-	172,103
Public works	-	120,993	-	-
Culture and recreation	-	-	-	91,722
Community services	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	-	387,287	(208,769)	314,704
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Excess (deficiency) of revenue over expenditures	1,132	(301,922)	458,206	(249,209)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Other financing sources (uses):				
Transfers in	-	-	-	446,250
Transfers out	-	-	-	-
Transfers to component units	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total other financing sources and uses	-	-	-	446,250
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net change in fund balances	1,132	(301,922)	458,206	197,041
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund balances, beginning of year	119,644	832,811	2,380,310	486,218
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Fund balances, end of year	\$ 120,776	\$ 530,889	\$ 2,838,516	\$ 683,259
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

<u>GREAT</u>	<u>Fire CPR training</u>	<u>Runway 14-32 design</u>	<u>Police body worn cameras</u>	<u>Minibus grant 2015-16</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	426,330	171	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,175	5,389	22,439	-	-
<u>4,175</u>	<u>5,389</u>	<u>448,769</u>	<u>171</u>	<u>-</u>
-	-	-	-	-
7,473	6,971	-	-	-
-	-	471,827	-	-
-	-	-	-	-
-	-	-	-	-
<u>7,473</u>	<u>6,971</u>	<u>471,827</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
(3,298)	(1,582)	(23,058)	171	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
(3,298)	(1,582)	(23,058)	171	-
8,315	3,654	-	99	-
<u>\$ 5,017</u>	<u>\$ 2,072</u>	<u>\$ (23,058)</u>	<u>\$ 270</u>	<u>\$ -</u>

# CITY OF DODGE CITY, KANSAS

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended December 31, 2017

	Minibus grant 2016-17	Minibus grant 2017-18	KHRC Abandoned Housing	Model for change
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	217,288	260,959	54,840	-
Charges for services	-	-	-	-
Insurance recovery	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	39,993	52,852	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	257,281	313,811	54,840	-
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	233,613	313,820	-	-
Culture and recreation	-	-	-	-
Community services	-	-	54,840	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	233,613	313,820	54,840	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	23,668	(9)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Transfers to component units	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources and uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	23,668	(9)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	(23,668)	-	-	4,921
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ -	\$ (9)	\$ -	\$ 4,921
	<hr/>	<hr/>	<hr/>	<hr/>

FEMA 2017 ice storm	USDA rural business development	Special events center	SMPC trust	Municipal band
\$ -	\$ -	\$ -	\$ -	\$ -
471,225	2,159	-	24,500	-
-	-	2,155,767	-	-
-	-	-	-	-
-	-	168	-	-
-	-	564	-	-
471,225	2,159	2,156,499	24,500	-
-	11,690	-	-	-
-	-	-	-	-
471,225	-	-	-	-
-	-	3,245,562	-	21,097
-	-	-	-	-
471,225	11,690	3,245,562	-	21,097
-	(9,531)	(1,089,063)	24,500	(21,097)
-	-	988,881	-	18,500
-	-	-	-	-
-	-	-	-	-
-	-	988,881	-	18,500
-	(9,531)	(100,182)	24,500	(2,597)
-	-	(344,767)	120,771	7,971
\$ -	\$ (9,531)	\$ (444,949)	\$ 145,271	\$ 5,374



# CITY OF DODGE CITY, KANSAS

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS SPECIAL REVENUE FUNDS (CONTINUED)

Year ended December 31, 2017

	<u>Depot</u>	<u>Total nonmajor special revenue funds</u>
Revenue:		
Taxes	\$ -	\$ 2,724,331
Intergovernmental	-	4,578,780
Charges for services	-	2,461,786
Insurance recovery	-	85,365
Investment earnings	-	6,028
Miscellaneous	88,732	268,836
	<u>88,732</u>	<u>268,836</u>
Total revenue	<u>88,732</u>	<u>10,125,126</u>
Expenditures:		
General government	-	1,644,842
Public safety	-	251,184
Public works	-	2,477,223
Culture and recreation	205,108	4,267,159
Community services	-	2,276,661
	<u>205,108</u>	<u>2,276,661</u>
Total expenditures	<u>205,108</u>	<u>10,917,069</u>
Excess (deficiency) of revenue over expenditures	<u>(116,376)</u>	<u>(791,943)</u>
Other financing sources (uses):		
Transfers in	250,000	2,844,061
Transfers out	-	(1,142,730)
Transfers to component units	<u>-</u>	<u>(1,384,507)</u>
Total other financing sources and uses	<u>250,000</u>	<u>316,824</u>
Net change in fund balances	133,624	(475,119)
Fund balances, beginning of year	<u>135,763</u>	<u>8,811,384</u>
Fund balances, end of year	<u>\$ 269,387</u>	<u>\$ 8,336,265</u>

