

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**CITY OF
EL DORADO, KANSAS**

*Fiscal Year Ended
December 31, 2019*

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

for the
Year Ended December 31, 2019

Mayor
Bill Young

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CITY OF EL DORADO, KANSAS

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Year Ended December 31, 2019

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| INTRODUCTORY SECTION: | |
| Letter of Transmittal | I - X |
| Organizational Chart | XI |
| Government Finance Officers Association Certificate of Achievement | XII |
| FINANCIAL SECTION: | |
| Independent Auditors' Report | 1 - 3 |
| Management's Discussion and Analysis | 4 - 12 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 13 |
| Statement of Activities | 14 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 15 |
| Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position | 16 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 17 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 18 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis – General Fund | 19 - 20 |
| Statement of Net Position – Proprietary Funds | 21 - 22 |
| Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds | 23 |
| Statement of Cash Flows – Proprietary Funds | 24 - 25 |
| Statement of Net Position – Fiduciary Funds | 26 |
| Statement of Changes in Net Position – Fiduciary Funds | 27 |
| Notes to Basic Financial Statements | 28 - 94 |
| Required Supplementary Information: | |
| Schedule of the City's Proportionate Share of the Collective Net Pension Liability – Kansas Public Employees Retirement System | 95 |
| Schedule of the Library's Proportionate Share of the Collective Net Pension Liability – Kansas Public Employees Retirement System – Bradford Memorial Library | 96 |

CITY OF EL DORADO, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2019

TABLE OF CONTENTS
(Continued)

| | <u>Page</u> |
|---|-------------|
| Schedule of the City's Contributions – Kansas Public Employees Retirement System | 97 |
| Schedule of the Library's Contributions – Kansas Public Employees Retirement System – Bradford Memorial Library | 98 |
| Schedule of Changes in the City's Net OPEB Liability and Related Ratios – Health | 99 |
| Schedule of the City's Contributions – Net OPEB Liability – Health | 100 |
| Schedule of Investment Returns – Net OPEB Liability – Health | 101 |
| Schedule of Changes in the City's Total OPEB Liability and Related Ratios – Disability Benefits and Life Insurance | 102 |
| Schedule of Changes in the Library's Total OPEB Liability and Related Ratios – Disability Benefits and Life Insurance – Bradford Memorial Library | 103 |
| Other Supplementary Information: | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 104 - 105 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 106 - 107 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Funds Included in General Fund – Budgetary Basis: | |
| Prairie Trails Restaurant/Golf | 108 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Budgetary Basis: | |
| Airport Fund | 109 |
| Major Street Improvement Fund | 110 |
| Industrial Development Fund | 111 |
| Special Parks and Recreation Fund | 112 |
| Tourism Tax Fund | 113 |
| Economic Development Sales Tax Fund | 114 |
| Stormwater Utility Fund | 115 |
| Debt Service Fund | 116 |
| Balance Sheet – Discretely Present Component Unit | 117 |
| Schedule of Revenues, Expenditures and Changes in Fund Balance – Discretely Presented Component Unit | 118 |

CITY OF EL DORADO, KANSAS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

Year Ended December 31, 2019

TABLE OF CONTENTS
(Continued)

| | <u>Page</u> |
|---|-------------|
| STATISTICAL SECTION: | |
| Financial Trends: | |
| Net Position by Component | 119 |
| Changes in Net Position | 120 - 121 |
| Fund Balances, Governmental Funds | 122 |
| Changes in Fund Balances, Governmental Funds | 123 - 124 |
| Tax Revenues by Source, Governmental Funds | 125 |
| Revenue Capacity: | |
| Property Tax Levies and Collections | 126 |
| Assessed Value and Estimated Actual Value of Taxable Property | 127 |
| Property Tax Rates Direct and Overlapping Governments | 128 |
| Principal Property Taxpayers | 129 |
| Debt Capacity: | |
| Ratios of Outstanding Debt by Type | 130 |
| Ratios of General Bonded Debt Outstanding | 131 |
| Direct and Overlapping Debt | 132 |
| Legal Debt Margin | 133 |
| Revenue Bond Coverage – Waterworks System Revenue Bonds | 134 |
| Demographic and Economic Information: | |
| Demographic and Economic Statistics | 135 |
| Principal Employers | 136 |
| Operating Information: | |
| Full-Time Equivalent City Government Employees by Function | 137 |
| Operating Indicators by Function | 138 |
| Capital Asset Statistics by Function | 139 |
| OTHER | |
| Schedule of Findings and Responses | 140 |
| Independent Auditors' 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> | 141 - 142 |

**INTRODUCTION
SECTION**



EL DORADO

THE FINE ART OF LIVING WELL

June 8, 2020

Honorable City Commission and Citizens of El Dorado:

Understanding a municipal government's financial statements first requires an explanation as to how local governments actually plan and manage their finances. Cities (and counties) annually approve the operating budget with various fund budgets that define the parameters for each respective fund. In many cases (although not all), funds align with departments of the municipal organization. For example, the Water Fund provides the budgetary conditions and management tools for the Water Department.

The General Fund is perhaps the most deviant of this guideline because it encapsulates the budgets for several "general governmental" departments such as Police, Fire, Parks, and an assortment of other departments and governmental functions paid from general government receipts. The departments contained in the General Fund share revenue from property taxes, sales taxes (the portion set aside for property tax relief by local ordinance), franchise fees, court fees, building permits, and a host of other revenue sources.

Enterprise funds align with those departments who are intended to operate more like a business enterprise than a government entity. Enterprise funds generate revenue from user fees and charges specific to the utility and not from general government taxes and fees. In other words, the Water, Sewer, Refuse, and Compressed Natural Gas Funds all operate without receiving tax support. Customers are billed for the amount of service provided or consumed during a billing period.

A few other funds operate in a hybrid configuration whereby the fund receives taxes or assessments, but not necessarily property taxes or sales taxes. The Tourism Fund, for example, operates with the majority of its revenue coming from hotel guest taxes. The Airport Fund receives a mill levy to help fund its operations, and it generates revenue from fuel sales and hangar rentals.

The fund system ensures that dollars required to be spent on certain expenses are segregated from other revenues to avoid mixing that would most assuredly occur. I will be the first to admit that the system municipalities use to account for finances is cumbersome and confusing, especially to taxpayers who may be interested in knowing how the City spends tax dollars. Much of the breadth of the City's financial statements are required by law or other accounting principle so that every municipality's financial statements generally contain the same information. It's a world dictated by accountants and not conducive to helping taxpayers who foot the bill understand municipal finance.

The financial statements contained with this letter will provide you the financial information you need to better understand the City's financial condition. When I write this letter each year, I try to think of what I would want to know if the roles were reversed and I were an interested citizen wanting to know how my local government spent my tax dollars. I hope the information provided will enlighten you with an understanding of how your tax dollars were used in the provision of public services.

The City's financial condition continues to strengthen in some cases and seems to move against a floating current in other cases. The City has been able to add to fund balances in many funds due to increasing revenues and prudently managing expenses. The simple rule is to just spend less than revenues received for the year, and is an age-old strategy carried out by the most successful businesses, households, and governments. It is the City's aim every year.

Spending more than revenues received creates potential problems, especially when the City runs into a situation requiring an infusion of cash such as a natural disaster or economic downturn. Each fund's balance provides insurance against these unforeseen situations that will arise from time to time, and that we must be prepared to endure or we may potentially face significant service reductions.

The last several years I have written at length in this letter about structural deficits that can creep up on any government if they do not plan to hold the line on expenditures and then follow through on that plan. A budget is only as good as the paper it is printed on. Local government officials (including the city manager) must work diligently throughout the year to keep expenses as low as possible and within the adopted budget.

Failure to do so means that the local government will spend down its fund balance. Spending down one's savings account at home means that a household will not have as many funds available to weather a proverbial storm such as a job loss, significant home repair, or emergency medical procedure. In the same way, local governments must have sufficient fund balances to weather storms that arise.

When I first informed the City Commission of the need to address several structural deficits within the City's collection of funds, I shared that solutions would be forthcoming and that the ultimate resolution of the situation would take several years. I can report that the City is getting closer to addressing the structural issues first outlined. To be sure, the journey to financial health is never truly complete and will require the utmost attention and discipline to ensure that the City remains resilient well into the future.

MAJOR FACTORS AFFECTING THE FINANCIAL STATEMENTS

Lake Debt Pre-Payment. It is not very often that a community can pay back \$8.6 million in advance of it being due for payment. After saving cash over the years, the City Commission elected to pre-pay the debt remaining on activated storage space in the lake at a "savings" of about \$4.8 million in interest. The City of El Dorado now owns 49% of the water available in El Dorado Lake for the general water supply needs of the community and surrounding region.

Record Sales Tax Collections. Last year, the City of El Dorado received a record \$2.649 million from its one-cent (1.0%) sales tax on retail sales. The record did not last for long as the City brought in \$2.678 million in sales tax receipts, equal to a 1.0% increase from the prior year's record. The City breached the \$2.6 million mark only twice in its history prior to 2019. It seems we can add another record to the proverbial trophy case as El Dorado claims its third year above the coveted \$2.6 million threshold.

For those keeping score, the City breached the \$2.6 million level in 2015, 2018, and now 2019. This new record will hopefully become more of a new altitude mark instead of a ceiling. This will only be the case if El Dorado residents continue to shop local and if visitors find the items needed in El Dorado stores while visiting. In all likelihood though, the increased receipts arise from another HollyFrontier turn-around. The next opportunity for a new record may be several years away.

Rising Assessed Valuations. Assessed valuations in the City continue to increase primarily because of private investment and private property transactions. In 2019, the assessed valuation of El Dorado increased \$0.98 million, or nearly 1.1%, bringing the total assessed valuation for the community to \$92.9 million. For reference, last year's valuation came in at about \$91.98 million. The City's mill levy, which remained steady at 53.000 mills, annually generates about \$4.9 million in ad valorem property taxes to finance essential public services. Of this amount, the City received about \$4.4 million, meaning about 9% of taxes assessed to property owners was delinquent. The estimated actual value of real and personal property in El Dorado is \$605.5 million compared to \$597.6 million a year ago.

The future bodes well for local valuations due to the occurrence of private development as well as the near-term expiration of several tax abatements. I mentioned in last year's letter that LakePoint El Dorado, LLC, a retirement community, will add about \$2.8 million to the assessed valuation in 2021, and BG Products, Inc. will add another \$24.7 million beginning in 2022. The City continues to anticipate the benefits that will come from the soon-to-be-new tax revenues paid on the valuations of these prior projects. In total, these two projects will collectively contribute nearly \$0.4 million in property taxes per year to the City of El Dorado once tax abatements sunset. This much needed revenue will go straight to public services to address the structural deficit habit the City cannot seem to quit.

Wind Turbine Lawsuit. Historically, 2019 will be known as the year the City paid off a significant portion of outstanding lake debt and took ownership of 49% of the storage capacity of El Dorado Lake. It hopefully will not be remembered as the year the wind turbine at the Water Reclamation Facility came down. The City settled its lawsuit concerning the viability of the turbine in 2019.

In total, the City spent \$480,452 in legal expenses throughout the lawsuit. It seemed that the attorneys' clock would not stop during the litigation. Even so, the City's legal counsel represented the City's interests well and got the best out of the settlement that could have been expected given the circumstances. The City may have settled the suit, but will continue to make an annual debt service payment of \$80,157 from the Sewer Fund until 2033.

Perhaps a silver lining is that the wind turbine was razed and removed from El Dorado's skyline, giving hope that this project will soon be lost to time. Demolition of the wind turbine actually generated revenue. The City paid \$24,711 to demolish and remove the turbine, although it received \$47,200 from the sale of surplus materials from the wind turbine. Therefore, the project netted the City \$22,489, which reimbursed the Sewer Fund for a trifling amount of the total project expenses paid from the fund. Even more to the point, the net gain from razing the structure might be considered quite the deal given that it cost \$134,669 to construct the wind turbine in the first place.

It goes without saying that the project had a considerable impact on the City's Sewer Fund, causing the fund's cash reserve to be significantly depleted. The fund has since made a recovery and is now collecting more revenue than it is paying out. It's good to have the project and all its troubles behind us.

Transient Guest Tax Receipts. The City collected \$176,466 in transient guest taxes for overnight stays in 2019. Transient guest tax receipts were down 8.3% compared to the prior year. HollyFrontier's turn-around, which is an extensive capital investment program that requires several weeks and well over 1,000 contractors, helped bring in the hotel taxes as non-refinery visits were down. The City often sees a bump in transient guest taxes and sales taxes during turn-around as contractors stay in hotels, shop at the grocery stores, and eat out in restaurants during their brief time in El Dorado. As mentioned in last year's report, the City plans to use the surplus from last year's bumper year to develop a community branding and marketing program. At the time of this writing, the City contracted with the Bajillion Agency to develop this program.

Sale of Prairie Trails Golf Course. Last year, the City began a process to sell Prairie Trails Golf Course to GreatLife Golf and Fitness, LLC at an agreed upon price of \$550,000, following receipt of a proposal from the company to acquire the City's golf assets. Unfortunately, the transaction will not be completed as GreatLife was unable to secure financing amid the COVID-19 pandemic. The City, however, was able to off-load the expense of operating Prairie Trails to GreatLife for most of the year. By leasing the golf course to GreatLife, the City was able to "save" the General Fund approximately \$250,000 that would have otherwise been transferred had Prairie Trails remained under municipal operation.

Tennis Court Complex Project. The City and Unified School District 490 partnered together to construct the Sam Binter Tennis Court Complex in North Main Park. The nearly \$1.6 million project is a great addition to the community, and provides sufficient courts for tennis and pickle ball play. The complex was designed with the goal of hosting a regional high school tennis tournament in the future.

Plans sometimes go according to plan and sometimes they go somewhere else. The tennis court project is an example of a plan taking a slight turn. We arrived at our final destination, although we had to get there by a different route. The original plan was to use the proceeds from the sale of Prairie Trails Golf Course to pay for the majority of the City's share of the project. This was not to be the case as discussed in the prior item. As such, the City will likely have to include its share of the project in an upcoming bond issuance to avoid a significant spend down of fund balance.

I encourage you to stop by and check out the tennis court complex if you have not already done so. I hear they are pretty forgiving for our community's tennis and pickle ball hobbyists and the pros think they are great too!

Recruitment Challenges. As I mentioned last year, recruitment is one of the most critical challenges to the City's current level of service. The Police Department has been especially impacted by recruitment challenges with five open positions for the last several years. Other departments have experienced modest challenges in filling vacant positions. People are the City's most important asset because in a service-oriented government, people provide services directly to citizens. There are few other options, at present, to provide these critical services.

To address these challenges, the City has taken a more proactive approach and has tried many different and innovative ways of reaching out to prospective employees. Job fairs, Facebook advertisements, and face-to-face recruiting are just some of the ways departments are working to recruit the next generation of employees. The City also annually reviews its pay plan to determine if adjustments are necessary to compete with public and private sector comparables.

Needless to say, it will become more difficult to fill positions as the workforce begins to retire and fewer warm bodies are available to work. This will be a challenge for both the public and private sector over the next few decades.

G.O. Bond, Series 2019A. The City issued \$2.835 million of its general obligation (G.O.) bonds to finance several public projects. The bond financed the following projects over twenty years at an astonishingly low interest rate of 2.6%:

- Belmont Heights 3rd Addition, Phase I Improvements (Street and Sanitary Sewer)
- Criss 9th Addition Improvements (Street and Sanitary Sewer)
- Belmont Heights 3rd Addition, Phase II Improvements (Street and Sanitary Sewer)
- Gueda Street Improvements (Street)
- Locust Avenue Improvements (Street)
- Griffith Street Improvements (Street)
- N. Haverhill Improvements (Street)
- Main Trafficway Improvements (Street)
- Country Club Road Improvements (Street)

The bond will be paid from special assessments on benefiting property owners as well as a mill levy to pay the City at-large portion of projects.

Underfunded Public Pensions. Every year in this letter, I report on the status of the City's public pension liability. The City of El Dorado participates in Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Fire (KP&F) program for its post-employment retirement benefits. Employees of the City are required to participate in KPERS or KP&F, and the City is required to contribute to these programs on each respective employee's behalf. State law requires the City to publish in its financial statements the current and future liability associated with the unfunded portion of KPERS and KP&F directly attributed to the City.

As of December 31, 2019, the City's unfunded pension liability totaled \$7.40 million compared to \$7.36 million a year ago. The pension liability may be subdivided as follows: KPERS at \$3.17 million, Kansas Police & Fire (KP&F) at \$4.04 million, and the Library's participation in KPERS at \$199,391.

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

The Comprehensive Annual Financial Report of the City of El Dorado, Kansas, for the year ended December 31, 2019, has been prepared for the review of the governing body, citizens, and other interested in the financial condition of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Staff believes the data as presented is accurate in all material respects and that it is presented in a manner designed to fairly represent the financial position and results of operations of the City measured by the financial activity of its various funds. Disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

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

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

Generally accepted accounting principles, also known by the abbreviation GAAP, require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (also referred to as MD&A). This Letter of Transmittal is designed to complement the MD&A section, and should be read in conjunction with it. The MD&A section of the report may be found immediately following the report of the independent auditors.

Independent Audit

State statutes require an annual audit of the books of accounts, financial records and transactions of all departments of the City be performed by independent certified public accountants. BT&Co., P.A., conducted an independent audit of the City’s financial statements, and their opinion has been included with the financial statements. Interested persons are encouraged to refer to their opinion in reviewing the City’s financial statements.

Relevant Financial Policies

The City of El Dorado’s “General Financial and Budgetary Policies,” adopted by Resolution No. 2849, have been included with the Comprehensive Annual Financial Report for your information. I recommend interested readers review these policies by referring to the table of contents to determine where the policies are located in this document. These financial policies provide the framework with which the City manages its finances to ensure adequate internal control for the integrity of these financial statements. There were no changes to these policies during the year.

ECONOMIC CONDITION AND OUTLOOK

Private Sector Investment:

The local economy continues to demonstrate a positive investment environment as projects totaling nearly \$25.4 million were added to the community’s inventory. Several of these projects started last year, and are mentioned in this letter because the construction continued into 2019.

The largest projects for the year included a \$7 million capital investment by Union Tank Car in the expansion of its tank car refurbishing facility. The project created well over 100 new jobs and is a great business that fits into El Dorado's industrial base. BG Products, Inc. completed its \$32 million expansion of its warehouse and distribution facility. The taxable valuation of this project is \$19.8 million, which has been granted a ten-year tax abatement until 2029. Mears Fertilizer committed to a \$16 million expansion.

Orscheln Farm and Home Supply, LLC committed to the construction of a \$5 million project. The project will construct a larger store to replace an existing site in El Dorado. Orscheln's has requested use of the City's tax increment financing (TIF) authority to assist with the cost of public infrastructure needed to make their new site viable. The City gets a win-win from the project as a new storefront is built and the former Fenton Ford site is razed, improving one of the most travelled corridors into El Dorado. The project is under construction as I write this letter, and is a welcome investment by Orscheln's.

The City approved the Flint Creek Estates development that will commence construction in 2020. The \$5.3 million residential development will construct thirty-two single-family residential units for moderate income families. The City incentivized the project with tax credits from the Kansas Housing Resources Corporation as a way to bring affordable housing to the community. The developer has similar experience in communities near El Dorado, and so the project looks to be very promising.

The City partnered with another property owner in downtown El Dorado to facilitate the redevelopment of an anchor building with an estimated \$500,000 capital investment. The City applied for, and received, a Commercial Community Development Block Grant to assist with the redevelopment of the building. The property owner plans to lease the building space to small businesses.

The City also had a number of tax-exempt projects totaling \$25.3 million in valuation including the construction of two schools by Unified School District No. 490 (\$24.2 million), Butler County invested \$829,000 in a facility expansion, and the Sunlight Children's Advocacy purchased and renovated a building with a \$345,000 capital investment.

There were also a number of other projects that are important to continuing the great investment environment in El Dorado and keeping the economic engine moving forward, although certain constraints prevent me from mentioning them in full detail. The City appreciates all investors who decided to invest capital in El Dorado in 2019 and looks forward to maintaining or growing the momentum in 2020.

In 2019, the City experienced private development activity that contributed nearly \$5.44 million in valuation. Four building permits were issued for new commercial development with an aggregate valuation of \$0.76 million, compared to four new commercial developments in 2018 with a valuation of \$1.875 million. Also during the year, the City issued thirty-five building permits for commercial additions, remodels, and repairs with a valuation of \$4.68 million. Comparatively, the City issued twenty-seven building permits for similar activity with a valuation of \$21.5 million in 2018.

The City issued nine residential building permits for new construction with a valuation of \$1.52 million. The City issued ten building permits for new residential construction in 2018 with a valuation of \$1.86 million. Also during the year, eighty-nine building permits were issued for residential additions, remodels, and repairs, with a valuation of \$1.01 million. In 2018, 104 building permits were issued for the same activity with a valuation of \$1.2 million.

| | Residential Construction | | Commercial Construction | |
|------|--------------------------|-----------|-------------------------|-----------|
| | Permits | Valuation | Permits | Valuation |
| 2017 | 80 | \$4.4 m | 32 | \$34.9 m |
| 2018 | 114 | \$3.1 m | 31 | \$23.4 m |
| 2019 | 98 | \$2.5 m | 39 | \$5.4 m |

As previously mentioned in this letter, the City of El Dorado broke the previously set retailers' sales tax record set last year. The City brought in \$2.649 million from retail sales occurring within the corporate limits of El Dorado. The total receipts also include compensation use tax proceeds, which are paid by individuals or businesses purchasing items outside El Dorado but that are delivered to El Dorado. The record-setting sales tax year provides a good indicator for the health of the economy.

Similar to last year's record collection, HollyFrontier's second consecutive major turn-around brought thousands of contractors to El Dorado for a few weeks. The contractors stay in hotels, eat in local restaurants, and produce many retail sales during their stay. Much like old cowtowns at the end of the trail, El Dorado should seek to capture all the dollars in these contractors' pockets while they temporarily reside in our great city. They contribute substantially to the local economy during their brief stay, and provide the means for the City to invest in parks and public facilities well after their departure.

In 2018, one of El Dorado's census tracts was designated as an Opportunity Zone under the Tax Cuts and Jobs Act of 2017. The designation provides special tax benefits on capital gains taxes for investors who invest in projects located within the Opportunity Zone geographical area. Such benefits include deferment of capital gains taxes for a number of years and possible forgiveness of certain capital gains meeting program requirements. Unfortunately, I cannot report that the creation of this special tax district has created much in the way of private investment in El Dorado. There has been one project that has capitalized on the Opportunity Zone designation, but no other projects have occurred (to the best of my knowledge) because of this incentive. For what it's worth, I am told that other Kansas communities similar to El Dorado have been as successful in using this tool to attract private investment.

SUBSEQUENT EVENTS TO THE FINANCIAL STATEMENTS

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

Prairie Trails Golf Course. As previously mentioned, the anticipated sale of Prairie Trails Golf Course to GreatLife Golf and Fitness, LLC did not come to fruition. The City had to transition into management on May 1, 2020 just as the golf season was picking up momentum. Fortunately, 111 annual passholders from GreatLife decided to continue with the City and purchased annual passes to play Prairie Trails. The passes will be billed to patrons monthly so the golf course will have a regular inflow of funds to help offset course operations.

The City Commission's ultimate goal is to market the property with the purpose of finding an interested party to purchase and operate Prairie Trails as a golf course. The City will obviously incur some expense during the initial transition and until a suitable buyer may be found. In the meantime, the City will seek to minimize the expense of managing Prairie Trails to reduce its impact on the operating budget. We'll approach our management of the course like I approach my golf game by shooting for as low a score as possible. The General Fund did not budget to spend any money on Prairie Trails, so minimizing expenses will be essential to keeping finances reigned in for the year.

Airport Lighting Project. Few in El Dorado may realize that the City owns and operates a federally-funded general aviation airport located about two miles south of town. The airport receives quite a bit of air traffic based on the amount of fuel sold at the airport. In 2019, the City sold 37,189 gallons of aviation fuel at Captain Jack Thomas Memorial Airport.

The City, in partnership with the Federal Aviation Administration (FAA), had been planning two capital projects to preserve the operation and safety of the air field. The projects replace the lighting systems at the airport. Lights, as it turns out, are essential for pilots to use an airport at dusk and in the evening hours; you have to see the runway to land without incident.

The projects include lighting on both runways and the precision activated path indicator (PAPI) system at an estimated cost of \$800,000. The FAA was originally going to pay 90% of this amount with the City responsible for the remaining \$66,000. The projects later became the beneficiaries of CARES Act funding, and now the FAA will pay 100% of the cost for both of these projects. The total savings to the airport’s budget is \$80,000, which equates to about 27% of the airport’s budget.

Health Insurance. Health insurance seems to one area of the economy where inflation is not only the norm, but is the expectation. The City budgets for large increases to health insurance with the hope that our budgeted number is higher than the actual premiums required to insure our plan. A plan like this, however, is not without its failures. Any increase in health insurance premiums means fewer dollars spent on providing actual services to the public. The City, like many organizations, provides health insurance as a benefit to recruit and retain employees. The City’s plan does not align with the calendar year and seemingly effects two years. We are working to change the plan to a calendar year, and in the meantime will enroll in a six-month plan to get us through to the start of next 2020.

From July 2019 to June of 2020, the City’s health insurance plan required premiums of \$1.6 million. These premiums represent real dollars that provide a benefit to employees and their families. Presently, the City of El Dorado pays nearly 75% of the premium on behalf of the employee. It’s a substantial expense, but one that we feel is both competitive and worthwhile. Keeping employees healthy ensures that the City may continue to provide quality public services to the community. The premiums for the City’s plan are expected to increase 5.9% through the end of 2020.

COVID-19. It goes without saying that the COVID-19 pandemic caused much uncertainty for governments in 2020. The pandemic’s two-fold impact on public health and the economy will no doubt affect the City’s 2020 financial statements. To what degree, however, is still largely unknown. At the front end of the pandemic, the City revised its 2020 operating budget (as seen in the chart below) quite substantially in preparation for a significant economic downturn based on discussions from a wide variety of industry experts.

| | 2020 Adopted Budget | | 2020 Revised Budget | |
|---------|---------------------|--------------|---------------------|--------------|
| | Revenues | Expenditures | Revenues | Expenditures |
| General | \$9,712,487 | \$9,971,089 | \$8,575,236 | \$10,106,679 |
| Water | \$4,236,700 | \$4,177,223 | \$3,968,087 | \$3,953,057 |
| Sewer | \$2,744,897 | \$2,625,647 | \$2,448,518 | \$2,439,154 |
| Refuse | \$1,568,350 | \$1,636,462 | \$1,393,146 | \$1,558,544 |
| Tourism | \$255,400 | \$340,670 | \$97,025 | \$270,648 |

Savvy readers will note the *increased* expenditures in the General Fund while all other funds’ expenditures were revised down to reflect the possibility of an economic downturn. The General Fund expenses were increased due to the decision by the City Commission to resume operations at Prairie Trails Golf Course when GreatLife decided to discontinue its lease. The adopted 2020 budget envisioned the sale of the golf course being completed, and so expenses had to increase to reflect this adjustment. Departmental budgets within the General Fund were, however, revised lower.

I anticipated a significant economic impact resulting from decreasing business activity due to COVID-19. As I write this letter, the severity of the economic situation does not appear to be as dire as I had predicted. While service delivery changes may be painful to the community, I believe they were necessary in order to reduce the likelihood of full-time staff reductions should a significant economic downturn have occurred and the City’s financial resources are consequently depleted.

Unfortunately, even the experts were mere amateurs in assessing the pandemic’s duration and scope. No one had the experience or insights needed to assist local governments craft a foolproof plan, so we did the next best thing and made an educated guess. Even so, the City had to prepare for a worst case scenario because failing to do so may have required even more difficult decisions had such a scenario came to fruition.

There is still a lot we do not know about COVID-19 and its impact to the economy as I write this letter. The City has taken a number of calculated steps to mitigate its risk amid such uncertainty. For example, beginning May 1, 2020, I issued general guidance to employees outlining the following actions were to be taken to save money and prepare for the worst case scenario:

- All salary increases and promotions were suspended;
- Open positions were frozen and advertisement suspended (except for certain public safety positions);
- Large expenses, including fleet replacement, were deferred;
- Suspension of out-of-state travel and limited attendance to in-state conferences/training;
- Pre-approval of all out-of-city travel;
- Department budgets revised to defer certain expenses;
- Planned capital projects postponed or canceled (except for projects already under construction);
- Modification of work schedules to minimize overtime;
- Reductions to seasonal staff; and
- Voluntary early retirement offers were made available.

The silver lining to the COVID-19 pandemic is that the City did not incur substantial expenses for our efforts to protect the public and employees. There may be federal funding to reimburse local governments for COVID-related expenses, although this remains to be seen from Washington, DC or Topeka. Nonetheless, the City continues to provide essential public services to the public even if we had to modify how these services were provided. It has been “interesting” to say the least. I think we can all tell our progeny that we lived the saying “may you live in interesting times.” There will be more to report to you in next year’s letter so stay tuned...

Recognition

It goes without saying that a municipal government cannot operate and provide public services without a dedicated workforce. The financial statements merely articulate the numbers associated with the provision of such public services; the employees of the City work each day towards the task of serving the public in a myriad of different ways that ultimately make El Dorado a great place to live, work, and play. On behalf of the City, I am extremely appreciative of their hard work and dedication in serving the citizens of El Dorado. Every community in the nation should be so blessed to have such a qualified and committed staff working to make the community a great place. Department Directors and supervisors are also commended for their efforts in leading the daily charge in the delivery of public services.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of El Dorado, Kansas for its comprehensive annual financial report for the fiscal year ended December 31, 2018. This was the forty-first consecutive year that the municipal government has achieved this prestigious award. Not even the UCLA Bruins under the guidance of legendary Coach John Wooden can boast such a record.

In order to be awarded a Certificate of Achievement, a municipal government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. It should also communicate the City’s financial condition in a manner that allows the public to understand such condition and affirm the City’s spending meets prudent standards and public expectations. I hope readers will find this year’s statements as enthralling as they are informative.

The Certificate of Achievement is valid for one year period only. The City believes that the comprehensive annual financial report for year-ending December 31, 2019 continues to meet the Certificate of Achievement Program's requirements and will submit it to the GFOA for consideration for another certificate.

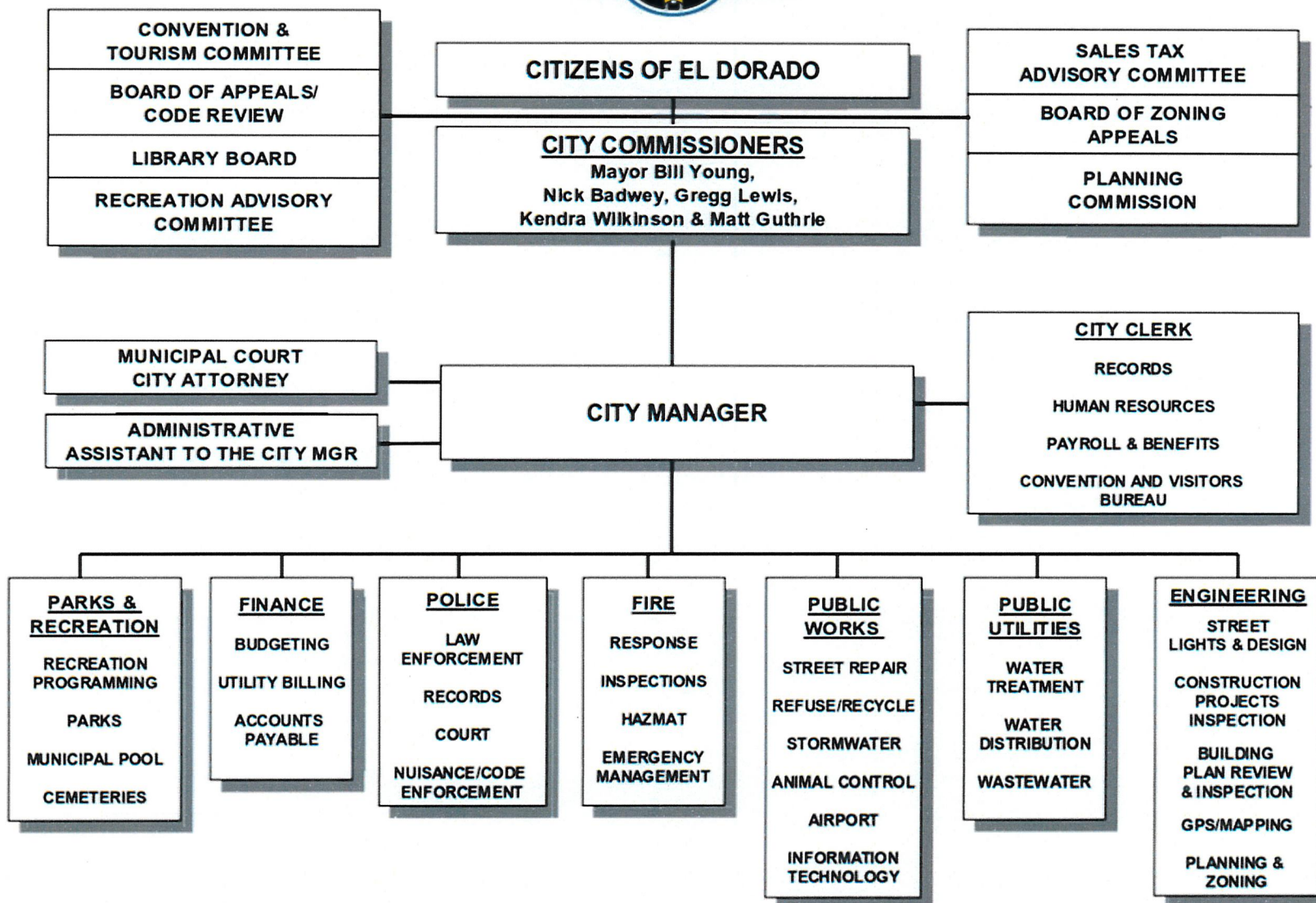
Respectfully Submitted,



David B. Dillner
City Manager



Tammy Schaffer
Finance Director





Government Finance Officers Association

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

Presented to

**City of El Dorado
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

**FINANCIAL
SECTION**



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Dorado, Kansas (the City), as of and for the year ended December 31, 2019, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An Independently Owned Member, RSM US Alliance

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules listed under supplementary information in the accompanying table of contents and other information including the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BT&Co, P.A.

June 8, 2020
Topeka, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report contains an overview and analysis of the City of El Dorado's financial statements and activities for the fiscal year ended December 31, 2019. The information contained here, as well as the information contained in the letter of transmittal, are intended to provide the reader of the financial statements with an overall picture of the City's financial condition.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

Fiduciary funds are used by the City to account for resources held by the City for the benefit of a third party. Because the resources of these funds are not available for the City's operation, they are not presented in the government-wide financial statements. The fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The City's fiduciary funds include the Community Improvement District (Custodial Fund) used for the collection and remittance of funds and the Retiree Health Care Benefit Plan (Trust Fund) used to accumulate the resources for postemployment health care benefits to qualified employees.

FINANCIAL ANALYSIS OF THE CITY

Net Position

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

City of El Dorado, Kansas
 Net Position
 As of December 31, 2019
 (with comparative totals for December 31, 2018)

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|--------------------------------------|-------------------------|----------------------|--------------------------|---------------------|--------------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Current and other assets | \$ 17,388,436 | \$ 16,655,364 | \$ 3,301,648 | \$ 10,436,823 | \$ 20,690,084 | \$ 27,092,187 |
| Capital assets | 44,835,414 | 44,638,799 | 55,337,834 | 58,351,001 | 100,173,248 | 102,989,800 |
| Total assets | <u>62,223,850</u> | <u>61,294,163</u> | <u>58,639,482</u> | <u>68,787,824</u> | <u>120,863,332</u> | <u>130,081,987</u> |
| Deferred outflows of resources: | | | | | | |
| Deferred outflows - pension | 998,412 | 1,105,983 | 170,378 | 194,844 | 1,168,790 | 1,300,827 |
| Deferred outflows - OPEB | 293,728 | 55,607 | 105,099 | 38,256 | 398,827 | 93,863 |
| | <u>1,292,140</u> | <u>1,161,590</u> | <u>275,477</u> | <u>233,100</u> | <u>1,567,617</u> | <u>1,394,690</u> |
| Long-term liabilities | 20,131,396 | 21,078,069 | 58,790,705 | 66,269,799 | 78,922,101 | 87,347,868 |
| Other liabilities | 837,761 | 831,879 | 222,902 | 251,357 | 1,060,663 | 1,083,236 |
| Total liabilities | <u>20,969,157</u> | <u>21,909,948</u> | <u>59,013,607</u> | <u>66,521,156</u> | <u>79,982,764</u> | <u>88,431,104</u> |
| Deferred inflows of resources: | | | | | | |
| Deferred inflows - pension | 313,300 | 366,150 | 128,097 | 118,473 | 441,397 | 484,623 |
| Deferred inflows - OPEB | 40,231 | 7,810 | 14,472 | 5,371 | 54,703 | 13,181 |
| Deferred receivable - Property taxes | 4,461,977 | 4,427,234 | - | - | 4,461,977 | 4,427,234 |
| | <u>4,815,508</u> | <u>4,801,194</u> | <u>142,569</u> | <u>123,844</u> | <u>4,958,077</u> | <u>4,925,038</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 31,480,981 | 30,064,673 | 28,230,293 | 22,255,189 | 59,711,274 | 52,319,862 |
| Restricted | 7,408,468 | 6,056,718 | - | - | 7,408,468 | 6,056,718 |
| Unrestricted | (1,158,124) | (376,780) | (28,471,510) | (19,879,265) | (29,629,634) | (20,256,045) |
| Total net position | <u>\$ 37,731,325</u> | <u>\$ 35,744,611</u> | <u>\$ (241,217)</u> | <u>\$ 2,375,924</u> | <u>\$ 37,490,108</u> | <u>\$ 38,120,535</u> |

The City's overall financial position has seen a minimal financial downturn, with a decrease in net position of \$630,427. The amount is the combination of an increase in the governmental activities and a decrease in the business-type activities. The governmental activities increased by \$1,986,714 mainly due to "Special assessment tax receivable." This increase is due to the Temporary Note Series No. 1885 going to bond in 2019. This temporary note contained the developments of Belmont Heights 3rd Addition, Criss 9th Addition, and paving of several streets. New streets, included in the 2019 bond, also increased fixed assets.

The net position of business-type activities decreased by \$2,617,141 due to the net effect of several items. "Current and other assets" decreased \$7,131,430 mainly due to Cash and Short-term Investments. The City has been investing in Certificate of Deposits (CD's) to gain enough cash to pay off Lake Storage Spaces II and III. During 2019, City Commission approved to payoff Lake Storage Spaces II and III thus decreasing our investments and depleting our cash in Fund 12 – Lake Debt Reserve. Cash increased in the Sewer fund due to following the new financial policy put in place in 2019. This fund was careful to spend only if necessary to increase the fund balance. Long-Term Liabilities which include; Compensated Absences Payable, General Obligation Bonds Payable, Revolving Loan Note Payable, Water Storage Space Payable, Capital Lease Payable, Net Pension Liability, and Advances from Other Funds decreased due to the payoff of Lake Storage Spaces II and III.

Governmental Activities

The table below shows the condensed revenues, expenses and change in net position for 2019 and 2018.

| | <u>Governmental Activities</u> | |
|---|--------------------------------|----------------------|
| | <u>2019</u> | <u>2018</u> |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 3,374,481 | \$ 2,752,004 |
| Operating Grants and Contributions | 771,634 | 643,313 |
| Capital Grants and Contributions | 1,729,430 | 1,217,665 |
| General Revenues: | | |
| Property Taxes | 4,792,036 | 4,548,270 |
| Sales Taxes | 2,669,192 | 2,692,452 |
| Franchise Taxes | 1,323,200 | 1,343,763 |
| Tourism Taxes | 176,473 | 195,007 |
| Investment Earnings | 54,279 | 17,459 |
| Gain on sale of capital assets | 18,950 | - |
| Miscellaneous | - | 12,117 |
| Total Revenues | <u>14,909,675</u> | <u>13,422,050</u> |
| Expenses: | | |
| General Government | 3,358,088 | 3,517,087 |
| Public Safety | 4,112,299 | 4,039,731 |
| Public Works | 3,873,979 | 3,763,699 |
| Health & Sanitation | 287,627 | 297,237 |
| Culture & Recreation | 1,320,667 | 1,508,086 |
| Economic Development | 368,897 | 573,137 |
| Interest on Long-Term Debt | 400,284 | 381,227 |
| Total Expenses | <u>13,721,841</u> | <u>14,080,204</u> |
| Excess Before Transfers | 1,187,834 | (658,154) |
| Transfers In (Out) | <u>798,880</u> | <u>1,572,601</u> |
| Change In Net Position | <u>1,986,714</u> | <u>914,447</u> |
| Net Position January 1 | 35,744,611 | 35,167,353 |
| Prior Period Adjustments | - | (337,189) |
| Net Position, Beginning of the Year as Restated | <u>35,744,611</u> | <u>34,830,164</u> |
| Net Position December 31 | <u>\$ 37,731,325</u> | <u>\$ 35,744,611</u> |

Several revenue sources that increased in 2019 include; Charges for Services, Operating Grants and Contributions, Capital Grants and Contributions, Property Taxes, Investment Earnings, and Gain on sale of capital assets. Charges for Services increased the most mainly due to the projects included in the 2019 bond that were assessed specials. These specials contributed \$988,863 to the increase in Charges for Services. However, Culture and Recreation, which is included in Charges for Services decreased due to an agreement for GreatLIFE to purchase Prairie Trails Golf Course on February 4, 2019. This purchase agreement allowed GreatLIFE to operate the Prairie Trails Golf Course and assume all revenues and expenses.

The net change in expenses decreased by \$358,363. The decrease is a combination between General Government and Culture & Recreation. The net decrease is a combination of the following: The decision to pay 100% out of Data Processing for the City Manager, Finance Director, and City Clerk positions decreased General Government expenses. Another cause for the decrease is fewer health claims in the Self Insurance Fund. The City has always struggled with a revenue source for the equipment replacement plan. An equipment replacement team developed and implemented a 5-year plan for the purchase of equipment. This lowered the amount spent on equipment. An Airport Manager hired in 2019 caused a slight increase in General Government expenses. The reason Culture & Recreation decreased is mainly due to the agreement with GreatLIFE to operate Prairie Trails Golf Course.

Business-Type Activities

The table below shows the condensed revenues, expenses and changes in net position for 2019 and 2018.

| | Business-Type Activities | |
|---|---------------------------------|---------------------|
| | 2019 | 2018 |
| Revenues: | | |
| Program Revenues: | | |
| Charges for Services | \$ 9,344,870 | \$ 8,919,775 |
| Capital Grants and Contributions | 292,605 | 512,129 |
| General Revenues: | | |
| Investment Earnings | 114,842 | 188,142 |
| Gain on sale of capital assets | 6,840 | - |
| Total Revenues | <u>9,759,157</u> | <u>9,620,046</u> |
| Expenses: | | |
| Waterworks System | 5,303,479 | 4,793,381 |
| Sewer System | 4,614,230 | 2,420,586 |
| Refuse | 1,626,618 | 1,430,807 |
| Compressed Natural Gas | 33,091 | 28,863 |
| Total Expenses | <u>11,577,418</u> | <u>8,673,637</u> |
| Excess Before Transfers | (1,818,261) | 946,409 |
| Transfers In (Out) | (798,880) | (1,572,601) |
| Changes in Net Position | <u>(2,617,141)</u> | <u>(626,192)</u> |
| Net Position January 1 | 2,375,924 | 3,234,097 |
| Prior Period Adjustments | - | (231,981) |
| Net Position, Beginning of the Year as Restated | <u>2,375,924</u> | <u>3,002,116</u> |
| Net Position December 31 | <u>\$ (241,217)</u> | <u>\$ 2,375,924</u> |

The Waterworks System, Sewer System, Refuse, and Compressed Natural Gas (CNG) utilities are the Business-Type Activities of the City of El Dorado. The utility bill includes Waterworks Fund, Sewer Fund, and Refuse Fund. Starting in 2019, the City started sending out automated messages, via text, for utility bills pass due and in threat of shut off. This friendly reminder encouraged customers to pay their utility bill thus increasing “Domestic Sales” in all three funds. “Investment Earnings” in the Waterworks System decreased due to three Certificate of Deposits (CD’s) maturing. The City chose not to reinvest the CD’s to payoff Lake Storage Spaces II and III. In 2019, the City Commission approved the payoff of Lake Storage Spaces II and III. Expenses increased in Waterworks, Sewer and Refuse due to the decision to pay 100% out of Data Processing for the City Manager, Finance Director, and City Clerk. This increased the “Data Processing Services” for each of these funds. The water storage O&M increased almost three times the normal rate increasing the Water fund expenses significantly. The Sewer System took a huge hit when the lawsuit settled and the wind turbine was disposed thus increasing “Loss on disposal of assets” by \$2,349,266.

FUND ANALYSIS

There was a net change in fund balance of \$(273,429) in the City’s Total Governmental Funds resulting from 2019 operations. In the General fund, Property Tax improved with a slight increase in the assessed valuation and the request for 35.266 mills from 31.475 mills in 2018. Sales Tax was slightly down by \$23,260. This revenue is highly driven by Holly Frontier Refinery’s schedule of maintenance projects. Expenses remained steady due to the City’s conscious effort to maintain a fund balance that meets the financial policy.

The net change in the Debt Service fund is a decrease of \$49,349. Property Tax decreased by \$254,219 due to the request of 10.618 mills from 14.877 in 2018. Expenses increased by \$3,552,947 primarily due to the payoff of the Temporary Note Series No. 1885. The proceeds from the 2019 bond valued at \$2,835,000 offset the temporary note expenses. A “Transfer in” resulted from excess money in construction projects that were funded by the temporary note.

The net change in the Construction fund is a decrease of \$832,393. Special Assessments Revenue increased due to specials paid in advance on several of the Temporary Note projects before going to bond. The other revenue sources remained about the same. Capital outlay increased due to the completion of several sales tax projects.

The change in net position in the Business-Type Activities decreased \$2,611,811. The Waterworks System and the Sewer System increased in expenses due to the reallocation of salaries for the City Manager, Finance Director, and City Clerk. These positions were moved 100% to Data Processing. This increased the Data Processing fees for these two funds significantly because the percentage of Data Processing fees for each fund was more than the allocation percentage prior to the change. Another contributor for the decrease is an average merit increase of 2.76% for the Waterworks and Sewer Systems. Benefit insurance also increased in 2019 starting July 1. Another considerable aspect for the decrease is the disposal of the wind turbine in the Sewer System.

GENERAL FUND BUDGETARY HIGHLIGHTS

An amendment to the general fund budget did not occur for 2019. The actual amount of revenues over expenditures were \$1,107,038. Actual revenues verses budgeted amounts came in close at 4.4% remaining. The City continually evaluates the revenue source trends to determine budgeted amounts for future years.

Expenditures were less than budgeted by \$577,781. Throughout the year, there were a number of vacant positions. The Police Department held three to five vacant positions during the year and Public Works was down one. A large portion of the positive variance is due to the contingency reserve that is budgeted in the General Fund to finance unforeseen expenditures or an unanticipated decline in revenues.

Prairie Trails Restaurant/Golf Fund, which is included in the financials of the General Fund, received a transfer of \$60,052 from the General Fund to help offset the expenses to operate the Golf Course. GreatLIFE offered to purchase Prairie Trails Golf Course in the fall of 2018. As of December 31, 2019, the purchase was incomplete. Therefore, leaving the City with expenses to cover at end of year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City of El Dorado's investment in capital assets for its Governmental and Business-Type activities as of December 31, 2019 was \$100,173,248 net of depreciation. The investment in capital assets includes Land, Construction in progress, Buildings, Improvements other than buildings, Infrastructure, and Machinery and Equipment.

The additions to Governmental Activities include the following: Additions to Land include 1029 N Osage \$750 and 904 N Orient \$14,000. Additions to Construction in progress include several projects totaling \$3,190,225. The top three projects include the following: Project 520 – Paving Marmaton \$726,380, Project 550 – Tennis Courts \$732,853 and Project 533 – Paving Oil Hill Rd/Rocky Rd \$440,175. Additions to Buildings include East Park Shelter \$30,078, AC with Coil and Debris Screen \$5,455, Civic Center South Side Carpet \$18,696, and Air Conditioner-Library \$5,110. The additions to Improvements other than buildings include Civic Center Chain-link Fence \$11,085, Parking Lot-Walnut River Park \$64,105, Graham Basketball Court \$6,740, 6th Avenue Sidewalks (Orchard to Star) 2nd Half \$167,544, and Basketball Court at Library Park \$7,826. Additions to Infrastructure include; Sternberg Light Pole \$5,381, Paving Geuda Street \$99,210, Paving Locust \$168,896, Paving Griffith (Central-Locust) \$758,184, Country Club Road Extension \$663,155, Storm Drainage-1st/2nd \$76,181, Paving South Vine (Central – Locust) \$143,981 and Widening North Haverhill (Valmont Industries) \$44,288. The additions to Machinery and Equipment include, for the Administration Department, Administration Building, Roof Top Air Conditioning Unit \$17,437 and Gordy Park Playground Equipment \$43,611. For the Fire Department, Battery Powered 32” Spreader and Chain Packaged for Spreaders \$10,745, Battery Powered 8” Cutter \$9,205, and AMP 3 in 1 \$6,450. For the Police Department, (3) 2019 Dodge Chargers and (1) 2019 Dodge Durango totaling \$125,619. For Public Works Department, Major Street Division, a 2011 Ford F350 Truck \$17,050. For Recreation Department, Parks Division, (2) Grasshopper Mowers totaling \$15,250, for the Recreation Division, a 2008 GMC Sierra Vehicle \$12,000, and for the Cemetery Division,

(2) Mowers totaling \$18,111 and a 2005 GMC Sierra Vehicle. For the Bradford Memorial Library, a component unit of the City, Playground Equipment \$23,296.

The additions to Business-Type Activities include Construction in progress, Improvements other than buildings, and Machinery and Equipment. Additions to Construction in progress include several projects. Projects included in the Water System: Project 532 – McCollum Rd Water Tower Painting \$2,186, Project 543 – Water Line Union Tank \$25,989, Project 546 – Central & Gordy Waterline Repair \$54,248, and Water Meters \$20,059. Projects included in the Sewer System: Project 514 – Sanitary Sewer Extension \$47, Project 544 – Sewer Line Reaming/Bursting (Meadow & Prairie) \$3,891, Project 545 – Sanitary Sewer Replacement (Intersection of Arthur & Webb) \$143,299 and Project 553 – Sanitary Sewer Extension block 7 Stone addition \$21,162. Improvements other than buildings include the following: For the Water System; Central and Gordy Waterline Repairs \$54,248 and Water Line for Union Tank \$277,359. For the Sewer System, 8” Sewer Main Extension-Block 7 Stone Addition \$21,162, CIPP-South Main Back Alley Rehab. \$22,350 and Sanitary Sewer Extension \$306,557. Machinery and Equipment include the following. For the Water System, Electric Forklift \$6,712, 2019 John Deere Mini Excavator \$90,996, 2019 John Deere Skid Steer \$74,009, Air Filtration for VFD Motors and AC \$6,533 and Prairie Trails Pump Station Rehab. \$55,000. For the Sewer System, Roof Top Unit-Waste Water Treatment Plant \$9,998 and Bard Unit in Prairie Trails Pump Station \$6,533. For Refuse, 2019 Freightliner \$183,278. The Internal Service Fund, Data Processing, Byte speed New Host Server \$7,170.

Additional information about the City’s capital assets is included in Note 5 of the Notes to the Financial Statements.

Debt Administration

The City issued bonds in 2019. The capacity of the City to issue additional general obligation debt decreased in 2019 from \$24,307,662 to \$23,781,921. The ratio of net bonded debt to estimated actual value and the net bonded debt per capita are useful indicators of the City’s debt position. The ratio of net bonded debt to estimated actual value increased from 3.03% in 2018 to 3.15% in 2019, and the net bonded debt per capita increased from \$1,389 in 2018 to \$1,453 in 2019.

Additional information about the City’s long-term debt is included in Note 7 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The City Commission and City staff are very cognizant of the impact the nation’s economy has on the citizens of El Dorado and are working very diligently to keep the expenditures at a low level. The City will maintain the same level of services and fund the same outside agencies in 2020. Sales tax will continue to be a significant revenue source for the City. The property tax would be approximately 19 mills higher to fund the City’s operations without the local sales tax. The City continues to improve its infrastructure through the street maintenance program, funded by sales tax monies.