# CITY OF DODGE CITY, KANSAS

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS DEBT SERVICE FUNDS

Year ended December 31, 2017

	GO bond and interest	Special events center revenue bonds	Water park revenue bonds	Total nonmajor debt service funds
Revenue:				
Taxes	\$ 2,431,922	\$ -	\$ -	\$ 2,431,922
Intergovernmental	460,000	-	-	460,000
Investment earnings	-	(5,671)	2,773	(2,898)
	<u>2,891,922</u>	<u>(5,671)</u>	<u>2,773</u>	<u>2,889,024</u>
Total revenue				
Expenditures:				
General government	261,955	-		261,955
Debt service:				
Principal	2,477,100	1,090,000	360,000	3,927,100
Interest and commissions	887,004	1,398,363	328,450	2,613,817
	<u>3,626,059</u>	<u>2,488,363</u>	<u>688,450</u>	<u>6,802,872</u>
Total expenditures				
Excess of expenditures over revenue	<u>(734,137)</u>	<u>(2,494,034)</u>	<u>(685,677)</u>	<u>(3,913,848)</u>
Other financing sources (uses):				
Debt issue proceeds	11,017,730	-	-	11,017,730
Proceeds of refunding bonds	6,386,835	-	-	6,386,835
Payment to refunded bond escrow agent	(6,137,558)	-	-	(6,137,558)
Transfers in	650,000	1,397,237	527,611	2,574,848
Transfers out	(11,005,050)	-	-	(11,005,050)
	<u>911,957</u>	<u>1,397,237</u>	<u>527,611</u>	<u>2,836,805</u>
Total other financing sources and uses				
Net change in fund balances	177,820	(1,096,797)	(158,066)	(1,077,043)
Fund balances, beginning of year	<u>277,702</u>	<u>4,873,599</u>	<u>948,736</u>	<u>6,100,037</u>
Fund balances, end of year	<u>\$ 455,522</u>	<u>\$ 3,776,802</u>	<u>\$ 790,670</u>	<u>\$ 5,022,994</u>

# CITY OF DODGE CITY, KANSAS

## COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS

Year ended December 31, 2017

	Capital improvement	GO bonds 2013	GO bonds 2015	STAR bond project fund
Revenue:				
Taxes	\$ 359,053	\$ -	\$ -	\$ -
Intergovernmental	20,307	184,901	-	-
Investment earnings	209	-	-	111,066
Contribution from property owners	-	-	-	-
Miscellaneous	15,995	-	-	-
Total revenue	<u>395,564</u>	<u>184,901</u>	<u>-</u>	<u>111,066</u>
Expenditures:				
General government	30,358	-	-	-
Public safety	852,025	-	-	-
Public works	22,439	370,060	1,610,742	-
Culture and recreation	97,937	-	-	273,898
Total expenditures	<u>1,002,759</u>	<u>370,060</u>	<u>1,610,742</u>	<u>273,898</u>
Excess (deficiency) of revenue over expenditures	<u>(607,195)</u>	<u>(185,159)</u>	<u>(1,610,742)</u>	<u>(162,832)</u>
Other financing sources (uses):				
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(607,195)	(185,159)	(1,610,742)	(162,832)
Fund balances, beginning of year	<u>887,056</u>	<u>966,641</u>	<u>5,229,771</u>	<u>4,775,362</u>
Fund balances, end of year	<u><u>\$ 279,861</u></u>	<u><u>\$ 781,482</u></u>	<u><u>\$ 3,619,029</u></u>	<u><u>\$ 4,612,530</u></u>

Temporary notes Candletree 2016	GO bonds 2016	GO refunding bonds 2017-B	GO bonds 2017	Special obligation bonds 2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	335
-	-	-	-	2,102,000
-	-	-	-	-
-	-	-	-	2,102,335
-	-	-	-	-
-	-	-	-	-
995,376	856,396	18,487	2,103,842	1,969,545
-	-	-	-	-
995,376	856,396	18,487	2,103,842	1,969,545
(995,376)	(856,396)	(18,487)	(2,103,842)	132,790
1,110,000	-	60,558	3,020,638	-
114,624	(856,396)	42,071	916,796	132,790
(79,382)	1,765,924	-	-	-
\$ 35,242	\$ 909,528	\$ 42,071	\$ 916,796	\$ 132,790

**CITY OF DODGE CITY, KANSAS**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
CAPITAL PROJECTS FUNDS (CONTINUED)**

Year ended December 31, 2017

	<u>Star bond power center</u>	<u>Temporary notes McDonalds</u>	<u>Total nonmajor capital projects funds</u>
Revenue:			
Taxes	\$ -	\$ -	\$ 359,053
Intergovernmental	-	-	205,208
Investment earnings	-	-	111,610
Contribution from property owners	-	-	2,102,000
Miscellaneous	-	-	15,995
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>-</u>	<u>-</u>	<u>2,793,866</u>
Expenditures:			
General government	-	-	30,358
Public safety	-	-	852,025
Public works	-	320,463	8,267,350
Culture and recreation	115,076	-	486,911
	<u>115,076</u>	<u>320,463</u>	<u>9,636,644</u>
Total expenditures	<u>115,076</u>	<u>320,463</u>	<u>9,636,644</u>
Excess (deficiency) of revenue over expenditures	<u>(115,076)</u>	<u>(320,463)</u>	<u>(6,842,778)</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>380,000</u>	<u>4,571,196</u>
Net change in fund balances	<u>(115,076)</u>	<u>59,537</u>	<u>(2,271,582)</u>
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>13,545,372</u>
Fund balances, end of year	<u><u>\$ (115,076)</u></u>	<u><u>\$ 59,537</u></u>	<u><u>\$11,273,790</u></u>

**CITY OF DODGE CITY, KANSAS**

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
AGENCY FUND**

December 31, 2017

	Community improvement district	Special obligation debt service 2011	Special obligation debt service 2013	Special obligation debt service 2014
<u>ASSETS</u>				
Cash	\$ 49,718	\$ 103,492	\$ 18,583	\$ 9
<u>LIABILITIES</u>				
Due to bondholders	\$ 49,718	\$ 103,492	\$ 18,583	\$ 9

The accompanying notes are an integral part of the basic financial statements.