OTHER POTENTIALLY SIGNIFICANT MATTERS

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

- The Kansas Water Office has long identified El Dorado Lake as an important regional water supply. The City of El Dorado continues to look for opportunities to utilize the surplus capacity in our reservoir. El Dorado Lake's surplus capacity puts El Dorado in the enviable position of being drought resilient, something few cities in our region truly have. We are continuing to work with communities in our region towards their long term water supply planning, in the hopes that our regional water supply can be shared and offer drought resiliency to other communities. El Dorado Lake offers communities a long-term, affordable, high quality water supply for the future.
- The City has renewed the Neighborhood Revitalization Program (NRP) to include new housing starts. The NRP provides a 95% tax rebate on new construction value up to \$250,000 for five years. Additionally, the City and El Dorado, Inc. have completed a Housing Assessment Tool (HAT) as one of the steps needed to make application for Community Development Block Grants (CDBG) for housing rehabilitation with the State of Kansas.
- GreatLIFE Golf and Fitness offered to purchase the Prairie Trails Public Golf Course for \$550,000 in the fall of 2018. GreatLIFE did not follow through with the purchase as of December 31, 2019. On May 1, 2020, the City of El Dorado resumed responsibilities for the Prairie Trails Public Golf Course.
- Approved by City Commission to move forward with the payoff of Lake Storage Spaces II and III of the lake debt, the City of El Dorado saved \$4,732,782 in interest. The Waterworks System paid \$8,467,113 to the US Corps of Engineers on June 14, 2019 paying off these two storage spaces. This action provided the Waterworks System approximately \$441,352 a year to utilize within the infrastructure of the Waterworks and Sewer systems or however deemed necessary. The remaining Lake Debt is the unused portion of the lake that is accruing interest rapidly with no principle payments due until activated. The City is currently looking at ways to secure its water supply and activating the necessary usage for the citizens of El Dorado.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION

December 31, 2019

| | Primary Government | | | Component |
|--|----------------------------|-----------------------------|----------------------|---------------------|
| | Governmental Activities | Business-Type Activities | Total | Unit Library |
| Assets: | | | | |
| Cash and investments | \$ 4,282,013 | \$ 2,669,590 | \$ 6,951,603 | \$ 492,793 |
| Receivables, net of allowance for uncollectibles: | | | | |
| Taxes | 9,275,799 | - | 9,275,799 | 464,790 |
| Accounts | 608,579 | 603,036 | 1,211,615 | - |
| Due from other governments | 69,770 | 76 | 69,846 | - |
| Internal balances | 108,840 | (108,840) | - | - |
| Inventories | 43,435 | 137,786 | 181,221 | - |
| Restricted cash and investments | - | - | - | 287,610 |
| Investment in joint venture | 3,000,000 | - | 3,000,000 | - |
| Capital assets, net of accumulated depreciation (where applicable): | | | | |
| Land | 4,861,171 | 740,378 | 5,601,549 | - |
| Buildings | 7,838,040 | 9,432,226 | 17,270,266 | 1,222,871 |
| Improvements other than buildings | 8,182,203 | 13,740,911 | 21,923,114 | - |
| Infrastructure | 18,141,321 | - | 18,141,321 | - |
| Water storage space | - | 28,951,577 | 28,951,577 | - |
| Machinery and equipment | 2,699,247 | 2,452,682 | 5,151,929 | 112,144 |
| Construction in progress | 3,113,432 | 20,060 | 3,133,492 | - |
| Total assets | <u>62,223,850</u> | <u>58,639,482</u> | <u>120,863,332</u> | <u>2,580,208</u> |
| Deferred outflows of resources: | | | | |
| Deferred outflows - pension | 998,412 | 170,378 | 1,168,790 | 31,965 |
| Deferred outflows - OPEB | 293,728 | 105,099 | 398,827 | 2,173 |
| Total deferred outflows of resources | <u>1,292,140</u> | <u>275,477</u> | <u>1,567,617</u> | <u>34,138</u> |
| Liabilities: | | | | |
| Accounts payable and other current liabilities | 689,302 | 185,685 | 874,987 | 141,927 |
| Accrued interest payable | 73,459 | 36,311 | 109,770 | - |
| Unearned revenue - other | - | 906 | 906 | - |
| Unearned revenue - grant proceeds other than timing | 75,000 | - | 75,000 | - |
| Noncurrent liabilities: | | | | |
| Due within one year | 1,822,814 | 1,241,850 | 3,064,664 | 39,550 |
| Due in more than one year | 18,308,582 | 57,548,855 | 75,857,437 | 416,223 |
| Total liabilities | <u>20,969,157</u> | <u>59,013,607</u> | <u>79,982,764</u> | <u>597,700</u> |
| Deferred inflows of resources: | | | | |
| Deferred inflows - pension | 313,300 | 128,097 | 441,397 | 9,844 |
| Deferred inflows - OPEB | 40,231 | 14,472 | 54,703 | 395 |
| Deferred receivable - property taxes | 4,461,977 | - | 4,461,977 | 464,790 |
| Total deferred inflows of resources | <u>4,815,508</u> | <u>142,569</u> | <u>4,958,077</u> | <u>475,029</u> |
| Net position: | | | | |
| Net investment in capital assets | 31,480,981 | 28,230,293 | 59,711,274 | 1,335,015 |
| Restricted for: | | | | |
| Debt service | 4,541,290 | - | 4,541,290 | - |
| Public safety | 6,169 | - | 6,169 | - |
| Public works | 371,087 | - | 371,087 | - |
| Economic development | 2,105,852 | - | 2,105,852 | - |
| Culture and recreation | 59,148 | - | 59,148 | - |
| Other purposes | 324,922 | - | 324,922 | - |
| Unrestricted | (1,158,124) | (28,471,510) | (29,629,634) | 206,602 |
| Total net position | <u>\$ 37,731,325</u> | <u>\$ (241,217)</u> | <u>\$ 37,490,108</u> | <u>\$ 1,541,617</u> |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

| Functions/Program | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | |
|--------------------------------------|---------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Unit Library |
| | | | | | Governmental Activities | Business-Type Activities | Total | |
| Government activities: | | | | | | | | |
| General government | \$ 3,358,088 | \$ 2,084,115 | \$ 165,336 | \$ - | \$ (1,108,637) | \$ - | \$ (1,108,637) | \$ - |
| Public safety | 4,112,299 | 672,666 | 16,000 | 463,169 | (2,960,464) | - | (2,960,464) | - |
| Public works | 3,873,979 | 195,613 | 551,083 | 870,726 | (2,256,557) | - | (2,256,557) | - |
| Health and sanitation | 287,627 | 217,036 | - | 395,535 | 324,944 | - | 324,944 | - |
| Culture and recreation | 1,320,667 | 205,051 | 39,215 | - | (1,076,401) | - | (1,076,401) | - |
| Economic development | 368,897 | - | - | - | (368,897) | - | (368,897) | - |
| Interest on long-term debt | 400,284 | - | - | - | (400,284) | - | (400,284) | - |
| Total governmental activities | 13,721,841 | 3,374,481 | 771,634 | 1,729,430 | (7,846,296) | - | (7,846,296) | - |
| Business-type activities: | | | | | | | | |
| Waterworks System | 5,303,479 | 4,505,642 | - | 82,423 | - | (715,414) | (715,414) | - |
| Sewer System | 4,614,230 | 2,954,487 | - | 168,446 | - | (1,491,297) | (1,491,297) | - |
| Refuse | 1,626,618 | 1,855,511 | - | - | - | 228,893 | 228,893 | - |
| Compressed Natural Gas | 33,091 | 29,230 | - | 41,736 | - | 37,875 | 37,875 | - |
| Total business-type activities | 11,577,418 | 9,344,870 | - | 292,605 | - | (1,939,943) | (1,939,943) | - |
| Total primary government | \$ 25,299,259 | \$ 12,719,351 | \$ 771,634 | \$ 2,022,035 | (7,846,296) | (1,939,943) | (9,786,239) | - |
| Component unit: | | | | | | | | |
| Bradford Memorial Library | \$ 622,135 | \$ 38,814 | \$ 38,634 | \$ - | - | - | - | (544,687) |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 4,792,036 | - | 4,792,036 | 497,356 |
| Sales taxes | | | | | 2,669,192 | - | 2,669,192 | - |
| Franchise taxes | | | | | 1,323,200 | - | 1,323,200 | - |
| Tourism taxes | | | | | 176,473 | - | 176,473 | - |
| Unrestricted investment earnings | | | | | 54,279 | 114,842 | 169,121 | 88,530 |
| Gain on sale of capital assets | | | | | 18,950 | 6,840 | 25,790 | - |
| Transfers | | | | | 798,880 | (798,880) | - | - |
| Total general revenues and transfers | | | | | 9,833,010 | (677,198) | 9,155,812 | 585,886 |
| Change in net position | | | | | 1,986,714 | (2,617,141) | (630,427) | 41,199 |
| Net position, beginning of year | | | | | 35,744,611 | 2,375,924 | 38,120,535 | 1,500,418 |
| Net position, end of year | | | | | \$ 37,731,325 | \$ (241,217) | \$ 37,490,108 | \$ 1,541,617 |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2019

| | General | Debt Service | Construction | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|---------------------|--------------------|--------------------------------|--------------------------------|
| Assets: | | | | | |
| Cash and investments | \$ 317,708 | \$ 262,980 | \$ - | \$ 3,701,325 | \$ 4,282,013 |
| Receivables (net of allowance for uncollectibles): | | | | | |
| Property tax | 3,256,778 | 1,019,431 | - | 185,768 | 4,461,977 |
| Special assessment tax | - | 4,028,969 | - | 322,800 | 4,351,769 |
| Sales tax | 462,053 | - | - | - | 462,053 |
| Accounts | 119,613 | - | 332,853 | 156,113 | 608,579 |
| Due from other governments | 1,748 | - | - | 68,022 | 69,770 |
| Due from other funds | 3,114,910 | - | - | - | 3,114,910 |
| Inventories | 30,621 | - | - | 12,814 | 43,435 |
| Total assets | \$ 7,303,431 | \$ 5,311,380 | \$ 332,853 | \$ 4,446,842 | \$ 17,394,506 |
| Liabilities, deferred inflows of resources and fund balances: | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 308,517 | \$ - | \$ 293,072 | \$ 80,056 | \$ 681,645 |
| Salaries and wages payable | 7,657 | - | - | - | 7,657 |
| Due to other funds | - | - | 2,966,736 | 29,928 | 2,996,664 |
| Unearned revenue - grant proceeds other than timing | - | - | - | 75,000 | 75,000 |
| Total liabilities | 316,174 | - | 3,259,808 | 184,984 | 3,760,966 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue - property taxes | 3,256,778 | 1,019,431 | - | 185,768 | 4,461,977 |
| Unavailable revenue - special assessments | - | 4,028,969 | - | 322,800 | 4,351,769 |
| Total deferred inflows of resources | 3,256,778 | 5,048,400 | - | 508,568 | 8,813,746 |
| Fund balances: | | | | | |
| Nonspendable: | | | | | |
| Inventories | 30,621 | - | - | 12,814 | 43,435 |
| Restricted: | | | | | |
| Police operations | - | - | - | 6,169 | 6,169 |
| Tourism | - | - | - | 280,222 | 280,222 |
| Domestic violence prevention | - | - | - | 44,700 | 44,700 |
| Debt service | - | 262,980 | - | - | 262,980 |
| Park improvements | - | - | - | 59,148 | 59,148 |
| Stormwater systems | - | - | - | 371,087 | 371,087 |
| Ordinance street sales tax | - | - | - | 747,908 | 747,908 |
| Excess sales tax | - | - | - | 1,357,944 | 1,357,944 |
| Committed: | | | | | |
| Public safety equipment | - | - | - | 13,384 | 13,384 |
| Assigned | | | | | |
| Airport improvements | - | - | - | 87,228 | 87,228 |
| Economic development sales tax | - | - | - | 78,680 | 78,680 |
| Industrial development | - | - | - | 356,828 | 356,828 |
| Street improvements | - | - | - | 106,868 | 106,868 |
| Police equipment | - | - | - | 230,310 | 230,310 |
| Self-insurance reserve | 183,677 | - | - | - | 183,677 |
| Unassigned | 3,516,181 | - | (2,926,955) | - | 589,226 |
| Total fund balances | 3,730,479 | 262,980 | (2,926,955) | 3,753,290 | 4,819,794 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 7,303,431 | \$ 5,311,380 | \$ 332,853 | \$ 4,446,842 | \$ 17,394,506 |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

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

December 31, 2019

| | | | |
|---|---------|----|--------------------------|
| Total fund balance in Governmental Funds Balance Sheet | | \$ | 4,819,794 |
| Amounts reported for governmental activities in the statement of net position are different because: | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | 44,835,414 |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds. | | | 4,351,769 |
| Other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | 3,000,000 |
| Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then. | | | |
| Deferred outflows - pension | 998,412 | | |
| Deferred outflows - OPEB | 293,728 | | |
| | | | <u>1,292,140</u> |
| Internal service funds are used by management to charge the costs of information technology to individual funds. This adjustment reflects the consolidation of internal service fund activities related to governmental activities. | | | (9,406) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. | | | (20,204,855) |
| Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then. | | | |
| Deferred inflows - pension | 313,300 | | |
| Deferred inflows - OPEB | 40,231 | | |
| | | | <u>(353,531)</u> |
| Net position of governmental activities | | \$ | <u><u>37,731,325</u></u> |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

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

Year Ended December 31, 2019

| | General | Debt Service | Construction | Other Governmental Funds | Total Governmental Funds |
|--|------------------|------------------|------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes: | | | | | |
| Property | \$ 3,459,860 | \$ 1,113,848 | \$ - | \$ 218,328 | \$ 4,792,036 |
| Sales | 2,619,192 | - | - | 50,000 | 2,669,192 |
| Franchise | 1,323,200 | - | - | - | 1,323,200 |
| Tourism | - | - | - | 176,473 | 176,473 |
| Intergovernmental | 62,587 | - | 42,202 | 1,194,200 | 1,298,989 |
| Licenses and permits | 120,063 | - | - | 9,976 | 130,039 |
| Charges for services | 940,077 | - | - | 174,957 | 1,115,034 |
| Fines and forfeitures | 411,273 | - | - | - | 411,273 |
| Special assessments | - | 312,686 | 463,169 | 322,161 | 1,098,016 |
| Investment earnings | 39,668 | 1,428 | - | 13,183 | 54,279 |
| Miscellaneous | 351,452 | 232,769 | 46,044 | 203,063 | 833,328 |
| Total revenues | 9,327,372 | 1,660,731 | 551,415 | 2,362,341 | 13,901,859 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 2,183,589 | 9,411 | 84,156 | 370,686 | 2,647,842 |
| Public safety | 3,812,017 | - | - | - | 3,812,017 |
| Highways and streets | 937,803 | - | - | 538,820 | 1,476,623 |
| Health and sanitation | 144,989 | - | - | 115,471 | 260,460 |
| Culture and recreation | 970,078 | - | 64,843 | 111,421 | 1,146,342 |
| Economic development | - | - | - | 332,377 | 332,377 |
| Debt service: | | | | | |
| Principal | 129,284 | 3,857,643 | - | - | 3,986,927 |
| Interest and other fiscal charges | 15,701 | 302,228 | - | 45,628 | 363,557 |
| Bond issuance costs | - | 67,315 | 16,862 | - | 84,177 |
| Capital outlay | 294,035 | - | 3,356,238 | 67,523 | 3,717,796 |
| Total expenditures | 8,487,496 | 4,236,597 | 3,522,099 | 1,581,926 | 17,828,118 |
| Excess/deficiency of revenues over/(under) expenditures | 839,876 | (2,575,866) | (2,970,684) | 780,415 | (3,926,259) |
| Other financing sources (uses): | | | | | |
| Sale of real estate | 18,950 | - | - | - | 18,950 |
| General obligation bonds issued | - | 2,267,094 | 567,906 | - | 2,835,000 |
| Transfers in | 976,447 | 259,423 | 1,849,388 | 1,454,157 | 4,539,415 |
| Transfers out | (1,492,799) | - | (279,003) | (1,968,733) | (3,740,535) |
| Total other financing sources (uses) | (497,402) | 2,526,517 | 2,138,291 | (514,576) | 3,652,830 |
| Net change in fund balances | 342,474 | (49,349) | (832,393) | 265,839 | (273,429) |
| Fund balances, beginning of year | 3,388,005 | 312,329 | (2,094,562) | 3,487,451 | 5,093,223 |
| Fund balances, end of year | \$ 3,730,479 | \$ 262,980 | \$ (2,926,955) | \$ 3,753,290 | \$ 4,819,794 |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

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

Year Ended December 31, 2019

| | |
|--|---------------------|
| Net change in fund balances - total governmental funds | \$ (273,429) |
| Amounts reported for governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | 451,866 |
| The net effect of various miscellaneous transactions involving capital assets and joint venture (i.e. sales, trade-ins, disposals, donations) is to decrease net position. | (255,253) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | 988,863 |
| The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items. | 1,188,862 |
| Internal service funds are used by management to charge the cost of information technology to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities. | (2,669) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | <u>(111,526)</u> |
| Change in net position of governmental activities | <u>\$ 1,986,714</u> |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

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

GENERAL FUND

Year Ended December 31, 2019

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|----------------------------|------------------|------------------|---|---|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 7,961,235 | \$ 7,961,235 | \$ 7,018,435 | \$ (942,800) |
| Intergovernmental | 25,559 | 25,559 | 62,587 | 37,028 |
| Licenses, fees and permits | 106,439 | 106,439 | 120,063 | 13,624 |
| Charges for services | 803,952 | 803,952 | 804,752 | 800 |
| Fines and forfeitures | 373,373 | 373,373 | 775,387 | 402,014 |
| Interest | 1,272 | 1,272 | 11,597 | 10,325 |
| Miscellaneous | 14,157 | 14,157 | 76,768 | 62,611 |
| Total revenues | <u>9,285,987</u> | <u>9,285,987</u> | <u>8,869,589</u> | <u>(416,398)</u> |
| Expenditures: | | | | |
| General government: | | | | |
| Administration | 676,220 | 676,220 | 611,113 | 65,107 |
| Engineering | 746,666 | 746,666 | 732,043 | 14,623 |
| Environmental services | 84,033 | 84,033 | 74,338 | 9,695 |
| Legal and judicial | 268,638 | 268,638 | 226,844 | 41,794 |
| Cemetery | 205,859 | 205,859 | 191,239 | 14,620 |
| Total general government | <u>1,981,416</u> | <u>1,981,416</u> | <u>1,835,577</u> | <u>145,839</u> |
| Public safety: | | | | |
| Police division | 2,534,762 | 2,534,762 | 2,240,653 | 294,109 |
| Fire division | 1,765,396 | 1,765,396 | 1,809,698 | (44,302) |
| Civil defense | - | - | 506 | (506) |
| Total public safety | <u>4,300,158</u> | <u>4,300,158</u> | <u>4,050,857</u> | <u>249,301</u> |
| Public works: | | | | |
| Public works | 695,385 | 695,385 | 556,220 | 139,165 |
| Total public works | <u>695,385</u> | <u>695,385</u> | <u>556,220</u> | <u>139,165</u> |
| Health and sanitation: | | | | |
| Animal control | \$ 150,112 | \$ 150,112 | \$ 145,336 | \$ 4,776 |

(Continued)

CITY OF EL DORADO, KANSAS

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

GENERAL FUND

Year Ended December 31, 2019

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance with Final Budget - Positive (Negative) |
|--|------------------|-------------|---|---|
| | Original | Final | | |
| Culture and recreation: | | | | |
| Park maintenance | \$ 386,959 | 386,959 | \$ 377,623 | \$ 9,336 |
| Recreation | 666,841 | 666,841 | 649,170 | 17,671 |
| Swimming pool | 159,461 | 159,461 | 147,768 | 11,693 |
| Total culture and recreation | 1,213,261 | 1,213,261 | 1,174,561 | 38,700 |
| Total expenditures | 8,340,332 | 8,340,332 | 7,762,551 | 577,781 |
| Excess of revenues over (under) expenditures | 945,655 | 945,655 | 1,107,038 | 161,383 |
| Other financing sources (uses): | | | | |
| Transfers in | 330,277 | 330,277 | 873,382 | 543,105 |
| Transfers out | (1,418,941) | (1,418,941) | (1,454,088) | (35,147) |
| Total other financing sources (uses) | (1,088,664) | (1,088,664) | (580,706) | 507,958 |
| Net change in fund balances | (143,009) | (143,009) | 526,332 | 669,341 |
| Fund balance, beginning of year | 143,009 | 143,009 | 1,566,233 | 1,423,224 |
| Fund balance, end of year | \$ - | \$ - | 2,092,565 | \$ 2,092,565 |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus receivables at December 31, 2019 | | | 569,262 | |
| Less payables outstanding at December 31, 2019 | | | (84,121) | |
| Fund balances on the basis of GAAP - General Fund only | | | 2,577,706 | |
| Fund balances for separately budgeted funds included with the General Fund on GAAP basis financials: | | | | |
| Prairie Trails Restaurant/Golf | | | 16,690 | |
| Fund balances for non-budgeted funds included with the General Fund on GAAP basis financials: | | | | |
| External Stores | | | 32,506 | |
| Equipment Reserve | | | 898,012 | |
| Building Demolition | | | 21,888 | |
| Self-Insurance Reserve | | | 183,677 | |
| | | | \$ 3,730,479 | |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

December 31, 2019

| | Business-Type Activities - Enterprise Funds | | | | | Business-Type |
|---|---|----------------------|---------------------|---------------------------|----------------------|---|
| | Major Funds | | | Nonmajor | Total | Activities |
| | Waterworks System | Sewer System | Refuse | Compressed Natural Gas | Enterprise Funds | Internal Service Fund (Data Processing Fund) |
| Assets: | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | \$ 1,229,725 | \$ 645,198 | \$ 547,392 | \$ 85,029 | \$ 2,507,344 | \$ 162,246 |
| Accounts receivable (net of allowance for uncollectibles) | 295,979 | 197,781 | 109,276 | - | 603,036 | - |
| Intergovernmental receivable | 76 | - | - | - | 76 | - |
| Inventories | 129,170 | 8,616 | - | - | 137,786 | - |
| Total current assets | 1,654,950 | 851,595 | 656,668 | 85,029 | 3,248,242 | 162,246 |
| Capital assets: | | | | | | |
| Land | 33,733 | 706,645 | - | - | 740,378 | - |
| Water storage space | 28,951,577 | - | - | - | 28,951,577 | - |
| Buildings | 2,164,069 | 14,263,100 | 991,467 | - | 17,418,636 | - |
| Improvements other than buildings | 11,034,146 | 13,062,906 | 55,860 | - | 24,152,912 | - |
| Machinery and equipment | 2,931,891 | 2,368,622 | 1,176,965 | 189,044 | 6,666,522 | 32,634 |
| Construction in progress | 20,060 | - | - | - | 20,060 | - |
| Total capital assets | 45,135,476 | 30,401,273 | 2,224,292 | 189,044 | 77,950,085 | 32,634 |
| Less accumulated depreciation | (7,607,782) | (13,772,455) | (1,200,742) | (39,702) | (22,620,681) | (24,204) |
| Capital assets, net | 37,527,694 | 16,628,818 | 1,023,550 | 149,342 | 55,329,404 | 8,430 |
| Deferred outflows of resources: | | | | | | |
| Deferred outflows - pension | 85,858 | 43,563 | 40,957 | - | 170,378 | - |
| Deferred outflows - OPEB | 53,444 | 26,328 | 25,327 | - | 105,099 | - |
| Total deferred outflows of resources | 139,302 | 69,891 | 66,284 | - | 275,477 | - |
| Total assets and deferred outflows of resources | \$ 39,321,946 | \$ 17,550,304 | \$ 1,746,502 | \$ 234,371 | \$ 58,853,123 | \$ 170,676 |

See accompanying notes to basic financial statements.

| | Business-Type Activities - Enterprise Funds | | | | | Business-Type |
|--|---|----------------------|---------------------|-----------------------------------|-------------------|---------------------|
| | Major Funds | | | Nonmajor | Total | Activities |
| | Waterworks System | Sewer System | Refuse | Fund Compressed Natural Gas | | Enterprise Funds |
| Liabilities: | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 76,622 | \$ 33,609 | \$ 48,200 | \$ 1,287 | \$ 159,718 | \$ 25,967 |
| Current portion of compensated absences payable | 40,076 | 32,645 | 15,255 | - | 87,976 | 33,324 |
| Current portion of general obligation bonds payable | 213,236 | 652,735 | - | - | 865,971 | - |
| Current portion of revolving loan note payable | - | 103,074 | - | - | 103,074 | - |
| Accrued interest payable | 6,235 | 30,076 | - | - | 36,311 | - |
| Current portion of capital leases payable | 151,505 | - | - | - | 151,505 | - |
| Unearned revenue - other | - | 906 | - | - | 906 | - |
| Due to other funds | - | - | 118,246 | - | 118,246 | - |
| Total current liabilities | 487,674 | 853,045 | 181,701 | 1,287 | 1,523,707 | 59,291 |
| Noncurrent liabilities: | | | | | | |
| Long-term portion of compensated absences payable | 16,853 | 2,242 | 6,534 | - | 25,629 | 11,315 |
| Long-term portion of general obligation bonds payable | 1,389,644 | 4,368,651 | - | - | 5,758,295 | - |
| Long-term portion of revolving loan note payable | - | 1,728,672 | - | - | 1,728,672 | - |
| Long-term portion of water storage space payable | 48,499,478 | - | - | - | 48,499,478 | - |
| Net pension liability | 649,377 | 312,130 | 298,964 | - | 1,260,471 | - |
| Net OPEB liability | 135,457 | 65,905 | 63,633 | - | 264,995 | - |
| Total noncurrent liabilities | 50,690,809 | 6,477,600 | 369,131 | - | 57,537,540 | 11,315 |
| Total liabilities | 51,178,483 | 7,330,645 | 550,832 | 1,287 | 59,061,247 | 70,606 |
| Deferred inflows of resources: | | | | | | |
| Deferred inflows - pension | 66,688 | 31,214 | 30,195 | - | 128,097 | - |
| Deferred inflows - OPEB | 7,359 | 3,625 | 3,488 | - | 14,472 | - |
| Total deferred inflows of resources | 74,047 | 34,839 | 33,683 | - | 142,569 | - |
| Net position: | | | | | | |
| Net investment in capital assets | 17,273,285 | 9,775,686 | 1,023,550 | 149,342 | 28,221,863 | 8,430 |
| Unrestricted | (29,203,869) | 409,134 | 138,437 | 83,742 | (28,572,556) | 91,640 |
| Total net position | \$ (11,930,584) | \$ 10,184,820 | \$ 1,161,987 | \$ 233,084 | (350,693) | \$ 100,070 |

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

109,476

Net position of business-type activities

\$ (241,217)

CITY OF EL DORADO, KANSAS

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

Year Ended December 31, 2019

| | Business-Type Activities - Enterprise Funds | | | | | Business-Type |
|---|---|-----------------|--------------|---------------------------|---------------------|---|
| | Major Funds | | | Nonmajor | Total | Activities |
| | Waterworks System | Sewer System | Refuse | Compressed Natural Gas | Enterprise Funds | Internal Service Fund (Data Processing Fund) |
| Operating revenues: | | | | | | |
| Charges for services | \$ 4,407,952 | \$ 2,810,884 | \$ 1,763,761 | \$ 7,692 | \$ 8,990,289 | \$ 1,226,200 |
| Miscellaneous | 85,827 | 108,237 | 91,750 | 21,538 | 307,352 | 18 |
| Rents and royalties | 11,863 | 35,366 | - | - | 47,229 | - |
| Total operating revenues | 4,505,642 | 2,954,487 | 1,855,511 | 29,230 | 9,344,870 | 1,226,218 |
| Operating expenses: | | | | | | |
| Costs of sales and services | 2,713,413 | 880,329 | 929,270 | 22,100 | 4,545,112 | 262,625 |
| Administration | 279,524 | 558,001 | 564,553 | 2,120 | 1,404,198 | 970,289 |
| Depreciation | 339,424 | 684,359 | 131,732 | 8,871 | 1,164,386 | 1,303 |
| Total operating expenses | 3,332,361 | 2,122,689 | 1,625,555 | 33,091 | 7,113,696 | 1,234,217 |
| Operating income (loss) | 1,173,281 | 831,798 | 229,956 | (3,861) | 2,231,174 | (7,999) |
| Nonoperating revenues (expense): | | | | | | |
| Intergovernmental | - | - | - | 41,736 | 41,736 | - |
| Investment income | 102,187 | 5,092 | 7,101 | 462 | 114,842 | - |
| Gain (loss) on disposal of assets | 6,840 | (2,349,266) | - | - | (2,342,426) | - |
| Interest expense | (1,967,914) | (141,212) | - | - | (2,109,126) | - |
| Total nonoperating revenues (expense) | (1,858,887) | (2,485,386) | 7,101 | 42,198 | (4,294,974) | - |
| Income (loss) before capital contributions and transfers | (685,606) | (1,653,588) | 237,057 | 38,337 | (2,063,800) | (7,999) |
| Capital contributions | 82,423 | 168,446 | - | - | 250,869 | - |
| Transfers from other funds | - | - | 10,657 | - | 10,657 | - |
| Transfers to other funds | (437,092) | (294,445) | (78,000) | - | (809,537) | - |
| Change in net position | (1,040,275) | (1,779,587) | 169,714 | 38,337 | (2,611,811) | (7,999) |
| Net position, beginning of year | (10,890,309) | 11,964,407 | 992,273 | 194,747 | 2,261,118 | 108,069 |
| Net position, end of year | \$ (11,930,584) | \$ 10,184,820 | \$ 1,161,987 | \$ 233,084 | \$ (350,693) | \$ 100,070 |
| Change in net position per fund statements | | | | | \$ (2,611,811) | |
| Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain activities of the internal service fund are reported with business-type activities | | | | | (5,330) | |
| Change in net position of business-type activities | | | | | \$ (2,617,141) | |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

Year Ended December 31, 2019

| | Business-Type Activities - Enterprise Funds | | | | Business-Type Activities | |
|---|---|--------------|--------------|------------------------|--------------------------|------------------------|
| | Major Funds | | | Nonmajor Fund | Total | Internal Service Fund |
| | Waterworks System | Sewer System | Refuse | Compressed Natural Gas | Enterprise Funds | (Data Processing Fund) |
| Cash flows from operating activities: | | | | | | |
| Receipts from customers and users | \$ 4,482,883 | \$ 2,950,461 | \$ 1,852,564 | \$ 29,230 | \$ 9,315,138 | \$ 1,226,228 |
| Payments to suppliers | (2,713,867) | (887,251) | (919,939) | (22,990) | (4,544,047) | (966,314) |
| Payments to employees | (279,506) | (558,191) | (574,595) | (2,120) | (1,414,412) | (245,161) |
| Net cash from operating activities | 1,489,510 | 1,505,019 | 358,030 | 4,120 | 3,356,679 | 14,753 |
| Cash flows from capital and related financing activities: | | | | | | |
| Principal paid on general obligation bonds | (212,480) | (645,942) | - | - | (858,422) | - |
| Principal paid on revolving loan note payable | - | (100,714) | - | - | (100,714) | - |
| Principal paid on water storage space payable | (8,180,640) | - | - | - | (8,180,640) | - |
| Capital grants | - | - | - | 41,736 | 41,736 | - |
| Interest paid on debt | (327,537) | (143,384) | - | - | (470,921) | - |
| Principal paid on capital lease payable | (13,500) | - | - | - | (13,500) | - |
| Proceeds from the sale of assets | 6,840 | - | - | - | 6,840 | - |
| Acquisition and construction of capital assets | (12,387) | (32,301) | (183,277) | - | (227,965) | (7,170) |
| Net cash from capital and related financing activities | (8,739,704) | (922,341) | (183,277) | 41,736 | (9,803,586) | (7,170) |
| Cash flows from noncapital financing activities: | | | | | | |
| Transfers (to) from other funds | (437,092) | (294,445) | (67,343) | - | (798,880) | - |
| Advances (to) from other funds | - | - | (59,123) | - | (59,123) | - |
| Net cash from noncapital financing activities | (437,092) | (294,445) | (126,466) | - | (858,003) | - |
| Cash flows from investing activities: | | | | | | |
| Investment income | 102,187 | 5,092 | 7,101 | 462 | 114,842 | - |
| Net change in cash and investments | (7,585,099) | 293,325 | 55,388 | 46,318 | (7,190,068) | 7,583 |
| Cash and investments, beginning of year | 8,814,824 | 351,873 | 492,004 | 38,711 | 9,697,412 | 154,663 |
| Cash and investments, end of year | \$ 1,229,725 | \$ 645,198 | \$ 547,392 | \$ 85,029 | \$ 2,507,344 | \$ 162,246 |

(Continued)

CITY OF EL DORADO, KANSAS

STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS

(Continued)

Year Ended December 31, 2019

| | Business-Type Activities - Enterprise Funds | | | | | Business-Type Activities |
|--|---|-----------------------|-------------------|---------------------------|-----------------------|-----------------------------|
| | Major Funds | | | Nonmajor Fund | Total | Internal Service Fund |
| | Waterworks System | Sewer System | Refuse | Compressed Natural Gas | Enterprise Funds | (Data Processing Fund) |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | | |
| Operating income (loss) | \$ 1,173,281 | \$ 831,798 | \$ 229,956 | \$ (3,861) | \$ 2,231,174 | \$ (7,999) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | | |
| Depreciation expense | 339,424 | 684,359 | 131,732 | 8,871 | 1,164,386 | 1,303 |
| Decrease (increase) in accounts receivable | (22,759) | (4,052) | (5,100) | - | (31,911) | 10 |
| Decrease in inventories | 43,187 | 1,359 | 2,153 | - | 46,699 | - |
| Decrease in deferred outflows - pension | 12,213 | 6,274 | 5,979 | - | 24,466 | - |
| Increase in deferred outflows - OPEB | (33,838) | (16,848) | (16,157) | - | (66,843) | - |
| Increase (decrease) in accounts payable | (43,641) | (8,281) | 9,331 | (890) | (43,481) | 17,464 |
| Increase (decrease) in compensated absences payable | 6,034 | 2,884 | (7,108) | - | 1,810 | 3,975 |
| Increase in unearned revenue - other | - | 26 | - | - | 26 | - |
| Increase in deferred inflows - pension | 4,804 | 2,468 | 2,352 | - | 9,624 | - |
| Increase in deferred inflows - OPEB | 4,607 | 2,294 | 2,200 | - | 9,101 | - |
| Decrease in net pension liability | (22,014) | (11,309) | (10,778) | - | (44,101) | - |
| Increase in net OPEB liability | 28,212 | 14,047 | 13,470 | - | 55,729 | - |
| Net cash provided by operating activities | <u>\$ 1,489,510</u> | <u>\$ 1,505,019</u> | <u>\$ 358,030</u> | <u>\$ 4,120</u> | <u>\$ 3,356,679</u> | <u>\$ 14,753</u> |
| Schedule of noncash capital and related financing activities: | | | | | | |
| Contributions of capital assets | <u>\$ 82,423</u> | <u>\$ 168,446</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 250,869</u> | <u>\$ -</u> |
| Interest on water storage space | <u>\$ 1,640,984</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,640,984</u> | <u>\$ -</u> |
| Capital assets acquired (disposed) under capital lease | <u>\$ 15,784</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15,784</u> | <u>\$ -</u> |
| Loss on disposal of assets | <u>\$ -</u> | <u>\$ (2,349,266)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (2,349,266)</u> | <u>\$ -</u> |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF NET POSITION
FIDUCIARY FUNDS

December 31, 2019

| | Retiree Health Care Benefit Plan Trust Fund | Community Improvement District Custodial Fund |
|---|--|--|
| | <u> </u> | <u> </u> |
| Assets: | | |
| Cash and investments: | | |
| Cash | \$ - | \$ 31,352 |
| Mutual funds | 129,208 | - |
| Fixed income securities | 277,072 | - |
| Accounts receivable | <u>-</u> | <u>5,145</u> |
| Total assets | <u>406,280</u> | <u>36,497</u> |
| Liabilities: | | |
| Accounts payable | <u>-</u> | <u>7,374</u> |
| Net position: | | |
| Restricted for: | | |
| Post employment benefits | 406,280 | - |
| Individuals, organizations, and other governments | <u>-</u> | <u>29,123</u> |
| Total net position | <u>\$ 406,280</u> | <u>\$ 29,123</u> |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS

Year Ended December 31, 2019

| | Retiree Health Care Benefit Plan Trust Fund | Community Improvement District Custodial Fund |
|---|--|--|
| | <u> </u> | <u> </u> |
| Additions: | | |
| Contributions: | | |
| Employers | \$ 71,442 | \$ - |
| Investment earnings: | | |
| Net increase in fair value of investments | 27,332 | - |
| Interest, dividends and other | 14,871 | - |
| Collections of community improvement district funds for individuals, organizations, and other governments | <u>-</u> | <u>68,793</u> |
| Total additions | 113,645 | 68,793 |
| Deductions: | | |
| Payments of community improvement district funds to individuals, organizations, and other governments | <u>-</u> | <u>39,670</u> |
| Net increase in fiduciary net position | 113,645 | 29,123 |
| Net position, beginning of year | <u>292,635</u> | <u>-</u> |
| Net position, end of year | <u>\$ 406,280</u> | <u>\$ 29,123</u> |

See accompanying notes to basic financial statements.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2019

1 - Summary of Significant Accounting Policies

Reporting Entity

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

Discretely Presented Component Unit

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

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fiduciary Component Unit

The City has a Retiree Health Care Benefit Plan Trust Fund (the Trust Fund) that is a fiduciary component unit of the City and is reported as a fiduciary fund. The assets of the Trust Fund are held in a legally separate entity for other post-employment benefit arrangements. The City is responsible for all aspects of the Trust Fund including accumulation of resources for post-employment health benefits to qualified employees. The Trust Fund is governed by the City Commission and managed by the finance department of the City.

Joint Venture

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

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

During 2012, the City donated \$ 3,000,000 to fund its portion of construction. In addition to funds paid for construction, the agreement required the City to pay its portion of utilities, insurance and maintenance costs associated with the stadium, along with the College and the District. The City's equity interest in the Authority as of December 31, 2019 is \$ 3,000,000.

Separate audited financial statements are not prepared by the Authority.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

The City reports the following major governmental funds:

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

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

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

The City reports the following major proprietary funds:

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

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

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

The City also reports the following fund types:

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

Fiduciary Funds – The Retiree Health Care Benefit Plan (Trust Fund) is used to accumulate the resources for postemployment health care benefits to qualified employees. The City also uses a custodial fund to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments. The Community Improvement District (Custodial Fund) funds collection and remittance of sales tax to developers within the Community Improvement District.

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds. The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. The pooled cash is invested to the extent available in authorized investments. These pooled investments consist of operating accounts and nonnegotiable certificates of deposit that are recorded at cost because they are not affected by market rate changes. Earnings from investments are allocated to the funds on the basis of the average monthly balance and in accordance with the adopted budget. For the fiscal year ended December 31, 2019, interest earnings allocated to various funds was \$ 169,121. Deposits are reported at their carrying amount which approximates fair value.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

The City maintains investments in certificates of deposit which are recorded at cost because they are not affected by market rate changes. The City's Retiree Health Care Benefit Plan Trust Fund (fiduciary fund) has investments in mutual funds which are recorded at fair value.

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

Cash Flows Statement

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

Receivables and Payables

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

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

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

| | |
|--|--------------|
| General fund property taxes receivable | \$ 3,256,778 |
| Debt service fund property taxes receivable | 1,019,431 |
| Debt service fund special assessments receivable | 4,028,969 |
| Nonmajor funds property taxes receivable | 185,768 |
| Nonmajor funds special assessment receivable | 322,800 |
| | <hr/> |
| | \$ 8,813,746 |
| | <hr/> <hr/> |

Property Taxes

The City's property taxes are levied each year on the assessed value of all real estate listed as of the prior January 1, the lien date. Assessed values are established by Butler County. The assessed value upon which the 2019 levy was based was \$ 91,955,885.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Property Taxes (Continued)

Property taxes are legally restricted for use in financing operations of the ensuing year. Accordingly, the City defers revenue recognition until the year for which they are to be used. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. The 2019 tax levy per \$ 1,000 of assessed valuation was as follows:

| | | |
|-------------------|----|---------------|
| General Fund | \$ | 35.266 |
| Debt Service Fund | | 10.618 |
| Component unit: | | |
| Library | | 4.868 |
| Nonmajor funds: | | |
| Industrial | | 1.000 |
| Airport | | 1.261 |
| | | <hr/> |
| | \$ | <u>53.013</u> |

Special Assessments Receivable

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Special Assessments Receivable (Continued)

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

Inventories

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

Capital Assets

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

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

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

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

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

Deferred Outflow/Inflows of Resources

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflow/Inflows of Resources (Continued)

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category. One item, *unavailable revenue/ deferred receivable* is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Governmental activities report deferred receivable only from property taxes. The second item is deferred inflows for pension. See Note 9 for more information on the deferred inflows for the pension. The third item is deferred inflows for OPEB. See Note 10 for more information on the deferred inflows for OPEB.

Compensated Absences

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

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

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

Pensions

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

Fund Balances

As prescribed by GASB Statement No. 54, governmental funds report fund balance classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of December 31, 2019, fund balances for governmental funds are made up of the following:

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Fund Balances (Continued)

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

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

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

Unassigned fund balance – is the residual classification for the General Fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

Concentrations of Credit Risk

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Concentrations of Credit Risk (Continued)

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

Use of Estimates

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

Adoption of New Governmental Accounting Standards Board Statement

During the year, the City adopted GASB Statement No. 84, *Fiduciary Activities*, improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The requirements of this statement are effective for periods beginning after December 15, 2018.

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements

At December 31, 2019, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after June 15, 2021, as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements for this statement are effective for periods beginning after December 15, 2020, as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

1 - Summary of Significant Accounting Policies (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 91, *Conduit Debt Obligations*, eliminates diversity in practice associated with government issuers' financial reporting of conduit debt obligations. The Statement achieves that objective by classifying the existing definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer, establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations, and improving required note disclosures. The requirements for this statement are effective for periods beginning after December 15, 2021, as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

2 - Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$ (20,204,855) difference are as follows:

| | |
|---|-------------------------------|
| Bonds payable | \$ (12,435,735) |
| Premiums on bonds sold | (190,994) |
| Capital leases payable | (727,704) |
| Accrued interest payable | (73,459) |
| Compensated absences | (327,761) |
| Net pension liability | (5,946,495) |
| Net OPEB liability | <u>(502,707)</u> |
| Net adjustment to decrease fund balance - total governmental funds to arrive at net position of governmental activities | <u><u>\$ (20,204,855)</u></u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$ 451,866 difference are as follows:

| | |
|--|--------------------|
| Capital outlay | \$ 3,500,707 |
| Depreciation expense | <u>(3,048,841)</u> |
| Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | <u>\$ 451,866</u> |

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$ 1,188,862 difference are as follows:

| | |
|--|---------------------|
| Debt issued or incurred: | |
| Issuance of general obligation bonds | \$ (2,835,000) |
| Principal repayments: | |
| Capital leases | 129,284 |
| Temporary notes | 2,548,000 |
| Bonds | <u>1,346,578</u> |
| Net adjustment to increase net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | <u>\$ 1,188,862</u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

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

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$ (111,526) difference are as follows:

| | |
|--|---------------------|
| Compensated absences | \$ 12,375 |
| Pension contributions | (141,584) |
| OPEB Contributions | 7,168 |
| Amortization of bond premium | 30,831 |
| Accrued interest | <u>(20,316)</u> |
| Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities | <u>\$ (111,526)</u> |

3 - Stewardship, Compliance and Accountability

Budgetary Information

The City is required by State statute to legally adopt annual operating budgets for the general fund, special revenue funds (unless exempted by specific statute), and the debt service fund. The External Stores, Building Demolition, Equipment Reserve, Family Life Center, Expendable Trust, Customer Deposit, Self-Insurance Reserve, Police Department Seized Assets, Ordinance Street Sales Tax, Excess Sales Tax, Special Alcohol Program and Law Enforcement Trust special revenue funds and the Construction fund are exempted from preparing a legally adopted budget. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the proposed budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

3 - Stewardship, Compliance and Accountability (Continued)

Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Management has the authority to revise departmental budgets within a fund; however, the City Commission must approve changes to the appropriations at the fund level.

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

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

Deficit Fund Balances

The waterworks system fund had deficit net position of \$ 11,930,584 at December 31, 2019 due to the recording of the water storage space payable. The construction fund had a deficit net fund balance of \$ 2,926,955 at December 31, 2019.

Excess of Expenditures Over Appropriations

Expenditures exceeded appropriations in the Industrial Development Fund by \$ 76,976, and the Special Parks and Recreation Fund by \$ 15,495.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments

Deposits

Custodial Credit Risk

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

The City maintains a cash and investment pool that is available for use by all funds. Each fund's portion of this pool is included in cash and investments on the balance sheet. At December 31, 2019, the City's carrying amount of deposits, including certificates of deposit, was not exposed to custodial credit risk.

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

Investments

As of December 31, 2019, the City had the following investments:

Primary Government:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|-----------------------------------|-------------------|----------------------------------|-------------|-------------|--------------|
| | | Less Than 1 | 1 - 5 | 6 - 10 | More Than 10 |
| Fixed income mutual funds | \$ 277,072 | \$ 277,072 | \$ - | \$ - | \$ - |
| Domestic equity mutual funds | 82,008 | 82,008 | - | - | - |
| International equity mutual funds | 27,091 | 27,091 | - | - | - |
| Real estate mutual funds | 20,109 | 20,109 | - | - | - |
| | <u>\$ 406,280</u> | <u>\$ 406,280</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

Discretely Presented Component Unit:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|---|-------------------|----------------------------------|-------------|-------------|--------------|
| | | Less Than 1 | 1 - 5 | 6 - 10 | More Than 10 |
| Mutual Funds, ETFs and Closed-End Funds | \$ 271,470 | \$ 271,470 | \$ - | \$ - | \$ - |
| Money Market Mutual Funds | 16,140 | 16,140 | - | - | - |
| | <u>\$ 287,610</u> | <u>\$ 287,610</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Interest Rate Risk

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

Credit Risk

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

Concentrations of Credit Risk

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

4 - Deposits and Investments (Continued)

Investments (Continued)

Custodial Credit Risk-Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2019, the City's investments were not exposed to custodial credit risk.

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

At December 31, 2019, the City's fiduciary fund investments were categorized within the fair value hierarchy as follows:

| Investment Type | Fair Value | Fair Value Measurements at Reporting Date Using | | |
|-----------------|------------|---|---------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Mutual funds | \$ 406,280 | \$ 406,280 | \$ - | \$ - |
| Total | \$ 406,280 | \$ 406,280 | \$ - | \$ - |

At December 31, 2019, the Library's investments were categorized within the fair value hierarchy as follows:

| Investment Type | Fair Value | Fair Value Measurements at Reporting Date Using | | |
|-----------------|------------|---|---------|---------|
| | | Level 1 | Level 2 | Level 3 |
| Mutual funds | \$ 287,610 | \$ 287,610 | \$ - | \$ - |
| Total | \$ 287,610 | \$ 287,610 | \$ - | \$ - |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

Primary Government

| | Balance January 1, 2019 | Increase | Decrease | Balance December 31, 2019 |
|---|-------------------------------|---------------------|-----------------------|---------------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 4,860,087 | \$ 14,750 | \$ (13,666) | \$ 4,861,171 |
| Construction in progress | 2,417,367 | 3,190,225 | (2,494,160) | 3,113,432 |
| Total capital assets not being depreciated | <u>7,277,454</u> | <u>3,204,975</u> | <u>(2,507,826)</u> | <u>7,974,603</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 12,167,217 | 59,339 | - | 12,226,556 |
| Improvements other than buildings | 12,396,269 | 257,300 | (37,173) | 12,616,396 |
| Infrastructure | 39,795,378 | 1,959,276 | - | 41,754,654 |
| Machinery and equipment | 7,785,337 | 309,675 | (136,065) | 7,958,947 |
| Total capital assets being depreciated | <u>72,144,201</u> | <u>2,585,590</u> | <u>(173,238)</u> | <u>74,556,553</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 4,124,834 | 263,682 | - | 4,388,516 |
| Improvements other than buildings | 4,013,440 | 454,209 | (33,456) | 4,434,193 |
| Infrastructure | 21,773,432 | 1,839,901 | - | 23,613,333 |
| Machinery and equipment | 4,871,150 | 491,049 | (102,499) | 5,259,700 |
| Total accumulated depreciation | <u>34,782,856</u> | <u>3,048,841</u> | <u>(135,955)</u> | <u>37,695,742</u> |
| Total capital assets being depreciated, net | <u>37,361,345</u> | <u>(463,251)</u> | <u>(37,283)</u> | <u>36,860,811</u> |
| Governmental activities capital assets, net | <u>\$ 44,638,799</u> | <u>\$ 2,741,724</u> | <u>\$ (2,545,109)</u> | <u>\$ 44,835,414</u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets (Continued)

| | Balance January 1, 2019 | Increase | Decrease | Balance December 31, 2019 |
|--|-------------------------------|------------|----------------|---------------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 740,378 | \$ - | \$ - | \$ 740,378 |
| Water storage space | 28,951,577 | - | - | 28,951,577 |
| Construction in progress | 739,752 | 270,882 | (990,574) | 20,060 |
| Total capital assets not being depreciated | 30,431,707 | 270,882 | (990,574) | 29,712,015 |
| Capital assets being depreciated: | | | | |
| Buildings | 17,418,636 | - | - | 17,418,636 |
| Improvements other than buildings | 23,471,236 | 681,676 | - | 24,152,912 |
| Machinery and equipment | 9,045,064 | 440,228 | (2,786,136) | 6,699,156 |
| Total capital assets being depreciated | 49,934,936 | 1,121,904 | (2,786,136) | 48,270,704 |
| Less accumulated depreciation for: | | | | |
| Buildings | 7,601,796 | 384,614 | - | 7,986,410 |
| Improvements other than buildings | 10,018,508 | 393,493 | - | 10,412,001 |
| Machinery and equipment | 4,395,338 | 387,582 | (536,446) | 4,246,474 |
| Total accumulated depreciation | 22,015,642 | 1,165,689 | (536,446) | 22,644,885 |
| Total capital assets being depreciated, net | 27,919,294 | (43,785) | (2,249,690) | 25,625,819 |
| Business-type activities capital assets, net | \$ 58,351,001 | \$ 227,097 | \$ (3,240,264) | \$ 55,337,834 |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

5 - Capital Assets (Continued)

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

| | |
|---|---------------------|
| Governmental activities: | |
| General government | \$ 339,079 |
| Public safety | 300,282 |
| Public works (including depreciation of infrastructure assets) | 2,179,388 |
| Health and sanitation | 26,246 |
| Culture and recreation | 167,326 |
| Economic development | 36,520 |
| Total depreciation expense - governmental activities | <u>\$ 3,048,841</u> |
| Business-type activities: | |
| Waterworks utility | \$ 339,424 |
| Sewer utility | 684,359 |
| Refuse | 131,732 |
| Compressed Natural Gas | 8,871 |
| Capital assets held by the City's internal service fund are charged to the various functions based on their usage | 1,303 |
| Total depreciation expense - business-type activities | <u>\$ 1,165,689</u> |

Capital asset activity for the Library component unit for the year ended December 31, 2019 was as follows:

| | Balance January 1, 2019 | Increase | Decrease | Balance December 31, 2019 |
|---|-------------------------------|---------------------|-----------------|---------------------------------|
| Discretely presented component unit: | | | | |
| Capital assets being depreciated: | | | | |
| Buildings | \$ 2,150,508 | \$ 12,936 | \$ - | \$ 2,163,444 |
| Machinery and equipment | 212,823 | 23,296 | (454) | 235,665 |
| Total capital assets being depreciated | <u>2,363,331</u> | <u>36,232</u> | <u>(454)</u> | <u>2,399,109</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 797,175 | 143,398 | - | 940,573 |
| Machinery and equipment | 128,804 | 537 | (5,820) | 123,521 |
| Total accumulated depreciation | <u>925,979</u> | <u>143,935</u> | <u>(5,820)</u> | <u>1,064,094</u> |
| Total capital assets being depreciated, net | <u>1,437,352</u> | <u>(107,703)</u> | <u>5,366</u> | <u>1,335,015</u> |
| Discretely presented component unit capital assets, net | <u>\$ 1,437,352</u> | <u>\$ (107,703)</u> | <u>\$ 5,366</u> | <u>\$ 1,335,015</u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

6 - Capital Projects

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

Following is a summary of costs to December 31, 2019 for capital projects compared to the amount authorized:

| Project | Costs-to-Date | Amount Authorized |
|---------------------------------|---------------|----------------------|
| Paving Oil Hill (Rocky Rd.) | \$ 425,765 | \$ 436,682 |
| Tennis Courts | 732,853 | 747,853 |
| Resurfacing 6th Ave. | 133,720 | 145,656 |
| Resurfacing Residential Streets | 350,253 | 386,688 |

7 - Long-Term Debt

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

General obligation bonds payable at December 31, 2019 are comprised of the following issues:

| | Interest Rates | Original Issue | Final Maturity Date | Principal Payments During 2019 | Outstanding December 31, 2019 |
|---------------------------------|-------------------|-------------------|---------------------------|--------------------------------------|-------------------------------------|
| General Obligation Bonds: | | | | | |
| Governmental activities: | | | | | |
| Series 2010 | 1.60 - 3.35% | \$ 1,648,262 | 11/1/2025 | \$ 76,790 | \$ 472,258 |
| Series 2011 | 2.00 - 3.50% | 5,715,000 | 11/1/2032 | 255,000 | 3,880,000 |
| Series 2013 | 1.00 - 2.75% | 4,644,322 | 11/1/2028 | 481,162 | 2,154,254 |
| Series 2015 | 2.0 - 4.0% | 3,357,000 | 11/1/2025 | 393,626 | 2,064,223 |
| Series 2016 | 1.25 - 2.0% | 1,690,000 | 11/1/2027 | 140,000 | 1,030,000 |
| Series 2019 | 3.00% | 2,835,000 | 11/1/2039 | - | 2,835,000 |
| | | | | <u>1,346,578</u> | <u>12,435,735</u> |
| Business-type activities: | | | | | |
| Series 2010 | 1.60 - 3.35% | 546,738 | 11/1/2025 | 23,210 | 142,742 |
| Series 2013 | 1.00 - 2.75% | 2,000,678 | 11/1/2028 | 158,838 | 1,140,746 |
| Series 2015 | 2.0 - 4.0% | 580,000 | 11/1/2025 | 56,374 | 365,778 |
| Series 2016 | 1.25 - 2.0% | 6,530,000 | 11/1/2027 | 620,000 | 4,975,000 |
| | | | | <u>858,422</u> | <u>6,624,266</u> |
| Component Unit-type activities: | | | | | |
| Series 2016 | 1.25 - 2.0% | 295,000 | 11/1/2027 | 30,000 | 210,000 |
| | | | | <u>\$ 2,235,000</u> | <u>\$ 19,270,001</u> |