<div>Star bond</div> <div>debt service</div> <div>2015</div>	<div>Star bond</div> <div>debt service</div> <div>2017</div>	<div>Total</div>
<div>\$ 1,061,120</div>	<div>\$ 2,240</div>	<div>\$ 1,235,162</div>
<div>\$ 1,061,120</div>	<div>\$ 2,240</div>	<div>\$ 1,235,162</div>

## **APPENDICES**



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**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**

The Honorable Mayor  
and City Commissioners  
Dodge City, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Dodge City, Kansas, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Dodge City's basic financial statements and have issued our report thereon dated August 21, 2018. Our report was modified to include a reference to other auditors. The financial statements of the Special Events Center, a special revenue fund, the Dodge City Public Library and the Dodge City-Ford County Development Corporation were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Dodge 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 of Dodge City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dodge City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Dodge 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*.

**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 results 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kennedy McKee & Company LLP*

August 21, 2018

*Kennedy*  
*McKee & Company LLP* Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
UNIFORM GUIDANCE**

The Honorable Mayor  
and City Commissioners  
Dodge City, Kansas

**Report on Compliance for Each Major Federal Program**

We have audited the City of Dodge City, Kansas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Dodge City, Kansas' major federal programs for the year ended December 31, 2017. The City of Dodge City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Dodge City, Kansas' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulation Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

The City of Dodge City's basic financial statements include the operations of the Housing Authority of Dodge City, which expended \$1,267,323 in federal awards which is not included in the schedule during the year ended December 31, 2017. Our audit described below, did not include the operations of the Housing Authority of Dodge City because they engaged other auditors to perform an audit in accordance with Uniform Guidance.

### **Opinion on Each Major Federal Program**

In our opinion, the City of Dodge City, Kansas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

### **Report on Internal Control over Compliance**

The management of the City of Dodge City, Kansas, is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Kennedy McKee & Company LLP*

August 21, 2018

# CITY OF DODGE CITY, KANSAS

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2017

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Expenditures of federal awards
<b>U.S. Department of the Interior</b>			
Passed through Kansas State Historical Society: Historical Preservation Grant	15.904	-	\$ <u>1,675</u>
<b>U.S. Department of Justice</b>			
Direct program: DARE Grant	16.922	-	<u>300</u>
<b>U.S. Department of Transportation Federal Aviation Administration</b>			
Direct programs: Runway 14-32 Design	20.106	3-20-0017-029	<u>445,623</u>
<b>U.S. Department of Transportation</b>			
Passed through Kansas Department of Transportation:			
Formula Grants for other than Urbanized Areas			
Mini-Bus Operating Grant 2016-2017	20.509	-	152,737
Mini-Bus Operating Grant 2017-2018	20.509	-	168,470
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants (DUI)	20.601	-	<u>16,423</u>
Total U.S. Department of Transportation			<u>337,630</u>
<b>U.S. Department of Agriculture</b>			
Direct program: Rural Business Development Grant	10.351	-	<u>11,690</u>
<b>U.S. Department of Homeland Security</b>			
Passed through Kansas Adjunct General Disaster Grants – Public Assistance	97.036	-	<u>419,880</u>
 Total federal awards			 <u>\$ 1,216,798</u>

See accompanying notes to schedule of expenditures of federal awards.

## CITY OF DODGE CITY, KANSAS

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2017

#### A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Dodge City, Kansas under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of the City of Dodge City, Kansas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Dodge City, Kansas.

#### B. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### C. INDIRECT COST RATE

The City of Dodge City, Kansas has not elected to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

#### D. AWARDS TO SUBRECIPIENTS

There were no awards passed through to subrecipients.

## CITY OF DODGE CITY KANSAS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2017

#### A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Dodge City, Kansas.
2. No significant deficiencies relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the City of Dodge City, Kansas, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance for Each Major Program and on Internal Control over Compliance Required by Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for the City of Dodge City, Kansas expresses an unmodified opinion on all major programs.
6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as a major program included:

Airport Improvement Program – Runway 14-32 Design	CFDA 20.106
Federal Emergency Management Public Assistance Grant	CFDA 97.036
8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. The City of Dodge City did not qualify as a low-risk auditee.

**CITY OF DODGE CITY KANSAS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

Year ended December 31, 2017

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None noted.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS  
AUDIT**

None noted.



**CITY OF DODGE CITY KANSAS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

Year ended December 31, 2017

None noted.