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

- Series 2010: Callable November 1, 2018 at par plus accrued interest
- Series 2011: Callable November 1, 2021 at par plus accrued interest
- Series 2013: Callable November 1, 2021 at par plus accrued interest
- Series 2015: Callable November 1, 2023 at par plus accrued interest
- Series 2016: Callable November 1, 2024 at par plus accrued interest
- Series 2019: Callable November 1, 2029 at par plus accrued interest

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

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

| | Installment Range | |
|----------------------------|-------------------|-----------|
| | Low | High |
| General Obligation Bonds: | | |
| Governmental activities: | | |
| Series 2010 | \$ 72,951 | \$ 84,469 |
| Series 2011 | 225,000 | 360,000 |
| Series 2013 | 154,000 | 498,480 |
| Series 2015 | 173,382 | 452,070 |
| Series 2016 | 140,000 | 155,000 |
| Series 2019 | 70,000 | 185,000 |
| Business-type activities: | | |
| Series 2010 | 22,049 | 25,531 |
| Series 2013 | 111,000 | 161,520 |
| Series 2015 | 56,374 | 64,241 |
| Series 2016 | 325,000 | 710,000 |
| Component unit activities: | | |
| Series 2016 | 30,000 | 30,000 |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

The future annual requirements for general obligation bonds outstanding as of December 31, 2019 are as follows:

| Governmental activities | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------------|----------------------|---------------------|----------------------|
| 2020 | \$ 1,454,029 | \$ 388,919 | \$ 1,842,948 |
| 2021 | 1,516,123 | 314,773 | 1,830,896 |
| 2022 | 1,185,483 | 279,880 | 1,465,363 |
| 2023 | 1,227,261 | 244,512 | 1,471,773 |
| 2024 | 979,189 | 216,115 | 1,195,304 |
| 2025-2029 | 3,488,650 | 675,526 | 4,164,176 |
| 2030-2034 | 1,700,000 | 262,950 | 1,962,950 |
| 2035-2039 | 885,000 | 80,700 | 965,700 |
| | <u>\$ 12,435,735</u> | <u>\$ 2,463,375</u> | <u>\$ 14,899,110</u> |
| | | | |
| Business-type activities | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2020 | \$ 865,971 | \$ 129,698 | \$ 995,669 |
| 2021 | 883,877 | 116,038 | 999,915 |
| 2022 | 844,517 | 101,699 | 946,216 |
| 2023 | 857,740 | 83,981 | 941,721 |
| 2024 | 875,811 | 65,780 | 941,591 |
| 2025-2029 | 2,296,350 | 94,180 | 2,390,530 |
| | <u>\$ 6,624,266</u> | <u>\$ 591,376</u> | <u>\$ 7,215,642</u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

General Obligation Bonds (Continued)

| Component unit activities | Principal | Interest | Total |
|---------------------------|-------------------|------------------|-------------------|
| 2020 | \$ 30,000 | \$ 3,900 | \$ 33,900 |
| 2021 | 30,000 | 3,450 | 33,450 |
| 2022 | 30,000 | 3,000 | 33,000 |
| 2023 | 30,000 | 2,400 | 32,400 |
| 2024 | 30,000 | 1,800 | 31,800 |
| 2025-2029 | 60,000 | 1,800 | 61,800 |
| | <u>\$ 210,000</u> | <u>\$ 16,350</u> | <u>\$ 226,350</u> |

Construction Loans Payable

During 2011, the City entered into a loan agreement with the Kansas Department of Health and Environment's Kansas Water Pollution Control Revolving Fund. The agreement enabled the City to borrow \$ 2,106,252 to finance the construction of a new one megawatt wind turbine generator at the City's wastewater treatment facility. The loan is being repaid over twenty years at an interest rate of 2.43%. The outstanding balance of \$ 917,836 is shown as a liability in the sewer fund. The future annual debt service requirements for the construction loan payable as of December 31, 2019 are as follows:

| Year | Principal | Interest and Service Fees | Total |
|-----------|-------------------|---------------------------|---------------------|
| 2020 | \$ 58,205 | \$ 19,694 | \$ 77,899 |
| 2021 | 59,628 | 18,417 | 78,045 |
| 2022 | 61,085 | 17,109 | 78,194 |
| 2023 | 62,579 | 15,769 | 78,348 |
| 2024 | 64,109 | 14,397 | 78,506 |
| 2025-2029 | 344,834 | 50,193 | 395,027 |
| 2030-2034 | 267,396 | 11,799 | 279,195 |
| | <u>\$ 917,836</u> | <u>\$ 147,378</u> | <u>\$ 1,065,214</u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Construction Loans Payable (Continued)

During 2015, the City entered into a loan agreement with the Kansas Department of Health and Environment. The agreement enabled the City to borrow \$ 1,058,908 to finance significant waste water collection system improvements. The loan will be repaid over twenty years at an interest rate of 2.20%. As of December 31, 2019, the City has drawn \$ 1,058,908 on this loan. The outstanding balance of \$ 913,910 is shown as a liability in the sewer fund. The future annual debt service requirements for the construction loan payable as of December 31, 2019 are as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest and Service Fees</u> | <u>Total</u> |
|-------------|-------------------|--------------------------------------|---------------------|
| 2020 | \$ 44,869 | \$ 19,861 | \$ 64,730 |
| 2021 | 45,861 | 18,868 | 64,729 |
| 2022 | 46,876 | 17,854 | 64,730 |
| 2023 | 47,913 | 16,817 | 64,730 |
| 2024 | 48,973 | 15,757 | 64,730 |
| 2025-2029 | 261,600 | 62,046 | 323,646 |
| 2030-2034 | 291,843 | 31,803 | 323,646 |
| 2035-2039 | 125,975 | 3,483 | 129,458 |
| | <u>\$ 913,910</u> | <u>\$ 186,489</u> | <u>\$ 1,100,399</u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Liability for Water Storage Space

In 1972, the City entered into a contract with the United States Army Corps of Engineers (the Corps) whereby the City provided land and waterworks system assets and the Corps provided personnel and equipment to construct and expand a reservoir. The project was completed in 1983. The contract required the City to reimburse the Corps for construction costs of \$ 26,435,400, plus interest compounded annually at 3.502% commencing July 1, 1992, with a final maturity date of July 1, 2081. Payments accelerate if water usage exceeds certain minimum quantities. There have been two instances where the City's water usage exceeded the minimum quantities and accelerated payment schedules have been set up for each in 1992 and 2003. The remaining principal balance of the construction costs associated with future water storage space that is accruing interest compounded annually at 3.502% until the final maturity date of July 1, 2081, is \$ 18,500,024. The payable increased during 2019 by \$ 1,640,984 representing accrued interest. At December 31, 2019 the liability including accrued interest is \$ 48,499,478. The amount to be paid in 2081, including accrued interest if the City does not accelerate additional payments for exceeding the minimum quantities for water usage, will be approximately \$ 410,000,000.

During 1992, water usage exceeded the minimum quantity causing the City to purchase additional storage space at a cost of \$ 3,046,527 with annual payments of \$ 125,535 due beginning July 15, 1993 and ending July 15, 2041 at an interest rate of 3.502%. During December 2019, the City paid off the entirety of this outstanding balance.

During 2003, the water usage again exceeded the minimum quantity causing the City to purchase additional storage space at a cost of \$ 7,405,026 with annual payments of \$ 315,818 due on this portion of the excess usage beginning July 15, 2003 and ending June 15, 2052 at an interest rate of 3.502%. During December 2019, the City paid off the entirety of this outstanding balance.

Temporary Notes

Kansas statutes permit the issuance of bond anticipation notes to finance certain capital improvement projects that will be refinanced with general obligation bonds.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Temporary Notes (Continued)

During 2015, the City issued \$ 2,548,000 of temporary notes series No. 1885 with an interest rate of 1.76% and with a final maturity in 2019 for governmental activities to provide temporary financing for general capital improvements. As of December 31, 2019, the City paid off the entirety of this outstanding balance using bond proceeds from the issuance of a general obligation bond (2019A).

Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of equipment. This year \$ 94,144 was included in depreciation expense. These lease agreements qualify as capital leases and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

Asset:

| | |
|-------------------------------|-------------------|
| JD Skid steer | \$ 74,009 |
| Less accumulated depreciation | <u>(5,551)</u> |
| Net book value | <u>\$ 68,458</u> |
| | |
| Pumper apparatus | \$ 444,354 |
| Less accumulated depreciation | <u>(148,118)</u> |
| Net book value | <u>\$ 296,236</u> |
| | |
| Aerial firetruck | \$ 1,152,052 |
| Less accumulated depreciation | <u>(189,316)</u> |
| Net book value | <u>\$ 962,736</u> |
| | |
| JD Mini excavator | \$ 90,996 |
| Less accumulated depreciation | <u>(6,825)</u> |
| Net book value | <u>\$ 84,171</u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Capital Leases (Continued)

The following is a schedule of future minimum lease payments for capital leases as of December 31, 2019:

| | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|------------------------------|------------------------------------|-------------------------------------|
| 2020 | \$ 128,864 | \$ 151,505 |
| 2021 | 128,864 | - |
| 2022 | 128,864 | - |
| 2023 | 128,864 | - |
| 2024 | 128,864 | - |
| 2025- 2029 | <u>129,442</u> | <u>-</u> |
| | 773,762 | 151,505 |
| Amount representing interest | <u>(46,058)</u> | <u>-</u> |
| | <u>\$ 727,704</u> | <u>\$ 151,505</u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019 was as follows:

| | Balance January 1, 2019 | Additions | Reductions | Outstanding December 31, 2019 | Due Within One Year |
|---|-------------------------------|---------------------|---------------------|-------------------------------------|---------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 10,947,313 | \$ 2,835,000 | \$ 1,346,578 | \$ 12,435,735 | \$ 1,454,029 |
| Issuance premiums | 221,825 | - | 30,831 | 190,994 | - |
| Temporary notes | 2,548,000 | - | 2,548,000 | - | - |
| Capital leases - direct borrowing | 856,988 | - | 129,284 | 727,704 | 115,237 |
| Compensated absences | 340,136 | 273,655 | 286,030 | 327,761 | 253,548 |
| Net other post-employment benefits liability | 304,175 | 327,388 | 128,856 | 502,707 | - |
| Net pension liability | 5,859,632 | 163,453 | 76,590 | 5,946,495 | - |
| Total long-term liabilities - governmental activities | \$ 21,078,069 | \$ 3,599,496 | \$ 4,546,169 | \$ 20,131,396 | \$ 1,822,814 |
| Business-type activities: | | | | | |
| General obligation bonds | \$ 7,482,688 | \$ - | \$ 858,422 | \$ 6,624,266 | \$ 865,971 |
| Construction loans payable - direct borrowing | 1,932,460 | - | 100,714 | 1,831,746 | 103,074 |
| Water storage space payable - direct borrowing | 55,039,134 | 1,640,984 | 8,180,640 | 48,499,478 | - |
| Capital leases - direct borrowing | 149,220 | 165,005 | 162,720 | 151,505 | 151,505 |
| Compensated absences | 152,459 | 165,453 | 159,668 | 158,244 | 121,300 |
| Net other post-employment benefits liability | 209,266 | 155,690 | 99,961 | 264,995 | - |
| Net pension liability | 1,304,572 | - | 44,101 | 1,260,471 | - |
| Total long-term liabilities - business-type activities | \$ 66,269,799 | \$ 2,127,132 | \$ 9,606,226 | \$ 58,790,705 | \$ 1,241,850 |
| Component unit: | | | | | |
| Compensated absences | \$ 29,295 | \$ 14,446 | \$ 10,150 | \$ 33,591 | \$ 9,550 |
| General obligation bonds | 240,000 | - | 30,000 | 210,000 | 30,000 |
| Net other post-employment benefits liability | 13,352 | 1,780 | 2,341 | 12,791 | - |
| Net pension liability | 203,047 | - | 3,656 | 199,391 | - |
| \$ 485,694 | \$ 16,226 | \$ 46,147 | \$ 455,773 | \$ 39,550 | |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

7 - Long-Term Debt (Continued)

Changes in Long-Term Liabilities (Continued)

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

Conduit Debt Obligations

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

Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2019, Industrial Revenue Bonds outstanding had an aggregate principal amount payable of approximately \$ 55,075,255.

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

8 - Interfund Transfers

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. Interfund transfers for the year ended December 31, 2019, consisted of the following:

| | <u>Transfers Out</u> | <u>Transfers In</u> |
|-----------------------------|-----------------------------|-----------------------------|
| Major governmental funds: | | |
| General | \$ 1,492,799 | \$ 976,447 |
| Debt Service | - | 259,423 |
| Construction | 279,003 | 1,849,388 |
| Nonmajor governmental funds | 1,968,733 | 1,454,157 |
| Major proprietary funds: | | |
| Waterworks System | 437,092 | - |
| Sewer System | 294,445 | - |
| Refuse | 78,000 | 10,657 |
| | <u> </u> | <u> </u> |
| Total transfers | <u>\$ 4,550,072</u> | <u>\$ 4,550,072</u> |

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan

General Information About the Pension Plan

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

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

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

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

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

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

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

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

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

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

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

General Information About the Pension Plan (Continued)

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

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.20% of total payroll for the KPERS fiscal year ended June 30, 2019.

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate was 8.89% for KPERS and 22.13% for KP&F for the year ended December 31, 2019. Contributions to the Pension Plan from the City were \$ 385,748 for KPERS and \$ 497,533 for KP&F, and from the Library were \$ 25,398 for KPERS for the year ended December 31, 2019.

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

At December 31, 2019, the City reported a liability of \$ 3,168,933 for KPERS and \$ 4,038,033 for KP&F and the Library reported a liability of \$ 199,391 for KPERS for their proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2019, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

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

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

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

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City's proportion of the collective net pension liability was based on the ratio of the City's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the Local group and Police and Firemen group within KPERS for the KPERS fiscal year ended June 30, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019 the City's proportion for KPERS was 0.226778%, which was a decrease of .009242% from its proportion measured as of June 30, 2018. At June 30, 2019, the City's proportion for KP&F was .398968%, which was a decrease of .003711% from its proportion measured as of June 30, 2018. At June 30, 2019, the Library's proportion for KPERS was .014269%, which is an increase of .000299% from its proportion measured as of June 30, 2018.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

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

For the year ended December 31, 2019, the City recognized pension expense of \$ 358,507 for KPERS, \$ 656,484 for KP&F and \$ 20,839 for the Library. At December 31, 2019, the City and the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| City | | |
|--|-----------------------------------|----------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 235,061 | \$ 87,291 |
| Net difference between projected and actual earnings on pension plan investments | 239,898 | 10,896 |
| Change of assumptions | 155,832 | - |
| Changes in proportionate share | 79,496 | 343,210 |
| City contributions subsequent to measurement date | 458,503 | - |
| Total | \$ 1,168,790 | \$ 441,397 |
| Library | | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience | \$ 436 | \$ 5,022 |
| Net difference between projected and actual earnings on pension plan investments | 6,094 | 404 |
| Change of assumptions | 4,691 | - |
| Changes in proportionate share | 7,448 | 4,418 |
| City contributions subsequent to measurement date | 13,296 | - |
| Total | \$ 31,965 | \$ 9,844 |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

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

The \$ 458,503 and \$ 13,296 for the City and the Library, respectively, reported as deferred outflows of resources related to pensions resulting from the City's and Library's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> | <u>City</u> |
|--------------------------------|-------------------|
| 2020 | \$ 250,605 |
| 2021 | (24,957) |
| 2022 | 17,080 |
| 2023 | 28,166 |
| 2024 | (2,004) |
| | <u>\$ 268,890</u> |

| <u>Year Ended June 30,</u> | <u>Library</u> |
|--------------------------------|-----------------|
| 2020 | \$ 5,813 |
| 2021 | 79 |
| 2022 | 2,263 |
| 2023 | 790 |
| 2024 | (120) |
| | <u>\$ 8,825</u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

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

Actuarial assumptions. The total pension liability for KPERs in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study which covered a three-year period of January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2019 are summarized in the following table:

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

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, and subsequent legislation, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in the future. Employers contribute the full actuarial determined rate for KPERS. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in the future. Employers contribute the full actuarial determined rate for KP&F. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

9 - Pension Plan (Continued)

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

Sensitivity of the City's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City's and the Library's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|---|------------------------|-------------------------------------|------------------------|
| City's KPERS proportionate share of the collective net pension liability | \$ 4,732,868 | \$ 3,168,933 | \$ 1,860,730 |
| City's KP&F proportionate share of the collective net pension liability | 5,730,268 | 4,038,033 | 2,621,316 |
| Bradford Memorial Library's KPERS proportionate share of the collective net pension liability | 297,795 | 199,391 | 117,078 |

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits

Health Insurance

Plan Administration

The City of El Dorado's other postemployment benefits (OPEB) are accounted for through the Retiree Health Care Benefit Plan Trust (Plan). The Plan is a single-employer defined benefit health care plan administered by the City to provide medical, prescription drug, dental and vision benefits to retired employees and their dependents under certain conditions. The Plan is governed by the City Commission and managed by the finance department of the City.

Funding Policy

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

Plan Membership

At December 31, 2019, Plan membership consisted of the following:

| | |
|--|-------------------|
| Inactive plan members currently receiving benefit payments | 3 |
| Inactive plan members entitled to but not yet receiving benefit payments | - |
| Active plan members | <u>132</u> |
| | <u><u>135</u></u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Benefits Provided

The Plan provides medical care insurance benefits to eligible retirees and their spouses. For employees with 20 years of service retiring with full KPERs benefits the City provides 50% of the single or family medical and dental premium for benefits to age 62. After attaining age 62, the City continues to offer group health coverage to the retired employee at their own expense until age 65. For employees with 10 years of service or more, the City offers continued health and dental benefits to the retiree; however, the retiree is responsible for 125% of the premium cost for other similarly situated employees. The City continues offering the group health insurance coverage to the retired employee until age 65. The City Commission has the authority to provide and amend the benefit terms of the Plan. The Plan does not issue a stand-alone financial report that is available to the public.

Contributions

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

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

Net OPEB Liability

The City's net OPEB liability of \$ 651,108 was measured as of December 31, 2019 and was determined by an actuarial valuation performed as of January 1, 2019.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs. The total OPEB liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|---|
| Measurement Date | December 31, 2019 |
| Valuation Date | January 1, 2019 |
| Reporting Date for Employer | December 31, 2019 |
| Measurement Period | January 1, 2019 to December 31, 2019 |
| Discount Rate | 6.00% |
| Inflation Rate | 2.50% |
| Salary Increases | 3.50% |
| Mortality Table | RP 2014 Total Employee and Healthy Annuitant tables adjusted to 2006 and projected with MP 2018 future mortality improvement scale. |
| Actuarial Cost Method | Projected Unit Credit |
| Asset Valuation Method | Entry Age Normal |
| Investment Rate of Return | 6.00% |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs (Continued)

| Health Care Cost Trend Rates | | |
|------------------------------|--------------------|----------------------|
| <u>Year</u> | <u>Claims Rate</u> | <u>Expenses Rate</u> |
| 2019 | 7.00 % | 4.00 % |
| 2020 | 6.75 | 4.00 |
| 2021 | 6.50 | 4.00 |
| 2022 | 6.25 | 4.00 |
| 2023 | 6.00 | 4.00 |
| 2024 | 5.75 | 4.00 |
| 2025 | 5.50 | 4.00 |
| 2026 | 5.25 | 4.00 |
| 2027 | 5.00 | 4.00 |

The actuarial assumptions used in the January 1, 2019 valuation were based on actual claims experience for the period January 1, 2012 to June 30, 2018 and blended with anticipated claims based on the plan provisions.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Net OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs (Continued)

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

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

Discount rate. The discount rate used to measure the total OPEB liability was 6.00% percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Changes in the Net OPEB Liability

| | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|------------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
| Balances at 12/31/2018 | \$ 680,746 | \$ 292,635 | \$ 388,111 |
| Changes for the year: | | | |
| Service cost | 17,610 | - | 17,610 |
| Interest | 60,992 | - | 60,992 |
| Changes of benefit terms | (11,382) | - | (11,382) |
| Differences between expected and actual experience | 282,843 | - | 282,843 |
| Changes of assumptions/methodology | 66,882 | - | 66,882 |
| Contributions - employer | - | 71,442 | (71,442) |
| Net investment income | - | 42,203 | (42,203) |
| Benefit payments | (40,303) | - | (40,303) |
| Administrative expense | - | - | - |
| Net changes | 376,642 | 113,645 | 262,997 |
| Balances at 12/31/2019 | \$ 1,057,388 | \$ 406,280 | \$ 651,108 |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

Changes in the Net OPEB Liability (Continued)

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

| | 1% Decrease (5.0%) | Discount Rate (6.0%) | 1% Increase (7.0%) |
|--------------------|-----------------------|-------------------------|-----------------------|
| | <hr/> | <hr/> | <hr/> |
| Net OPEB liability | \$ 757,298 | \$ 651,108 | \$ 558,269 |

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

| | 1% Decrease (6.0% decreasing to 4.0%) | Healthcare Cost Trend Rates (7.0% decreasing to 5.0%) | 1% Increase (8.0% decreasing to 6.0%) |
|--------------------|---|--|---|
| | <hr/> | <hr/> | <hr/> |
| Net OPEB liability | \$ 582,351 | \$ 651,108 | \$ 730,063 |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Health Insurance (Continued)

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$ 90,960. At December 31, 2019, the City reported deferred outflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 256,409 | \$ - |
| Changes of assumptions | 102,435 | - |
| Net difference between projected and actual earnings on OPEB plan investments | <u>15,908</u> | <u>(18,002)</u> |
| Total | <u>\$ 374,752</u> | <u>\$ (18,002)</u> |

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

| <u>Year Ended June 30,</u> | |
|--------------------------------|-------------------|
| 2020 | \$ 43,441 |
| 2021 | 43,441 |
| 2022 | 43,442 |
| 2023 | 38,137 |
| 2024 | 34,673 |
| Thereafter | <u>153,616</u> |
| | <u>\$ 356,750</u> |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance

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

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2019 totaled \$ 43,391 and \$ 2,857 for the City and Library, respectively.

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

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

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Plan Description, Benefits Provided and Contributions. (Continued)

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

Employees Covered by Benefit Terms. As of the valuation date of December 31, 2018, the following employees were covered by the benefit terms.

| <u>City</u> | |
|---|------------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 1 |
| Active plan members | <u>87</u> |
| | <u><u>88</u></u> |

| <u>Library</u> | |
|---|------------------|
| Inactive plan members or beneficiaries currently receiving benefit payments | 1 |
| Active plan members | <u>10</u> |
| | <u><u>11</u></u> |

Total OPEB Liability

The total OPEB liability for the City and Library of \$ 116,594 and \$ 12,791, respectively, was measured as of June 30, 2019 and was determined by an actuarial valuation performed as of December 31, 2018.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Total OPEB Liability (Continued)

Actuarial Assumptions and Other Inputs. The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-------------------------|---|
| Discount rate | 3.50 percent |
| Implicit inflation rate | 2.75 percent |
| Mortality rates | Local Males: 90% of RP-2014 M Total Dataset +2 Local Females: 90% of RP-2014 F Total Dataset +1 Generational mortality improvements were projected for future years using MP-2019. Post-disability mortality rates are included in long-term disability claim termination rates. |
| Salary increases | 3.50 percent (composed of 2.75 percent inflation and 0.75 percent productivity) |
| Payroll growth | 3.00 percent |
| Actuarial cost method | Entry Age Normal |

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015.

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

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

The overall impact of the new assumptions is a decrease in the benefit obligations.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Changes in the Total OPEB Liability

| | City | |
|--|------|------------|
| Balance at December 31, 2018 | | \$ 125,330 |
| Changes for the year: | | |
| Service cost | | 15,403 |
| Interest on total OPEB liability | | 5,379 |
| Changes in assumptions or other inputs | | (26,023) |
| Benefit payments | | (3,495) |
| Net changes | | (8,736) |
| Balance at December 31, 2019 | | \$ 116,594 |

| | Library | |
|--|---------|-----------|
| Balance at December 31, 2018 | | \$ 13,352 |
| Changes for the year: | | |
| Service cost | | 533 |
| Interest on total OPEB liability | | 493 |
| Changes in assumptions or other inputs | | 754 |
| Benefit payments | | (2,341) |
| Net changes | | (561) |
| Balance at December 31, 2019 | | \$ 12,791 |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the City and Library, as well as what the City and Library's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

| | City | | |
|----------------------|------------------------|--------------------------|------------------------|
| | 1% Decrease (2.50%) | Discount Rate (3.50%) | 1% Increase (4.50%) |
| Total OPEB liability | \$ 121,541 | \$ 116,594 | \$ 111,225 |

| | Library | | |
|----------------------|------------------------|--------------------------|------------------------|
| | 1% Decrease (2.50%) | Discount Rate (3.50%) | 1% Increase (4.50%) |
| Total OPEB liability | \$ 13,201 | \$ 12,791 | \$ 12,365 |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Changes in the Total OPEB Liability (Continued)

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

| | City | | |
|----------------------|--------------------|--|--------------------|
| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
| Total OPEB liability | \$ 116,594 | \$ 116,594 | \$ 116,594 |

| | Library | | |
|----------------------|--------------------|--|--------------------|
| | <u>1% Decrease</u> | <u>Healthcare Cost Trend Rates</u> | <u>1% Increase</u> |
| Total OPEB liability | \$ 12,791 | \$ 12,791 | \$ 12,791 |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

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

For the year ended December 31, 2019, the City and the Library recognized OPEB expense of \$ 16,546 and \$ 1,047, respectively. At December 31, 2019, the City and the Library reported deferred outflows and inflows of resources related to OPEB from the following sources:

| City | | |
|---|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ (32,796) |
| Changes in assumptions | 1,733 | (3,905) |
| Benefit payments subsequent to the measurement date | 22,342 | - |
| Total | \$ 24,075 | \$ (36,701) |
| Library | | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 536 | \$ (39) |
| Changes in assumptions | 141 | (356) |
| Benefit payments subsequent to the measurement date | 1,496 | - |
| Total | \$ 2,173 | \$ (395) |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

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

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$ 22,342 and \$ 1,496 for the City and Library, respectively, consists of payments made to KPERS for benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended December 31, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| City | |
|------------------------|-------------|
| Year Ended June 30, | |
| 2020 | \$ (4,236) |
| 2021 | (4,236) |
| 2022 | (4,236) |
| 2023 | (4,236) |
| 2024 | (4,236) |
| Thereafter | (13,788) |
| | \$ (34,968) |

| Library | |
|------------------------|--------|
| Year Ended June 30, | |
| 2020 | \$ 21 |
| 2021 | 21 |
| 2022 | 21 |
| 2023 | 21 |
| 2024 | 21 |
| Thereafter | 177 |
| | \$ 282 |

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

10 - Other Postemployment Benefits (Continued)

Disability Benefits and Life Insurance (Continued)

Aggregate Other Postemployment Healthcare Benefit Information

| | Balances at December 31, 2019 | | |
|-------------------------------------|-------------------------------|------------|------------|
| | Health | KPERS | Total |
| City: | | | |
| Net OPEB liability | \$ 651,108 | \$ 116,594 | \$ 767,702 |
| Total deferred outflows of resource | 374,752 | 24,075 | 398,827 |
| Total deferred inflows of resources | (18,002) | (36,701) | (54,703) |

The aggregate amount of OPEB expenses for the two OPEB plans for the year ended December 31, 2019 was \$ 107,506 for the City.

11 - Commitments and Contingencies

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

12 - Tax Abatements

The City entered into sales tax abatement agreements with local businesses for the purpose of attracting businesses within their jurisdictions. The abatements were for Community Improvement Districts where the City was the agent for the abated sales taxes. For the fiscal year ended December 31, 2019, abated sales taxes that impacted the City totaled \$ 79,088.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

13 - Risk Management

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

Group Hospitalization

The City maintains a partially self-funded health insurance plan covering substantially all full-time employees. A monthly premium is paid to an insurance company for individual and aggregate stop-loss coverage and includes an amount for administrative costs. The maximum liability of the City for each individual covered is \$ 50,000 per plan year. Any claims paid in excess of this amount will be reimbursed to the City by the insurance company at the end of the plan year. The City's health plan includes Specific and Aggregate Stop-Loss insurance. Specific Stop-Loss is the form of excess risk coverage that provides protection for the employer against a high claim on any one individual. This is protection against abnormal severity of a single claim rather than abnormal frequency of claims in total. Specific stop-loss is also known as individual stop-loss. Aggregate Stop-Loss provides a ceiling on the dollar amount of eligible expenses that an employer would pay, in total, during a contract period. The carrier reimburses the employer after the end of the contract period for aggregate claims. All City funds incurring payroll expenditures participate in the program and make payments to the program (which includes employee and employer contributions) based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$ 73,057 reported at December 31, 2019 is based on the requirements of Governmental Accounting Standard Board Statement No. 10 which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statement and the amount of the loss can be reasonably estimated.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

13 - Risk Management (Continued)

Group Hospitalization (Continued)

At December 31, 2019, the City had approximately \$ 184,000 assigned in the General Fund for payment of health claims. The changes in health care claims payable for the years ended December 31, 2019 and the prior two years are as follows:

| | Beginning of Year Liability | Current Year Claims and Changes in Estimates | Claim Payments | Balance at Year End |
|------|-----------------------------------|---|-------------------|---------------------------|
| 2017 | \$ 62,445 | \$ 927,937 | \$ 938,283 | \$ 52,099 |
| 2018 | 52,099 | 1,328,741 | 1,315,482 | 65,358 |
| 2019 | 65,358 | 1,314,684 | 1,306,985 | 73,057 |

14 - Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the pandemic.

It is unknown how long the adverse conditions associated with the pandemic will last and what the complete financial effect will be to the City. Accordingly, while management cannot quantify the financial and other impacts to the City as of the report date, management believes that a material impact on the City's financial position and results of future operations is reasonably possible.

CITY OF EL DORADO, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

14 - Subsequent Events (Continued)

Additionally, it is reasonably possible that estimates made in the City's financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including losses on investments.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EL DORADO, KANSAS

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

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| City's proportion of the collective net pension liability: | | | | | | |
| KPERS | 0.226778% | 0.236020% | 0.249159% | 0.253304% | 0.243809% | 0.238711% |
| KP&F | 0.398968% | 0.402679% | 0.418974% | 0.414763% | 0.409768% | 0.402789% |
| City's proportionate share of the collective net pension liability | \$ 7,206,966 | \$ 7,164,204 | \$ 7,538,051 | \$ 7,770,855 | \$ 6,176,718 | \$ 5,579,746 |
| City's covered payroll | \$ 6,557,637 | \$ 6,295,994 | \$ 6,310,319 | \$ 6,321,921 | \$ 5,952,445 | \$ 5,741,758 |
| City's proportionate share of the collective net pension liability as a percentage of its covered payroll | 110% | 114% | 119% | 122% | 103% | 97% |
| Plan fiduciary net position as a percentage of the total pension liability | 69.88% | 68.88% | 67.12% | 65.10% | 64.95% | 66.60% |

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

CITY OF EL DORADO, KANSAS

BRADFORD MEMORIAL LIBRARY

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

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|------------|------------|------------|------------|------------|------------|
| Library's proportion of the collective net pension liability: | | | | | | |
| KPERS | 0.014269% | 0.014568% | 0.014072% | 0.013568% | 0.013548% | 0.014177% |
| Library's proportionate share of the collective net pension liability | \$ 199,391 | \$ 203,047 | \$ 203,827 | \$ 209,901 | \$ 177,891 | \$ 174,492 |
| Library's covered payroll | \$ 276,992 | \$ 254,607 | \$ 255,897 | \$ 232,764 | \$ 226,266 | \$ 223,714 |
| Library's proportionate share of the collective net pension liability as a percentage of its covered payroll | 72% | 80% | 80% | 90% | 79% | 78% |
| Plan fiduciary net position as a percentage of the total pension liability | 69.88% | 68.88% | 67.12% | 65.10% | 64.95% | 66.60% |

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

CITY OF EL DORADO, KANSAS

Schedule of the City's Contributions
 Kansas Public Employees Retirement System
 Last Ten Fiscal Years

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| KPERS contractually required contribution | \$ 385,748 | \$ 350,451 | \$ 366,093 | \$ 400,701 | \$ 401,217 | \$ 352,578 | \$ 310,747 | \$ 293,509 | \$ 257,819 | \$ 249,113 |
| KP&F contractually required contribution | 497,533 | 418,470 | 396,241 | 418,425 | 407,629 | 363,076 | 322,865 | 324,386 | 272,793 | 240,147 |
| Contributions in relation to the contractually required contribution | (883,281) | (768,921) | (762,334) | (819,126) | (808,846) | (715,654) | (633,612) | (617,895) | (530,612) | (489,260) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's covered payroll | \$ 6,587,356 | \$ 6,259,987 | \$ 6,336,505 | \$ 6,414,029 | \$ 6,369,673 | \$ 6,039,625 | \$ 6,014,997 | \$ 6,018,005 | \$ 5,792,461 | \$ 5,709,858 |
| Contributions as a percentage of covered payroll | 13.41% | 12.28% | 12.03% | 12.77% | 12.70% | 11.85% | 10.53% | 10.27% | 9.16% | 8.57% |

CITY OF EL DORADO, KANSAS

BRADFORD MEMORIAL LIBRARY

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

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually required contribution | \$ 25,398 | \$ 21,740 | \$ 22,177 | \$ 22,353 | \$ 23,375 | \$ 22,235 | \$ 20,924 | \$ 21,145 | \$ 18,110 |
| Contributions in relation to the contractually required contribution | 25,398 | 21,740 | 22,177 | 22,353 | 23,375 | 22,235 | 20,924 | 21,145 | 18,110 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's covered payroll | \$ 285,687 | \$ 259,120 | \$ 262,144 | \$ 243,498 | \$ 247,351 | \$ 249,435 | \$ 254,058 | \$ 265,347 | \$ 260,170 |
| Contributions as a percentage of covered payroll | 8.89% | 8.39% | 8.46% | 9.18% | 9.45% | 8.91% | 8.24% | 7.97% | 6.96% |

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

CITY OF EL DORADO, KANSAS

Schedule of Changes in the
City's Net OPEB Liability and Related Ratios* - Health
Last Three Fiscal Years

| | 2019 | 2018 | 2017 |
|---|---------------------|-------------------|-------------------|
| Total OPEB liability | | | |
| Service cost | \$ 17,610 | \$ 8,434 | \$ 8,109 |
| Interest | 60,992 | 40,116 | 40,203 |
| Changes of benefits terms | (11,382) | - | - |
| Differences between expected and actual experience | 282,843 | - | - |
| Changes of assumptions | 66,882 | 61,712 | - |
| Benefit payments | (40,303) | (55,931) | (44,251) |
| Net change in total OPEB liability | 376,642 | 54,331 | 4,061 |
| Total OPEB liability--beginning | 680,746 | 688,128 | 684,067 |
| Changes in assumptions/methodology | - | (61,713) | - |
| Total OPEB liability--beginning, restated | 680,746 | 626,415 | 684,067 |
| Total OPEB liability--ending (a) | <u>\$ 1,057,388</u> | <u>\$ 680,746</u> | <u>\$ 688,128</u> |
| Plan fiduciary net position | | | |
| Contributions--employer | \$ 71,442 | \$ 123,880 | \$ 68,451 |
| Net investment income (loss) | 42,203 | (11,952) | 15,928 |
| Benefit payments | - | - | - |
| Administrative expense | - | - | - |
| Net change in plan fiduciary net position | 113,645 | 111,928 | 84,379 |
| Plan fiduciary net position--beginning | 292,635 | 180,707 | 96,328 |
| Plan fiduciary net position--ending (b) | <u>\$ 406,280</u> | <u>\$ 292,635</u> | <u>\$ 180,707</u> |
| City's net OPEB liability--ending (a) - (b) | <u>\$ 651,108</u> | <u>\$ 388,111</u> | <u>\$ 507,421</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability | 38.42% | 42.99% | 26.26% |
| Covered payroll | \$ 6,010,082 | \$ 6,212,889 | \$ 5,973,932 |
| City's net OPEB liability as a percentage of covered payroll | 10.83% | 6.25% | 8.49% |

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

CITY OF EL DORADO, KANSAS

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------|--------------------|-------------------|
| Actuarially determined contribution | \$ 71,442 | \$ 61,940 | \$ 61,940 |
| Contributions in relation to the actuarially determined contribution | <u>71,442</u> | <u>123,880</u> | <u>68,451</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ (61,940)</u> | <u>\$ (6,511)</u> |
| City's covered payroll | \$ 6,010,082 | \$ 6,212,889 | \$ 5,973,932 |
| Contributions as a percentage of covered payroll | 1.19% | 1.99% | 1.15% |

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

Notes to Schedule

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

| | |
|---------------------------|---|
| Valuation Date | January 1, 2019 |
| Actuarial Cost Method | Entry Age Normal |
| Asset Valuation Method | Market Value |
| Amortization Method | Level Dollar, Open |
| Amortization Period | 30 Years |
| Salary Increases | 3.50% |
| Investment Rate of Return | 6.00% |
| Mortality Table | RP 2014 Total Employee and Healthy Annuitant tables adjusted to 2006 and projected with MP 2018 future mortality improvement scale. |

CITY OF EL DORADO, KANSAS

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|-------------|-------------|-------------|
| Annual money-weighted rate of return, net of investment expense | 10.39% | -4.08% | 8.81% |

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

CITY OF EL DORADO, KANSAS

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

Last Three Fiscal Years*

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|-------------------|
| Total OPEB liability: | | | |
| Service cost | \$ 15,403 | \$ 15,319 | \$ 16,484 |
| Interest | 5,379 | 4,786 | 3,478 |
| Effect of economic/demographic gains or losses | (27,955) | (9,720) | - |
| Effect of assumptions changes or inputs | 1,932 | (1,659) | (3,752) |
| Benefit payments | <u>(3,495)</u> | <u>(3,495)</u> | <u>(3,315)</u> |
| Net change in total OPEB liability | (8,736) | 5,231 | 12,895 |
| Total OPEB liability, beginning | <u>125,330</u> | <u>120,099</u> | <u>107,204</u> |
| Total OPEB liability, ending | <u>\$ 116,594</u> | <u>\$ 125,330</u> | <u>\$ 120,099</u> |
| Covered payroll | \$ 4,038,834 | \$ 4,183,182 | \$ 4,028,513 |
| City's total OPEB liability as a percentage of covered payroll | 2.89% | 3.00% | 2.98% |

Notes to Schedule:

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

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

CITY OF EL DORADO, KANSAS

BRADFORD MEMORIAL LIBRARY

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

Last Three Fiscal Years*

| | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|------------------|------------------|------------------|
| Total OPEB liability: | | | |
| Service cost | \$ 533 | \$ 529 | \$ 644 |
| Interest | 493 | 508 | 454 |
| Effect of economic/demographic gains or losses | 597 | (49) | - |
| Effect of assumptions changes or inputs | 157 | (129) | (367) |
| Benefit payments | <u>(2,341)</u> | <u>(2,341)</u> | <u>(2,341)</u> |
| Net change in total OPEB liability | (561) | (1,482) | (1,610) |
| Total OPEB liability, beginning | <u>13,352</u> | <u>14,834</u> | <u>16,444</u> |
| Total OPEB liability, ending | <u>\$ 12,791</u> | <u>\$ 13,352</u> | <u>\$ 14,834</u> |
| Covered payroll | \$ 260,302 | \$ 223,121 | \$ 243,500 |
| Library's total OPEB liability as a percentage of covered payroll | 4.91% | 5.98% | 6.09% |

Notes to Schedule:

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

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

OTHER SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES

GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF EL DORADO, KANSAS
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2019

| | Airport | Major Street Improvement | Industrial Development | Special Parks and Recreation | Tourism Tax | Economic Development Sales Tax | Stormwater Utility | Family Life Center |
|---|-------------------|--------------------------------|---------------------------|------------------------------------|-------------------|--------------------------------------|-----------------------|-----------------------|
| <u>ASSETS</u> | | | | | | | | |
| Cash and investments | \$ 80,834 | \$ 28,466 | \$ 340,278 | \$ 59,261 | \$ 254,891 | \$ 78,680 | \$ 371,207 | \$ 12,194 |
| Inventories | 12,814 | - | - | - | - | - | - | - |
| Receivables (net of allowance for uncollectibles): | | | | | | | | |
| Property tax | 92,810 | - | 92,958 | - | - | - | - | - |
| Special assessment tax | - | - | - | - | - | - | 322,800 | - |
| Accounts | 8,472 | 130,841 | 16,800 | - | - | - | - | - |
| Due from other governments | - | - | - | - | 59,364 | - | 33 | 8,625 |
| Total assets | <u>\$ 194,930</u> | <u>\$ 159,307</u> | <u>\$ 450,036</u> | <u>\$ 59,261</u> | <u>\$ 314,255</u> | <u>\$ 78,680</u> | <u>\$ 694,040</u> | <u>\$ 20,819</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 2,078 | \$ 22,511 | \$ 250 | \$ 113 | \$ 34,033 | \$ - | \$ 153 | \$ 20,819 |
| Due to other funds | - | 29,928 | - | - | - | - | - | - |
| Unearned revenue - grant proceeds other than timing | - | - | - | - | - | - | - | - |
| Total liabilities | <u>2,078</u> | <u>52,439</u> | <u>250</u> | <u>113</u> | <u>34,033</u> | <u>-</u> | <u>153</u> | <u>20,819</u> |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenue - property taxes | 92,810 | - | 92,958 | - | - | - | - | - |
| Unavailable revenue - special assessments | - | - | - | - | - | - | 322,800 | - |
| Total deferred inflows of resources | <u>92,810</u> | <u>-</u> | <u>92,958</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>322,800</u> | <u>-</u> |
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Inventories | 12,814 | - | - | - | - | - | - | - |
| Restricted: | | | | | | | | |
| Police operations | - | - | - | - | - | - | - | - |
| Tourism | - | - | - | - | 280,222 | - | - | - |
| Domestic violence prevention | - | - | - | - | - | - | - | - |
| Park improvements | - | - | - | 59,148 | - | - | - | - |
| Stormwater systems | - | - | - | - | - | - | 371,087 | - |
| Street improvements | - | - | - | - | - | - | - | - |
| Community capital expenditures | - | - | - | - | - | - | - | - |
| Committed: | | | | | | | | |
| Public safety equipment | - | - | - | - | - | - | - | - |
| Assigned: | | | | | | | | |
| Airport improvements | 87,228 | - | - | - | - | - | - | - |
| Economic development sales tax | - | - | - | - | - | 78,680 | - | - |
| Industrial development | - | - | 356,828 | - | - | - | - | - |
| Street improvements | - | 106,868 | - | - | - | - | - | - |
| Police equipment | - | - | - | - | - | - | - | - |
| Total fund balances | <u>100,042</u> | <u>106,868</u> | <u>356,828</u> | <u>59,148</u> | <u>280,222</u> | <u>78,680</u> | <u>371,087</u> | <u>-</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 194,930</u> | <u>\$ 159,307</u> | <u>\$ 450,036</u> | <u>\$ 59,261</u> | <u>\$ 314,255</u> | <u>\$ 78,680</u> | <u>\$ 694,040</u> | <u>\$ 20,819</u> |

(Continued)

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

(Continued)

December 31, 2019

| | Expendable Trust | Customer Deposit | Law Enforcement Trust | Police Department Seized Assets | Ordinance Street Sales Tax | Excess Sales Tax | Special Alcohol Program | Total Nonmajor Special Revenue Funds |
|---|---------------------|---------------------|-----------------------------|---------------------------------------|----------------------------------|---------------------|----------------------------|--|
| <u>ASSETS</u> | | | | | | | | |
| Cash and investments | \$ 299,392 | \$ 13,384 | \$ 6,169 | \$ 6,017 | \$ 747,908 | \$ 1,357,944 | \$ 44,700 | \$ 3,701,325 |
| Inventories | - | - | - | - | - | - | - | 12,814 |
| Receivables (net of allowance for uncollectibles): | | | | | | | | |
| Property tax | - | - | - | - | - | - | - | 185,768 |
| Special assessment tax | - | - | - | - | - | - | - | 322,800 |
| Accounts | - | - | - | - | - | - | - | 156,113 |
| Due from other governments | - | - | - | - | - | - | - | 68,022 |
| Total assets | <u>\$ 299,392</u> | <u>\$ 13,384</u> | <u>\$ 6,169</u> | <u>\$ 6,017</u> | <u>\$ 747,908</u> | <u>\$ 1,357,944</u> | <u>\$ 44,700</u> | <u>\$ 4,446,842</u> |
| <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u> | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 99 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 80,056 |
| Due to other funds | - | - | - | - | - | - | - | 29,928 |
| Unearned revenue - grant proceeds other than timing | 75,000 | - | - | - | - | - | - | 75,000 |
| Total liabilities | <u>75,099</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>184,984</u> |
| Deferred inflows of resources: | | | | | | | | |
| Unavailable revenue - property taxes | - | - | - | - | - | - | - | 185,768 |
| Unavailable revenue - special assessments | - | - | - | - | - | - | - | 322,800 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>508,568</u> |
| Fund balances: | | | | | | | | |
| Nonspendable: | | | | | | | | |
| Inventories | - | - | - | - | - | - | - | 12,814 |
| Restricted: | | | | | | | | |
| Police operations | - | - | 6,169 | - | - | - | - | 6,169 |
| Tourism | - | - | - | - | - | - | - | 280,222 |
| Domestic violence prevention | - | - | - | - | - | - | 44,700 | 44,700 |
| Park improvements | - | - | - | - | - | - | - | 59,148 |
| Stormwater systems | - | - | - | - | - | - | - | 371,087 |
| Street improvements | - | - | - | - | 747,908 | - | - | 747,908 |
| Community capital expenditures | - | - | - | - | - | 1,357,944 | - | 1,357,944 |
| Committed: | | | | | | | | |
| Public safety equipment | - | 13,384 | - | - | - | - | - | 13,384 |
| Assigned: | | | | | | | | |
| Airport improvements | - | - | - | - | - | - | - | 87,228 |
| Economic development sales tax | - | - | - | - | - | - | - | 78,680 |
| Industrial development | - | - | - | - | - | - | - | 356,828 |
| Street improvements | - | - | - | - | - | - | - | 106,868 |
| Police equipment | 224,293 | - | - | 6,017 | - | - | - | 230,310 |
| | <u>224,293</u> | <u>13,384</u> | <u>6,169</u> | <u>6,017</u> | <u>747,908</u> | <u>1,357,944</u> | <u>44,700</u> | <u>3,753,290</u> |
| | <u>\$ 299,392</u> | <u>\$ 13,384</u> | <u>\$ 6,169</u> | <u>\$ 6,017</u> | <u>\$ 747,908</u> | <u>\$ 1,357,944</u> | <u>\$ 44,700</u> | <u>\$ 4,446,842</u> |

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

Year Ended December 31, 2019

| | Airport | Major Street Improve- ment | Industrial Develop- ment | Special Parks and Recreation | Tourism Tax | Economic Develop- ment Sales Tax | Stormwater Utility | Family Life Center |
|---|-------------------|-------------------------------------|--------------------------------|---------------------------------------|-------------------|---|-----------------------|--------------------------|
| Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property | \$ 118,607 | \$ - | \$ 99,721 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Sales | - | - | - | - | - | 50,000 | - | - |
| Tourism | - | - | - | - | 176,473 | - | - | - |
| Intergovernmental | - | 550,965 | - | 39,215 | - | - | 116 | 89,671 |
| Licenses and permits | - | 8,956 | - | 1,020 | - | - | - | - |
| Charges for services | 174,657 | 300 | - | - | - | - | - | - |
| Special assessments | - | - | - | - | - | - | 322,161 | - |
| Investment earnings | 439 | - | 1,847 | 322 | 1,389 | 427 | 2,015 | - |
| Miscellaneous | 950 | - | 74,427 | - | 82,882 | 5,001 | 378 | - |
| Total revenues | <u>294,653</u> | <u>560,221</u> | <u>175,995</u> | <u>40,557</u> | <u>260,744</u> | <u>55,428</u> | <u>324,670</u> | <u>89,671</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 185,651 | - | - | 3,090 | 2,234 | - | 173,655 | - |
| Highways and streets | - | 538,820 | - | - | - | - | - | - |
| Health and sanitation | - | - | - | - | - | - | - | 89,671 |
| Culture and recreation | - | - | - | 11,440 | 264 | - | - | - |
| Economic development | - | 60 | 158,118 | - | 166,030 | 2,536 | - | - |
| Capital outlay | - | 30,730 | - | 7,000 | 29,793 | - | - | - |
| Debt service: | | | | | | | | |
| Interest and other fiscal charges | 45,628 | - | - | - | - | - | - | - |
| Total expenditures | <u>231,279</u> | <u>569,610</u> | <u>158,118</u> | <u>21,530</u> | <u>198,321</u> | <u>2,536</u> | <u>173,655</u> | <u>89,671</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>63,374</u> | <u>(9,389)</u> | <u>17,877</u> | <u>19,027</u> | <u>62,423</u> | <u>52,892</u> | <u>151,015</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | 91,944 | - | - | - | - | - | - |
| Transfers out | (45,000) | (14,038) | - | (5,078) | (42,000) | (30,360) | (18,000) | - |
| Total other financing sources (uses) | <u>(45,000)</u> | <u>77,906</u> | <u>-</u> | <u>(5,078)</u> | <u>(42,000)</u> | <u>(30,360)</u> | <u>(18,000)</u> | <u>-</u> |
| | 18,374 | 68,517 | 17,877 | 13,949 | 20,423 | 22,532 | 133,015 | - |
| Fund balances, beginning of year | 81,668 | 38,351 | 338,951 | 45,199 | 259,799 | 56,148 | 238,072 | - |
| Fund balances, end of year | <u>\$ 100,042</u> | <u>\$ 106,868</u> | <u>\$ 356,828</u> | <u>\$ 59,148</u> | <u>\$ 280,222</u> | <u>\$ 78,680</u> | <u>\$ 371,087</u> | <u>\$ -</u> |

(Continued)

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

Year Ended December 31, 2019

| | Expendable Trust | Customer Deposit | Law Enforcement Trust | Police Department Seized Assets | Ordinance Street Sales Tax | Excess Sales Tax | Special Alcohol Program | Total Nonmajor Special Revenue Funds |
|---|---------------------|---------------------|-----------------------------|---------------------------------------|----------------------------------|------------------------|-------------------------------|---|
| Revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 218,328 |
| Sales | - | - | - | - | - | - | - | 50,000 |
| Tourism | - | - | - | - | - | - | - | 176,473 |
| Intergovernmental | 475,018 | - | - | - | - | - | 39,215 | 1,194,200 |
| Licenses and permits | - | - | - | - | - | - | - | 9,976 |
| Charges for services | - | - | - | - | - | - | - | 174,957 |
| Special assessments | - | - | - | - | - | - | - | 322,161 |
| Investment earnings | 2,441 | - | - | - | 4,060 | - | 243 | 13,183 |
| Miscellaneous | 24,750 | 12,975 | - | 1,700 | - | - | - | 203,063 |
| Total revenues | <u>502,209</u> | <u>12,975</u> | <u>-</u> | <u>1,700</u> | <u>4,060</u> | <u>-</u> | <u>39,458</u> | <u>2,362,341</u> |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| General government | 6,056 | - | - | - | - | - | - | 370,686 |
| Highways and streets | - | - | - | - | - | - | - | 538,820 |
| Health and sanitation | - | 3,000 | - | - | - | - | 22,800 | 115,471 |
| Culture and recreation | 99,717 | - | - | - | - | - | - | 111,421 |
| Economic development | 5,633 | - | - | - | - | - | - | 332,377 |
| Capital outlay | - | - | - | - | - | - | - | 67,523 |
| Debt service: | | | | | | | | |
| Interest | - | - | - | - | - | - | - | 45,628 |
| Total expenditures | <u>111,406</u> | <u>3,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>22,800</u> | <u>1,581,926</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>390,803</u> | <u>9,975</u> | <u>-</u> | <u>1,700</u> | <u>4,060</u> | <u>-</u> | <u>16,658</u> | <u>780,415</u> |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | 53,766 | - | - | - | 600,000 | 708,447 | - | 1,454,157 |
| Transfers out | (490,460) | - | - | - | (876,820) | (446,977) | - | (1,968,733) |
| Total other financing sources (uses) | <u>(436,694)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(276,820)</u> | <u>261,470</u> | <u>-</u> | <u>(514,576)</u> |
| Net change in fund balances | (45,891) | 9,975 | - | 1,700 | (272,760) | 261,470 | 16,658 | 265,839 |
| Fund balances, beginning of year | 270,184 | 3,409 | 6,169 | 4,317 | 1,020,668 | 1,096,474 | 28,042 | 3,487,451 |
| Fund balances, end of year | <u>\$ 224,293</u> | <u>\$ 13,384</u> | <u>\$ 6,169</u> | <u>\$ 6,017</u> | <u>\$ 747,908</u> | <u>\$ 1,357,944</u> | <u>\$ 44,700</u> | <u>\$ 3,753,290</u> |

CITY OF EL DORADO, KANSAS

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

PRAIRIE TRAILS RESTAURANT/GOLF

Year Ended December 31, 2019

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|----------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for services | \$ 334,700 | \$ 334,700 | \$ 5,199 | \$ (329,501) |
| Miscellaneous | 1,000 | 1,000 | 22,400 | 21,400 |
| | <u>335,700</u> | <u>335,700</u> | <u>27,599</u> | <u>(308,101)</u> |
| Expenditures: | | | | |
| Personal services | 328,706 | 328,706 | 99,707 | 228,999 |
| Contractual services | 86,450 | 86,450 | 39,942 | 46,508 |
| Commodities | 117,900 | 117,900 | 13,216 | 104,684 |
| | <u>533,056</u> | <u>533,056</u> | <u>152,865</u> | <u>380,191</u> |
| Deficiency of revenues under expenditures | (197,356) | (197,356) | (125,266) | 72,090 |
| Other financing sources: | | | | |
| Transfers in | 197,356 | 197,356 | 60,052 | (137,304) |
| | <u>-</u> | <u>-</u> | <u>(65,214)</u> | <u>(65,214)</u> |
| Net change in fund balances | - | - | (65,214) | (65,214) |
| Fund balance, beginning of year | - | - | 65,214 | 65,214 |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> |
| Reconciliation to GAAP | | | | |
| Plus inventory at December 31, 2019 | | | <u>16,690</u> | |
| Fund balances on the basis of GAAP | | | <u>\$ 16,690</u> | |

CITY OF EL DORADO, KANSAS

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

AIRPORT FUND

Year Ended December 31, 2019

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|------------------|----------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 125,158 | \$ 125,158 | \$ 118,607 | \$ (6,551) |
| Charges for services | 163,850 | 163,850 | 175,455 | 11,605 |
| Investment earnings | - | - | 439 | 439 |
| Miscellaneous | 6,260 | 6,260 | 950 | (5,310) |
| Total revenues | 295,268 | 295,268 | 295,451 | 183 |
| Expenditures: | | | | |
| Current: | | | | |
| Personal services | 76,940 | 76,940 | 65,609 | 11,331 |
| Contractual services | 38,200 | 38,200 | 41,713 | (3,513) |
| Commodities | 89,500 | 89,500 | 76,473 | 13,027 |
| Debt service: | | | | |
| Principal | 36,935 | 36,935 | 36,935 | - |
| Interest expense | 8,693 | 8,693 | 8,693 | - |
| Total expenditures | 250,268 | 250,268 | 229,423 | 20,845 |
| Excess of revenues over expenditures | 45,000 | 45,000 | 66,028 | 21,028 |
| Other financing uses: | | | | |
| Transfers out | (45,000) | (45,000) | (45,000) | - |
| Net change in fund balances | - | - | 21,028 | 21,028 |
| Fund balance, beginning of year | - | - | 59,773 | 59,773 |
| Fund balance, end of year | \$ - | \$ - | 80,801 | \$ 80,801 |
| Reconciliation to GAAP | | | | |
| Plus receivables at December 31, 2019 | | | 8,472 | |
| Less payables outstanding at December 31, 2019 | | | (2,045) | |
| Plus inventory at December 31, 2019 | | | 12,814 | |
| Fund balances on the basis of GAAP | | | \$ 100,042 | |

CITY OF EL DORADO, KANSAS

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

MAJOR STREET IMPROVEMENT FUND

Year Ended December 31, 2019

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|------------------|----------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 493,580 | \$ 493,580 | \$ 532,410 | \$ 38,830 |
| Licenses and permits | 10,780 | 10,780 | 8,956 | (1,824) |
| Miscellaneous | - | - | 300 | 300 |
| Total revenues | 504,360 | 504,360 | 541,666 | 37,306 |
| Expenditures: | | | | |
| Personal services | 368,780 | 368,780 | 276,673 | 92,107 |
| Contractual services | 32,450 | 32,450 | 64,520 | (32,070) |
| Commodities | 178,750 | 178,750 | 211,741 | (32,991) |
| Capital outlay | - | - | 30,730 | (30,730) |
| Total expenditures | 579,980 | 579,980 | 583,664 | (3,684) |
| Deficiency of revenues under expenditures | (75,620) | (75,620) | (41,998) | 33,622 |
| Other financing sources (uses): | | | | |
| Transfers in | 105,585 | 105,585 | 91,944 | (13,641) |
| Transfers out | (29,965) | (29,965) | (14,039) | 15,926 |
| Net change in fund balances | - | - | 35,907 | 35,907 |
| Fund balance, beginning of year | - | - | (37,369) | (37,369) |
| Fund balance, end of year | \$ - | \$ - | (1,462) | \$ (1,462) |
| Reconciliation to GAAP | | | | |
| Plus receivables at December 31, 2019 | | | 130,841 | |
| Less payables outstanding at December 31, 2019 | | | (22,511) | |
| Fund balances on the basis of GAAP | | | \$ 106,868 | |

CITY OF EL DORADO, KANSAS

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

INDUSTRIAL DEVELOPMENT FUND

Year Ended December 31, 2019

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|------------------|----------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 106,692 | \$ 106,692 | \$ 99,721 | \$ (6,971) |
| Miscellaneous | - | - | 77,787 | 77,787 |
| Investment earnings | - | - | 1,847 | 1,847 |
| Total revenues | <u>106,692</u> | <u>106,692</u> | <u>179,355</u> | <u>72,663</u> |
| Expenditures: | | | | |
| Contractual services | <u>113,700</u> | <u>113,700</u> | <u>190,676</u> | <u>(76,976)</u> |
| Deficiency of revenues under expenditures | (7,008) | (7,008) | (11,321) | (4,313) |
| Fund balance, beginning of year | <u>7,008</u> | <u>7,008</u> | <u>351,599</u> | <u>344,591</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>340,278</u> | <u>\$ 340,278</u> |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus receivables at December 31, 2019 | | | 16,800 | |
| Less payables outstanding at December 31, 2019 | | | <u>(250)</u> | |
| Fund balances on the basis of GAAP | | | <u>\$ 356,828</u> | |

CITY OF EL DORADO, KANSAS

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

SPECIAL PARKS AND RECREATION FUND

Year Ended December 31, 2019

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|------------------|-----------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 24,484 | \$ 24,484 | \$ 39,215 | \$ 14,731 |
| Fees | 1,750 | 1,750 | 1,020 | (730) |
| Investment earnings | - | - | 322 | 322 |
| Total revenues | <u>26,234</u> | <u>26,234</u> | <u>40,557</u> | <u>14,323</u> |
| Expenditures: | | | | |
| Contractual services | 2,500 | 2,500 | 2,977 | (477) |
| Commodities | 8,500 | 8,500 | 11,440 | (2,940) |
| Capital outlay | - | - | 7,000 | (7,000) |
| Total expenditures | <u>11,000</u> | <u>11,000</u> | <u>21,417</u> | <u>(10,417)</u> |
| Excess of revenues over expenditures | 15,234 | 15,234 | 19,140 | 3,906 |
| Other financing sources: | | | | |
| Transfers out | - | - | (5,078) | (5,078) |
| Net change in fund balances | 15,234 | 15,234 | 14,062 | (1,172) |
| Fund balance, beginning of year | <u>(15,234)</u> | <u>(15,234)</u> | <u>45,199</u> | <u>60,433</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>59,261</u> | <u>\$ 59,261</u> |
| <u>Reconciliation to GAAP</u> | | | | |
| Less payables outstanding at December 31, 2019 | | | <u>(113)</u> | |
| Fund balances on the basis of GAAP | | | <u>\$ 59,148</u> | |

CITY OF EL DORADO, KANSAS

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

TOURISM TAX FUND

Year Ended December 31, 2019

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|------------------|-----------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 170,000 | \$ 170,000 | \$ 188,143 | \$ 18,143 |
| Rents and royalties | 50,000 | 50,000 | 82,358 | 32,358 |
| Investment earnings | - | - | 1,389 | 1,389 |
| Miscellaneous | - | - | 525 | 525 |
| Total revenues | <u>220,000</u> | <u>220,000</u> | <u>272,415</u> | <u>52,415</u> |
| Expenditures: | | | | |
| Personal services | 77,468 | 77,468 | 57,986 | 19,482 |
| Contractual services | 89,384 | 89,384 | 79,799 | 9,585 |
| Commodities | 8,116 | 8,116 | 5,006 | 3,110 |
| Capital outlay | - | - | 29,793 | (29,793) |
| Total expenditures | <u>174,968</u> | <u>174,968</u> | <u>172,584</u> | <u>2,384</u> |
| Excess of revenues over expenditures | 45,032 | 45,032 | 99,831 | 54,799 |
| Other financing uses: | | | | |
| Transfers out | <u>(42,000)</u> | <u>(42,000)</u> | <u>(42,000)</u> | <u>-</u> |
| Net change in fund balances | 3,032 | 3,032 | 57,831 | 54,799 |
| Fund balance, beginning of year | <u>(3,032)</u> | <u>(3,032)</u> | <u>197,060</u> | <u>200,092</u> |
| Fund balance, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>254,891</u> | <u>\$ 254,891</u> |
| <u>Reconciliation to GAAP</u> | | | | |
| Plus receivables at December 31, 2019 | | | 59,364 | |
| Less payables outstanding at December 31, 2019 | | | <u>(34,033)</u> | |
| Fund balances on the basis of GAAP | | | <u>\$ 280,222</u> | |

CITY OF EL DORADO, KANSAS

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

ECONOMIC DEVELOPMENT SALES TAX FUND

Year Ended December 31, 2019

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--------------------------------------|------------------|-----------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 50,000 | \$ 50,000 | \$ 50,000 | \$ - |
| Investment earnings | - | - | 427 | 427 |
| Miscellaneous | - | - | 5,001 | 5,001 |
| Total revenues | 50,000 | 50,000 | 55,428 | 5,428 |
| Expenditures: | | | | |
| Contractual services | 50,000 | 50,000 | 2,536 | 47,464 |
| Excess of revenues over expenditures | - | - | 52,892 | 52,892 |
| Other financing uses: | | | | |
| Transfers out | - | - | (30,360) | (30,360) |
| Net change in fund balances | - | - | 22,532 | 22,532 |
| Fund balance, beginning of year | - | - | 56,148 | 56,148 |
| Fund balance, end of year | \$ - | \$ - | \$ 78,680 | \$ 78,680 |

CITY OF EL DORADO, KANSAS

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

STORMWATER UTILITY FUND

Year Ended December 31, 2019

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|--|------------------|----------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$ 300 | \$ 300 | \$ 116 | \$ (184) |
| Special assessment taxes | 309,825 | 309,825 | 322,161 | 12,336 |
| Investment earnings | - | - | 2,015 | 2,015 |
| Reimbursements | 18,000 | 18,000 | 378 | (17,622) |
| Total revenues | 328,125 | 328,125 | 324,670 | (3,455) |
| Expenditures: | | | | |
| Personal services | 299,448 | 299,448 | 164,645 | 134,803 |
| Contractual services | 23,000 | 23,000 | 5,262 | 17,738 |
| Commodities | 24,500 | 24,500 | 3,893 | 20,607 |
| Total expenditures | 346,948 | 346,948 | 173,800 | 173,148 |
| Excess (deficiency) of revenues over (under) expenditures | (18,823) | (18,823) | 150,870 | 169,693 |
| Other financing uses: | | | | |
| Transfers out | - | - | (18,000) | (18,000) |
| Net change in fund balances | (18,823) | (18,823) | 132,870 | 151,693 |
| Fund balance, beginning of year | 18,823 | 18,823 | 238,370 | 219,547 |
| Fund balance, end of year | \$ - | \$ - | 371,240 | \$ 371,240 |
| <u>Reconciliation to GAAP</u> | | | | |
| Less payables outstanding at December 31, 2019 | | | (153) | |
| Fund balances on the basis of GAAP | | | \$ 371,087 | |

CITY OF EL DORADO, KANSAS

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

DEBT SERVICE FUND

Year Ended December 31, 2019

| | Budgeted Amounts | | Actual Amounts Budgetary Basis | Variance With Final Budget Positive (Negative) |
|---|------------------|--------------|---|--|
| | Original | Final | | |
| Revenues: | | | | |
| Taxes | \$ 1,152,705 | \$ 1,152,705 | \$ 1,113,848 | \$ (38,857) |
| Special assessments | 317,580 | 317,580 | 312,686 | (4,894) |
| Investment earnings | - | - | 1,428 | 1,428 |
| Miscellaneous | 120,763 | 120,763 | 232,769 | 112,006 |
| Total revenues | 1,591,048 | 1,591,048 | 1,660,731 | 69,683 |
| Expenditures: | | | | |
| Contractual services | 1,600 | 1,600 | 9,411 | (7,811) |
| Debt service: | | | | |
| Principal | 1,309,643 | 1,309,643 | 1,309,643 | - |
| Interest | 417,946 | 417,946 | 302,228 | 115,718 |
| Temporary note principal | - | 2,548,000 | 2,548,000 | - |
| Total expenditures | 1,729,189 | 4,277,189 | 4,169,282 | 107,907 |
| Deficiency of revenues under expenditures | (138,141) | (2,686,141) | (2,508,551) | 177,590 |
| Other financing sources (uses): | | | | |
| Sale of bonds | 192,915 | 2,355,498 | 2,267,094 | (88,404) |
| Cost of issuance | (54,775) | (54,775) | (67,315) | (12,540) |
| Transfers in | - | - | 259,423 | 259,423 |
| Net change in fund balances | (1) | (385,418) | (49,349) | 336,069 |
| Fund balance, beginning of year | 1 | 385,418 | 312,329 | (73,089) |
| Fund balance, end of year | \$ - | \$ - | \$ 262,980 | \$ 262,980 |

COMPONENT UNIT

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

CITY OF EL DORADO, KANSAS

BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT

BRADFORD MEMORIAL LIBRARY

December 31, 2019

ASSETS

| | |
|-------------------------|--------------|
| Cash and investments | \$ 492,793 |
| Endowment investment | 287,610 |
| Property tax receivable | 464,790 |
| | <hr/> |
| Total assets | \$ 1,245,193 |
| | <hr/> <hr/> |

LIABILITIES, DEFERRED INFLOWS OF
RESOURCES AND FUND BALANCES

| | |
|--|--------------|
| Liabilities: | |
| Accounts payable | \$ 141,927 |
| Deferred inflows of resources: | |
| Unavailable revenue - property taxes | 464,790 |
| Fund balances: | |
| Assigned | 638,476 |
| | <hr/> |
| Total liabilities, deferred inflows of resources and fund balances | \$ 1,245,193 |
| | <hr/> <hr/> |

CITY OF EL DORADO, KANSAS

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

BRADFORD MEMORIAL LIBRARY

Year Ended December 31, 2019

| | |
|---------------------------------|-------------|
| Revenues: | |
| Property taxes | \$ 497,356 |
| Intergovernmental | 38,634 |
| Charges for services | 3,887 |
| Fines and forfeitures | 8,610 |
| Gain on investments | 88,530 |
| Miscellaneous | 26,317 |
| | <hr/> |
| Total revenues | 663,334 |
| | <hr/> |
| Expenditures: | |
| Personal services | 352,215 |
| Contractual services | 69,763 |
| General government | 1,368 |
| Capital improvements | 5,110 |
| Commodities | 88,812 |
| Debt service: | |
| Principal | 30,000 |
| Interest | 4,275 |
| | <hr/> |
| Total expenditures | 551,543 |
| | <hr/> |
| Net change in fund balance | 111,791 |
| Fund balance, beginning of year | 526,685 |
| | <hr/> |
| Fund balance, end of year | \$ 638,476 |
| | <hr/> <hr/> |

**STATISTICAL
SECTION**

STATISTICAL SECTION

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

Contents

| | <u>Page</u> |
|--|------------------|
| Financial Trends | 119 - 125 |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | |
| Revenue Capacity | 126 - 129 |
| These schedules contain information to help the reader assess the factors affecting the City's ability to generate its most significant local revenue source, the property tax. | |
| Debt Capacity | 130 - 134 |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | |
| Demographic and Economic Information | 135 - 136 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | |
| Operating Information | 137 - 139 |
| These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs. | |

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

City of El Dorado
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

| | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 34,324,735 | \$ 30,150,968 | \$ 30,967,195 | \$ 30,188,763 | \$ 34,296,398 | \$ 29,539,248 | \$ 31,001,068 | \$ 32,504,209 | \$ 30,064,673 | \$ 31,480,981 |
| Restricted | 4,952,971 | 4,889,410 | 3,792,344 | 4,215,381 | 3,629,818 | 5,570,106 | 5,776,169 | 5,618,006 | 6,056,718 | 7,408,468 |
| Unrestricted | <u>2,759,317</u> | <u>8,719,784</u> | <u>5,609,678</u> | <u>6,918,169</u> | <u>3,341,366</u> | <u>1,886,158</u> | <u>(1,651,934)</u> | <u>(2,954,862)</u> | <u>(376,780)</u> | <u>(1,158,124)</u> |
| Total Governmental Activities Net Position | <u>\$ 42,037,023</u> | <u>\$ 43,760,162</u> | <u>\$ 40,369,217</u> | <u>\$ 41,322,313</u> | <u>\$ 41,267,582</u> | <u>\$ 36,995,512</u> | <u>\$ 35,125,303</u> | <u>\$ 35,167,353</u> | <u>\$ 35,744,611</u> | <u>\$ 37,731,325</u> |
| Business-Type Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 18,122,626 | \$ 18,777,765 | \$ 20,367,761 | \$ 21,303,503 | \$ 21,429,958 | \$ 20,861,680 | \$ 21,137,164 | \$ 21,632,458 | \$ 22,255,189 | \$ 28,230,293 |
| Restricted | - | - | - | - | - | - | - | - | - | - |
| Unrestricted | <u>(5,716,018)</u> | <u>(7,359,679)</u> | <u>(11,450,255)</u> | <u>(13,777,603)</u> | <u>(13,745,532)</u> | <u>(16,192,653)</u> | <u>(18,086,405)</u> | <u>(18,400,401)</u> | <u>(19,879,265)</u> | <u>(28,471,510)</u> |
| Total Business-Type Activities Net Position | <u>\$ 12,406,608</u> | <u>\$ 11,418,086</u> | <u>\$ 8,917,506</u> | <u>\$ 7,525,900</u> | <u>\$ 7,684,426</u> | <u>\$ 4,669,027</u> | <u>\$ 3,050,759</u> | <u>\$ 3,232,057</u> | <u>\$ 2,375,924</u> | <u>\$ (241,217)</u> |
| Primary Government | | | | | | | | | | |
| Net investment in capital assets | \$ 52,447,361 | \$ 48,928,733 | \$ 51,334,956 | \$ 51,492,266 | \$ 55,726,356 | \$ 50,400,928 | \$ 52,138,232 | \$ 54,136,667 | \$ 52,319,862 | \$ 59,711,274 |
| Restricted | 4,952,971 | 4,889,410 | 3,792,344 | 4,215,381 | 3,629,818 | 5,570,106 | 5,776,169 | 5,618,006 | 6,056,718 | 7,408,468 |
| Unrestricted | <u>(2,956,701)</u> | <u>1,360,105</u> | <u>(5,840,577)</u> | <u>(6,859,434)</u> | <u>(10,404,166)</u> | <u>(14,306,495)</u> | <u>(19,738,339)</u> | <u>(21,355,263)</u> | <u>(20,256,045)</u> | <u>(29,629,634)</u> |
| Total Primary Government Net Position | <u>\$ 54,443,631</u> | <u>\$ 55,178,248</u> | <u>\$ 49,286,723</u> | <u>\$ 48,848,213</u> | <u>\$ 48,952,008</u> | <u>\$ 41,664,539</u> | <u>\$ 38,176,062</u> | <u>\$ 38,399,410</u> | <u>\$ 38,120,535</u> | <u>\$ 37,490,108</u> |

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 1,671,142 | \$ 1,880,860 | \$ 2,202,906 | \$ 2,021,994 | \$ 2,755,952 | \$ 3,345,911 | \$ 2,399,221 | \$ 2,308,622 | \$ 3,517,087 | \$ 3,358,088 |
| Public safety | 3,742,666 | 3,644,530 | 3,799,331 | 3,767,376 | 3,906,171 | 4,055,854 | 4,246,184 | 4,123,977 | 4,039,731 | 4,112,299 |
| Public works | 3,201,411 | 4,283,125 | 3,254,173 | 3,278,271 | 3,476,247 | 3,748,977 | 5,407,872 | 3,708,612 | 3,763,699 | 3,873,979 |
| Health and sanitation | 415,808 | 371,126 | 411,502 | 392,681 | 478,020 | 457,600 | 416,036 | 410,278 | 297,237 | 287,627 |
| Culture and recreation | 2,018,666 | 1,542,864 | 1,389,464 | 1,297,591 | 1,476,436 | 1,362,045 | 1,513,728 | 1,602,837 | 1,508,086 | 1,320,667 |
| Economic development | 173,649 | 201,947 | 178,197 | 214,899 | 199,198 | 261,256 | 271,252 | 451,731 | 573,137 | 368,897 |
| Interest on long-term debt | 397,343 | 366,675 | 432,603 | 527,442 | 486,109 | 549,125 | 499,604 | 388,106 | 381,227 | 400,284 |
| Total Governmental Activities Expenses | <u>\$ 11,620,685</u> | <u>\$ 12,291,127</u> | <u>\$ 11,668,176</u> | <u>\$ 11,500,254</u> | <u>\$ 12,778,133</u> | <u>\$ 13,780,768</u> | <u>\$ 14,753,897</u> | <u>\$ 12,994,163</u> | <u>\$ 14,080,204</u> | <u>\$ 13,721,841</u> |
| Business-type activities: | | | | | | | | | | |
| Waterworks system | \$ 4,371,604 | \$ 4,629,494 | \$ 4,469,711 | \$ 4,822,852 | \$ 4,845,259 | \$ 4,838,768 | \$ 5,378,480 | \$ 4,800,942 | \$ 4,793,381 | \$ 5,303,479 |
| Sewer system | 2,076,189 | 2,313,956 | 2,069,672 | 2,109,889 | 2,109,698 | 2,441,626 | 2,635,077 | 2,256,590 | 2,420,586 | 4,614,230 |
| Refuse | 1,367,679 | 1,402,160 | 1,448,504 | 1,273,960 | 1,522,051 | 1,386,909 | 1,325,981 | 1,350,666 | 1,430,807 | 1,626,618 |
| Compressed Natural Gas | - | - | - | - | - | 16,839 | 12,694 | 25,622 | 28,863 | 33,091 |
| Total business-type activities expenses | <u>7,815,472</u> | <u>8,345,610</u> | <u>7,987,887</u> | <u>8,206,701</u> | <u>8,477,008</u> | <u>8,684,142</u> | <u>9,352,232</u> | <u>8,433,820</u> | <u>8,673,637</u> | <u>11,577,418</u> |
| Total Primary Government Expenses | <u>\$ 19,436,157</u> | <u>\$ 20,636,737</u> | <u>\$ 19,656,063</u> | <u>\$ 19,706,955</u> | <u>\$ 21,255,141</u> | <u>\$ 22,464,910</u> | <u>\$ 24,106,129</u> | <u>\$ 21,427,983</u> | <u>\$ 22,753,841</u> | <u>\$ 25,299,259</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 598,148 | \$ 649,247 | \$ 189,402 | \$ 1,307,835 | \$ 633,957 | \$ 1,639,486 | \$ 646,945 | \$ 877,175 | \$ 559,316 | \$ 2,084,115 |
| Public safety | 654,256 | 642,715 | 635,027 | 701,270 | 613,069 | 587,195 | 616,403 | 639,331 | 675,801 | 672,666 |
| Public works | 582,910 | 131,947 | 194,528 | 199,621 | 227,672 | 243,059 | 201,443 | 171,250 | 188,309 | 195,613 |
| Health and sanitation | 426,229 | 128,012 | 117,179 | 112,466 | 118,383 | 100,789 | 225,290 | 225,679 | 221,935 | 217,036 |
| Culture and recreation | 712,167 | 628,262 | 652,320 | 659,220 | 616,928 | 714,811 | 552,456 | 511,527 | 1,106,643 | 205,051 |
| Operating grants and contributions | 717,788 | 654,761 | 602,199 | 592,341 | 603,208 | - | 725,531 | 586,979 | 643,313 | 771,634 |
| Capital grants and contributions ² | 3,245,441 | 2,032,024 | 2,305,996 | 1,103,343 | 2,422,225 | - | 1,801,273 | 1,522,589 | 1,217,665 | 1,729,430 |
| Total Governmental Activities Program Revenues | <u>\$ 6,936,939</u> | <u>\$ 4,866,968</u> | <u>\$ 4,696,651</u> | <u>\$ 4,676,096</u> | <u>\$ 5,235,442</u> | <u>\$ 3,285,340</u> | <u>\$ 4,769,341</u> | <u>\$ 4,534,530</u> | <u>\$ 4,612,982</u> | <u>\$ 5,875,545</u> |

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|----------------|----------------|----------------|----------------|----------------|-----------------|-----------------|----------------|----------------|----------------|
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Waterworks system | \$ 3,753,098 | \$ 4,378,079 | \$ 4,204,657 | \$ 3,863,280 | \$ 4,253,360 | \$ 3,947,993 | \$ 4,399,825 | \$ 4,162,309 | \$ 4,422,139 | \$ 4,505,642 |
| Sewer system | 2,401,345 | 2,303,103 | 2,146,207 | 1,960,274 | 2,096,994 | 2,175,079 | 2,058,033 | 2,460,313 | 2,776,032 | 2,954,487 |
| Refuse | 1,446,387 | 1,452,599 | 1,434,386 | 1,359,800 | 1,404,573 | 1,538,748 | 1,508,945 | 1,615,743 | 1,694,720 | 1,855,511 |
| Compressed Natural Gas | - | - | - | - | 57 | 16,373 | 17,757 | 28,501 | 26,884 | 29,230 |
| Capital grants & contributions | - | 301,494 | 842,501 | 100 | 61,330 | - | 58,151 | 518,832 | 512,129 | 292,605 |
| Total business-type activities program revenues | 7,600,830 | 8,435,275 | 8,627,751 | 7,183,454 | 7,816,314 | 7,678,193 | 8,042,711 | 8,785,698 | 9,431,904 | 9,637,475 |
| Total Primary Government Program Revenues | \$ 14,537,769 | \$ 13,302,243 | \$ 13,324,402 | \$ 11,859,550 | \$ 13,051,756 | \$ 10,963,533 | \$ 12,812,052 | \$ 13,320,228 | \$ 14,044,886 | \$ 15,513,020 |
| Net (Expense)/ Revenue | | | | | | | | | | |
| Governmental activities | \$ (4,683,746) | \$ (7,424,159) | \$ (6,971,525) | \$ (6,824,158) | \$ (7,542,691) | \$ (10,495,428) | \$ (9,984,556) | \$ (8,459,633) | \$ (9,467,222) | \$ (7,846,296) |
| Business-type activities | (214,642) | 89,665 | 639,864 | (1,023,247) | (660,694) | (1,005,949) | (1,309,521) | 351,878 | 758,267 | (1,939,943) |
| Total Primary Government Net Expense | \$ (4,898,388) | \$ (7,334,494) | \$ (6,331,661) | \$ (7,847,405) | \$ (8,203,385) | \$ (11,501,377) | \$ (11,294,077) | \$ (8,107,755) | \$ (8,708,955) | \$ (9,786,239) |
| General Revenues: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 3,857,069 | \$ 3,983,853 | \$ 3,651,884 | \$ 3,806,320 | \$ 3,830,127 | \$ 3,806,019 | \$ 3,879,130 | \$ 4,066,071 | \$ 4,548,270 | \$ 4,792,036 |
| Sales taxes | 2,149,953 | 2,266,633 | 2,377,070 | 2,370,532 | 2,508,095 | 2,610,716 | 2,512,159 | 2,408,098 | 2,692,452 | 2,669,192 |
| Franchise taxes | 1,090,324 | 1,075,331 | 1,050,082 | 1,174,104 | 1,225,660 | 1,171,972 | 1,288,810 | 1,287,895 | 1,343,763 | 1,323,200 |
| Tourism taxes | 141,187 | 151,814 | 166,878 | 173,221 | 172,343 | 206,669 | 168,713 | 163,069 | 195,007 | 176,473 |
| Investment earnings | 28,447 | 19,829 | 6,731 | 5,050 | 2,774 | 63,304 | 43,871 | 11,425 | 17,459 | 54,279 |
| Gain on sale of capital assets | - | - | - | - | - | - | - | 80,135 | 12,117 | 18,950 |
| Transfers in (out) | 39,401 | 1,649,838 | 1,906,934 | 248,027 | (251,039) | 999,723 | 766,229 | 522,269 | 1,572,601 | 798,880 |
| Total Governmental Activities | \$ 7,306,381 | \$ 9,147,298 | \$ 9,159,579 | \$ 7,777,254 | \$ 7,487,960 | \$ 8,858,403 | \$ 8,658,912 | \$ 8,538,962 | \$ 10,381,669 | \$ 9,833,010 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings ¹ | \$ 318,628 | \$ 571,651 | \$ 160,775 | \$ (120,332) | \$ 568,181 | \$ 132,906 | \$ 258,680 | \$ 314,410 | \$ 188,142 | \$ 114,842 |
| Gain on sale of capital assets | - | - | - | - | - | - | 198,802 | - | - | 6,840 |
| Transfer in (out) | (39,401) | (1,649,838) | (1,906,934) | (248,027) | 251,039 | (999,723) | (766,229) | (522,269) | (1,572,601) | (798,880) |
| Total business-type activities | 279,227 | (1,078,187) | (1,746,159) | (368,359) | 819,220 | (866,817) | (308,747) | (207,859) | (1,384,459) | (677,198) |
| Total Primary Government | \$ 7,585,608 | \$ 8,069,111 | \$ 7,413,420 | \$ 7,408,895 | \$ 8,307,180 | \$ 7,991,586 | \$ 8,350,165 | \$ 8,331,103 | \$ 8,997,210 | \$ 9,155,812 |
| Change In Net Position | | | | | | | | | | |
| Governmental activities | \$ 2,622,635 | \$ 1,723,139 | \$ 2,188,054 | \$ 953,096 | \$ (54,731) | \$ 1,088,676 | \$ (1,325,644) | \$ 79,329 | \$ 914,447 | \$ 1,986,714 |
| Business-type activities | 64,585 | (988,522) | (1,106,295) | (1,391,606) | 158,526 | (1,664,808) | (1,618,268) | 144,019 | (626,192) | (2,617,141) |
| Total Primary Government | \$ 2,687,220 | \$ 734,617 | \$ 1,081,759 | \$ (438,510) | \$ 103,795 | \$ (576,132) | \$ (2,943,912) | \$ 223,348 | \$ 288,255 | \$ (630,427) |

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

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|--------------------|--------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ 968,076 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 3,836,107 | - | - | - | - | - | - | - | - | - |
| Nonspendable ¹ | - | 104,577 | 115,518 | 141,556 | 85,643 | 33,820 | 19,374 | 37,376 | 35,956 | 30,621 |
| Restricted ¹ | - | - | - | - | - | - | - | - | - | - |
| Committed ¹ | - | - | - | - | - | - | - | - | - | - |
| Assigned ¹ | - | 787,183 | 399,687 | 452,540 | 571,895 | 625,355 | 375,021 | 454,116 | 337,074 | 183,677 |
| Unassigned ¹ | - | 3,524,885 | 3,154,540 | 3,236,214 | 3,300,921 | 3,223,156 | 2,634,603 | 2,513,312 | 3,014,975 | 3,516,181 |
| Total General Fund | \$ 4,804,183 | \$ 4,416,645 | \$ 3,669,745 | \$ 3,830,310 | \$ 3,958,459 | \$ 3,882,331 | \$ 3,028,998 | \$ 3,004,804 | \$3,388,005 | \$3,730,479 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | \$ 1,716,685 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 1,862,969 | - | - | - | - | - | - | - | - | - |
| Construction fund | (3,842,274) | - | - | - | - | - | - | - | - | - |
| Debt service fund | 736,524 | - | - | - | - | - | - | - | - | - |
| Nonspendable ¹ | - | - | - | - | - | 20,881 | 26,781 | 19,918 | 19,645 | 12,814 |
| Restricted ¹ | - | 1,441,774 | 1,350,142 | 1,242,310 | 526,863 | 2,278,825 | 2,573,122 | 2,010,964 | 2,449,902 | 3,130,158 |
| Committed ¹ | - | 290,226 | 12,254 | 3,409 | 179,440 | 191,413 | 3,409 | 3,409 | 3,409 | 13,384 |
| Assigned ¹ | - | 4,536,209 | 280,604 | 387,152 | 302,679 | 272,958 | 678,429 | 605,518 | 431,023 | 859,914 |
| Unassigned ¹ | - | - | (1,382,393) | 1,428,533 | (3,876,124) | (159,804) | (404,761) | (1,421,732) | (1,198,761) | (2,926,955) |
| Total All Other Governmental Funds | \$ 473,904 | \$ 6,268,209 | \$ 260,607 | \$ 3,061,404 | \$ (2,867,142) | \$ 2,604,273 | \$ 2,876,980 | \$ 1,218,077 | \$1,705,218 | \$1,089,315 |

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

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

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-----------------------|
| Revenues | | | | | | | | | | |
| Taxes | \$ 7,238,533 | \$ 7,477,631 | \$ 7,245,914 | \$ 7,524,177 | \$ 7,736,225 | \$ 7,795,376 | \$ 7,848,812 | \$ 7,925,133 | \$ 8,779,492 | \$ 8,960,901 |
| Intergovernmental | 2,779,121 | 1,132,263 | 2,031,138 | 862,696 | 713,441 | 1,060,212 | 1,446,873 | 1,366,280 | 1,065,425 | 1,298,989 |
| Licenses and permits | 128,612 | 128,930 | 148,891 | 106,354 | 126,432 | 299,218 | 196,046 | 191,846 | 188,367 | 130,039 |
| Charges for services | 1,631,740 | 1,390,018 | 1,527,311 | 1,383,555 | 1,570,319 | 1,497,588 | 1,221,397 | 1,382,813 | 1,376,351 | 1,115,034 |
| Fines and forfeitures | 331,678 | 248,445 | 295,843 | 312,345 | 331,806 | 355,959 | 419,796 | 373,381 | 395,775 | 411,273 |
| Special assessment taxes | 865,168 | 891,890 | 845,586 | 829,432 | 1,837,078 | 607,448 | 600,415 | 600,571 | 609,214 | 1,098,016 |
| Use of money and property | 28,447 | 19,829 | 6,731 | 5,050 | 2,774 | 63,304 | 43,271 | 11,425 | 17,459 | 54,279 |
| Miscellaneous | 674,181 | 574,466 | 293,173 | 511,320 | 915,815 | 1,936,458 | 856,880 | 539,974 | 1,128,712 | 833,328 |
| Total revenues | \$ 13,677,480 | \$ 11,863,472 | \$ 12,394,587 | \$ 11,534,929 | \$ 13,233,890 | \$ 13,615,563 | \$ 12,633,490 | \$ 12,391,423 | \$ 13,560,795 | \$ 13,901,859 |
| Expenditures | | | | | | | | | | |
| General government | \$ 1,464,215 | \$ 1,464,958 | \$ 2,001,441 | \$ 1,795,145 | \$ 2,145,740 | \$ 2,153,525 | \$ 1,925,518 | \$ 1,643,600 | \$ 2,994,601 | \$ 2,647,842 |
| Public Safety | 3,370,681 | 3,433,538 | 3,561,539 | 3,528,601 | 3,557,487 | 3,734,445 | 3,856,591 | 3,804,030 | 3,739,648 | 3,812,017 |
| Highways and streets | 1,743,191 | 1,802,441 | 1,740,316 | 1,664,529 | 1,702,826 | 1,664,652 | 1,661,177 | 1,573,624 | 1,366,833 | 1,476,623 |
| Health and sanitation | 398,288 | 353,701 | 393,732 | 375,751 | 462,797 | 443,129 | 398,141 | 393,656 | 280,697 | 260,460 |
| Culture and recreation | 1,919,208 | 1,448,000 | 1,271,625 | 1,190,358 | 1,359,086 | 1,215,149 | 1,300,726 | 1,430,253 | 1,336,039 | 1,146,342 |
| Economic development | 173,459 | 201,758 | 176,039 | 191,459 | 176,134 | 224,736 | 234,523 | 415,211 | 536,620 | 332,377 |
| Capital improvements | 6,414,857 | 3,984,996 | 9,561,723 | 2,988,055 | 5,707,803 | 4,240,256 | 3,544,902 | 2,873,244 | 2,059,618 | 3,717,796 |
| Debt service | | | | | | | | | | |
| Principal | 1,483,200 | 3,511,342 | 1,905,335 | 1,228,512 | 3,709,972 | 1,278,744 | 3,125,118 | 1,513,545 | 1,507,086 | 3,986,927 |
| Interest | 403,659 | 353,670 | 430,152 | 463,490 | 530,757 | 483,297 | 586,203 | 479,761 | 454,029 | 363,557 |
| Debt Issuance Costs | - | - | - | 40,016 | - | - | - | - | - | 84,177 |
| Total expenditures | \$ 17,370,758 | \$ 16,554,404 | \$ 21,041,902 | \$ 13,465,916 | \$ 19,352,602 | \$ 15,437,933 | \$ 16,632,899 | \$ 14,126,924 | \$ 14,275,171 | \$ 17,828,118 |
| Excess of revenues over (under) expenditures | \$ (3,693,278) | \$ (4,690,932) | \$ (8,647,315) | \$ (1,930,987) | \$ (6,118,712) | \$ (1,822,370) | \$ (3,999,409) | \$ (1,735,501) | \$ (714,376) | \$ (3,926,259) |

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------------|---------------|----------------|--------------|----------------|--------------|--------------|----------------|--------------|--------------|
| Other financing sources (uses) | | | | | | | | | | |
| General obligation bonds issued | \$ 890,641 | \$ 5,715,000 | - | \$ 4,644,322 | \$ - | \$ 248,245 | \$ 60,067 | \$ - | \$ - | \$ 2,835,000 |
| Sale of real estate | - | - | - | - | - | - | - | 80,135 | 12,117 | 18,950 |
| Proceeds from capital lease obligations | - | - | - | - | 569,354 | 64,689 | 1,152,052 | - | - | - |
| Temporary Notes Issued | - | - | - | - | - | 2,548,000 | - | - | - | - |
| Refunding bonds issued | 757,621 | - | - | - | - | 3,357,000 | 1,985,000 | - | - | - |
| Payment to refunded bond escrow agent | (755,000) | - | - | - | - | - | - | - | - | - |
| Transfers in | 2,731,795 | 4,219,322 | 4,948,663 | 2,892,525 | 4,543,673 | 6,693,841 | 7,890,036 | 4,079,567 | 4,445,926 | 4,539,415 |
| Transfers out | (2,692,394) | (2,576,623) | (3,055,850) | (2,644,498) | (4,794,712) | (5,694,118) | (7,123,807) | (3,557,298) | (2,873,325) | (3,740,535) |
| Total other financing sources (uses) | \$ 932,663 | \$ 7,357,699 | \$ 1,892,813 | \$ 4,892,349 | \$ 318,315 | \$ 7,217,657 | \$ 3,963,348 | \$ 602,404 | \$ 1,584,718 | \$ 3,652,830 |
| Net change in Fund Balances | \$ (2,760,615) | \$ 2,666,767 | \$ (6,754,502) | \$ 2,961,362 | \$ (5,800,397) | \$ 5,395,287 | \$ (36,061) | \$ (1,133,097) | \$ 870,342 | \$ (273,429) |
| Fund balances, beginning of year, as originally stated | \$ 7,802,130 | \$ 8,018,087 | \$ 10,684,854 | \$ 3,930,352 | \$ 6,891,714 | \$ 1,091,317 | \$ 6,486,604 | \$ 5,905,978 | \$ 4,222,881 | \$ 5,093,223 |
| Prior period adjustment | 236,572 | - | - | - | - | - | (544,565) | (550,000) | - | - |
| Fund balances, beginning of year, as restated | \$ 8,038,702 | \$ 8,018,087 | \$ 10,684,854 | \$ 3,930,352 | \$ 6,891,714 | \$ 1,091,317 | \$ 5,942,039 | \$ 5,355,978 | \$ 4,222,881 | \$ 5,093,223 |
| Fund balances, end of year | \$ 5,278,087 | \$ 10,684,854 | \$ 3,930,352 | \$ 6,891,714 | \$ 1,091,317 | \$ 6,486,604 | \$ 5,905,978 | \$ 4,222,881 | \$ 5,093,223 | \$ 4,819,794 |
| Debt service as a percentage of noncapital expenditures | 16.7% | 27.9% | 16.1% | 16.2% | 30.3% | 14.1% | 28.0% | 17.6% | 15.9% | 30.4% |

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

| Fiscal Year | Property Tax | Motor Vehicle Tax | Sales Tax | Franchise Tax | Transient Guest Tax | Total |
|--------------------|---------------------|--------------------------|------------------|----------------------|----------------------------|--------------|
| 2010 | 3,377,300 | 479,769 | 2,149,953 | 1,090,324 | 141,187 | 7,238,533 |
| 2011 | 3,515,651 | 468,202 | 2,266,633 | 1,075,331 | 151,814 | 7,477,630 |
| 2012 | 3,158,613 | 493,271 | 2,377,070 | 1,050,082 | 166,878 | 7,245,914 |
| 2013 | 3,350,856 | 455,464 | 2,370,532 | 1,174,104 | 173,221 | 7,524,177 |
| 2014 | 3,348,253 | 481,874 | 2,508,095 | 1,225,660 | 172,343 | 7,736,225 |
| 2015 | 3,294,163 | 511,856 | 2,610,716 | 1,171,972 | 206,669 | 7,795,376 |
| 2016 | 3,382,302 | 496,828 | 2,512,159 | 1,288,810 | 168,713 | 7,848,812 |
| 2017 | 3,553,157 | 512,914 | 2,408,098 | 1,287,895 | 163,069 | 7,925,134 |
| 2018 | 4,042,377 | 505,893 | 2,692,452 | 1,343,763 | 195,007 | 8,779,492 |
| 2019 | 4,232,976 | 559,060 | 2,669,192 | 1,323,200 | 176,473 | 8,960,901 |

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

| Fiscal Year ² | Total Tax Levy ¹ | Collected within the Current Year | | Delinquent Tax Collections | Total Collected | |
|--------------------------|-----------------------------|-----------------------------------|--------------------|----------------------------|-----------------|--------------------|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy |
| 2010 | 3,877,462 | 3,329,764 | 85.9% | 177,149 | 3,506,913 | 90.4% |
| 2011 | 4,042,000 | 3,799,242 | 94.0% | 184,611 | 3,983,853 | 98.6% |
| 2012 | 3,620,912 | 3,177,108 | 87.7% | 162,868 | 3,339,976 | 92.2% |
| 2013 | 3,880,933 | 3,362,613 | 86.6% | 180,643 | 3,543,256 | 91.3% |
| 2014 | 3,858,827 | 3,541,256 | 91.8% | 197,988 | 3,739,244 | 96.9% |
| 2015 | 3,744,463 | 3,468,283 | 92.6% | 201,523 | 3,669,806 | 98.0% |
| 2016 | 4,055,406 | 3,812,166 | 94.0% | 182,657 | 3,994,823 | 98.5% |
| 2017 | 4,592,141 | 3,801,217 | 82.8% | 154,752 | 3,955,969 | 86.1% |
| 2018 | 4,876,094 | 4,381,620 | 89.9% | 166,651 | 4,548,270 | 93.3% |
| 2019 | 4,926,767 | 4,619,532 | 93.8% | 172,504 | 4,792,036 | 97.3% |

Notes:

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

² The year in which the tax was collected.

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

| Levy Year | Real Property | Personal Property ¹ | Utilities | Oil & Gas | Total Assessed Value | Total Direct Tax Rate | Estimated Actual Value | Assessed Value as a Percentage of Actual Value |
|------------------|----------------------|---------------------------------------|------------------|----------------------|-----------------------------|------------------------------|-------------------------------|---|
| 2010 | 74,505,823 | 3,939,697 | 4,043,772 | 17,350 | 82,506,642 | 48.990 | 547,503,613 | 15.07% |
| 2011 | 73,009,479 | 3,708,714 | 4,171,358 | 2,993 | 80,892,544 | 44.762 | 539,390,248 | 15.00% |
| 2012 | 74,272,212 | 3,650,271 | 4,360,055 | 5,130 | 82,287,668 | 47.163 | 386,914,778 | 21.27% |
| 2013 | 73,878,484 | 3,372,708 | 4,436,778 | 2,808 | 81,690,778 | 47.237 | 543,353,468 | 15.03% |
| 2014 | 72,925,530 | 2,335,516 | 4,322,469 | 1,253 | 79,584,768 | 47.050 | 525,111,705 | 15.16% |
| 2015 | 74,333,163 | 2,360,508 | 4,852,242 | 1,276 | 81,547,189 | 47.046 | 531,918,670 | 15.33% |
| 2016 | 76,909,849 | 2,587,788 | 4,915,755 | 3,878 | 84,417,270 | 48.040 | 549,387,855 | 15.37% |
| 2017 | 79,065,681 | 2,468,867 | 5,106,589 | 3,878 | 86,645,015 | 52.995 | 564,289,277 | 15.35% |
| 2018 | 83,962,971 | 2,457,165 | 5,548,248 | 10,828 | 91,979,212 | 53.013 | 597,630,925 | 15.39% |
| 2019 | 84,121,795 | 2,576,804 | 6,137,624 | 41,180 | 92,877,403 | 53.045 | 605,536,868 | 15.34% |

Source: Butler County Clerk

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

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

**City of El Dorado
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

| Year ¹ | City of El Dorado | | | | | | Other Overlapping Governments ² | | | | | |
|-------------------|-------------------|---------|----------------------|--------------|---------|------------|--|--------------------------|-----------------|---------------------------------|---------------------------------|---------------------------------|
| | General | Library | Industrial Mill Levy | Debt Service | Airport | Total City | Butler County | Butler Community College | State of Kansas | Unified School District No. 490 | Unified School District No. 375 | Unified School District No. 205 |
| 2010 ⁶ | 29.207 | 4.771 | 1.042 | 13.321 | 0.649 | 48.990 | 35.822 | 18.002 | 1.500 | 51.443 | 55.790 | 61.609 |
| 2011 ⁷ | 27.841 | 4.613 | 0.730 | 10.902 | 0.676 | 44.762 | 35.775 | 18.005 | 1.500 | 60.404 | 58.165 | 60.327 |
| 2012 | 31.354 | 4.724 | 1.000 | 8.958 | 1.127 | 47.163 | 35.273 | 18.005 | 1.500 | 60.371 | 57.940 | 64.391 |
| 2013 | 32.905 | 4.951 | 0.973 | 8.202 | 0.206 | 47.237 | 35.164 | 18.021 | 1.500 | 61.194 | 64.055 | 56.578 |
| 2014 | 30.306 | 4.992 | 1.018 | 10.734 | 0.000 | 47.050 | 35.133 | 18.003 | 1.500 | 59.828 | 66.358 | 47.071 |
| 2015 | 30.722 | 4.894 | 0.979 | 9.603 | 0.848 | 47.046 | 35.012 | 18.063 | 1.500 | 60.835 | 65.621 | 55.444 |
| 2016 | 30.320 | 4.887 | 0.979 | 11.007 | 0.847 | 48.040 | 34.747 | 20.074 | 1.500 | 63.518 | 62.639 | 48.036 |
| 2017 | 31.475 | 4.867 | 1.000 | 14.877 | 0.776 | 52.995 | 34.749 | 20.075 | 1.500 | 65.412 | 64.040 | 49.518 |
| 2018 | 35.266 | 4.868 | 1.000 | 10.618 | 1.261 | 53.013 | 34.274 | 20.068 | 1.500 | 65.397 | 62.947 | 43.447 |
| 2019 | 35.065 | 5.004 | 1.001 | 10.976 | 0.999 | 53.045 | 34.280 | 19.336 | 1.500 | 65.724 | 63.401 | 45.537 |

Source: Butler County Clerk

Notes:

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

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

⁶ The mill increase in the Airport fund to build funds for the local match of future FAA grant projects was no longer needed, so the fund's mill levy was returned to approximately the same level as 2008. The General mill levy was increased due to several businesses were taken off the tax rolls, but the City was not notified of this change. This resulted in an increase in the General which will be reversed in 2011.

⁷ In 2010 several large properties were exempted after the City formally approved the budget, which caused the total levy to increase by 1.993 mills. The City Commission elected to refund taxpayers for this unanticipated increase by decreasing the levy by 4 mills.

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

| Taxpayer | 2019 | | | 2010 | | |
|--|---------------------|------|------------------------------------|---------------------|------|------------------------------------|
| | Assessed Value | Rank | Percentage of Total Assessed Value | Assessed Value | Rank | Percentage of Total Assessed Value |
| Kansas Gas & Electric | \$2,644,217 | 1 | 2.85% | \$1,231,668 | 2 | 1.30% |
| Wal-Mart Real Estate | \$2,506,313 | 2 | 2.70% | \$2,861,000 | 1 | 3.02% |
| Kansas Gas Service ¹ | \$1,327,032 | 3 | 1.43% | \$1,132,218 | 3 | 1.20% |
| Valmont Industries | \$1,176,515 | 4 | 1.27% | --- | --- | --- |
| Barton Solvents | \$1,169,373 | 5 | 1.26% | --- | --- | --- |
| Vlomis Enterprises ⁵ | \$1,114,823 | 6 | 1.20% | \$1,055,500 | 6 | 1.12% |
| T Town LLC ⁴ | \$711,755 | 7 | 0.77% | --- | --- | --- |
| HE of El Dorado LLC | \$700,125 | 8 | 0.75% | --- | --- | --- |
| Butler Rural Electric Coop Assn | \$688,109 | 9 | 0.74% | --- | --- | --- |
| BNSF | \$633,662 | 10 | 0.68% | --- | --- | --- |
| BG Real Estate Inc | --- | --- | --- | \$645,817 | 4 | 0.68% |
| Southwestern Bell Telephone | --- | --- | --- | \$612,656 | 5 | 0.65% |
| Pioneer Balloon Co | --- | --- | --- | \$563,991 | 7 | 0.60% |
| Ted & Barbara Dankert LP | --- | --- | --- | \$530,028 | 8 | 0.56% |
| Sutherland Lumber | --- | --- | --- | \$496,851 | 9 | 0.53% |
| El Dorado Group II LLC | --- | --- | --- | \$475,626 | 10 | 0.50% |
| Total | <u>\$12,671,924</u> | | <u>13.64%</u> | <u>\$9,605,355</u> | | <u>10.15%</u> |
| Total Assessed Value ² | <u>\$92,877,403</u> | | | <u>\$94,612,685</u> | | |

Source: Butler County 2019 tax roll

Notes:

¹ Formerly Western Resources - Gas Division

² Does not include motor vehicle valuation

⁴ Formerly Villas at BCC LLC

⁵ Formerly Vlomis, Ted & Elizabeth-Vlomis Enterprises

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

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | | | | Total Primary Government | Percentage of Personal Income | Debt Per Capita |
|-------------|--------------------------|-------------------|-----------------|----------------|--------------------------|-----------------|----------------------------------|---------------------------------------|----------------|--------------------------|-------------------------------|-----------------|
| | General Obligation Bonds | Issuance Premiums | Temporary Notes | Capital Leases | General Obligation Bonds | Temporary Notes | US Corps of Engineering Contract | KS Dept of Health & Environment Loans | Capital Leases | | | |
| 2010 | 10,028,293 | - | 4,000,000 | - | 1,421,707 | 1,260,000 | 44,824,478 | 10,060,824 | 74,764 | 71,670,066 | 25.57% | 5,504 |
| 2011 | 14,231,951 | - | 740,000 | - | 1,238,049 | 1,260,000 | 45,952,878 | 10,290,701 | - | 73,713,579 | 25.87% | 5,629 |
| 2012 | 13,066,616 | - | - | - | 1,048,384 | 1,260,000 | 47,120,795 | 9,955,211 | - | 72,451,006 | 27.25% | 5,570 |
| 2013 | 16,482,426 | - | - | - | 2,882,574 | - | 48,329,613 | 9,432,748 | - | 77,127,361 | 27.84% | 6,001 |
| 2014 | 12,826,910 | - | - | 514,898 | 2,258,090 | - | 49,580,764 | 8,871,227 | 168,661 | 74,220,550 | 26.49% | 5,756 |
| 2015 | 15,134,523 | 248,245 | 2,548,000 | 350,230 | 2,647,477 | - | 50,875,729 | 8,294,684 | 152,693 | 80,251,581 | 27.14% | 6,223 |
| 2016 | 14,144,023 | 283,487 | 2,548,000 | 1,264,922 | 8,935,977 | - | 52,216,045 | 2,040,170 | 130,151 | 81,562,775 | 26.42% | 6,308 |
| 2017 | 12,285,050 | 252,656 | 2,548,000 | 1,063,271 | 8,329,950 | - | 53,603,299 | 2,030,867 | - | 80,113,093 | 26.36% | 6,173 |
| 2018 | 10,947,313 | 221,825 | 2,548,000 | 856,988 | 7,482,688 | - | 55,039,134 | 1,932,460 | 149,220 | 79,177,628 | 24.72% | 6,071 |
| 2019 | 12,435,735 | 190,994 | - | 727,704 | 6,624,266 | - | 48,499,478 | 1,831,746 | 151,505 | 70,461,428 | 22.00% | 5,447 |

Notes:

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

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

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

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

| Fiscal Year | General Obligation Bonds ¹ | Less Debt Service Funds | Net Bonded Debt | Net Bonded Debt Per Capita | Net Bonded Debt to Estimated Actual Value |
|--------------------|--|--------------------------------|------------------------|-----------------------------------|--|
| 2010 | 11,450,000 | 736,524 | 10,713,476 | 818.07 | 1.96% |
| 2011 | 15,470,000 | 796,642 | 14,673,358 | 1,128.03 | 2.72% |
| 2012 | 14,115,000 | 749,354 | 13,365,646 | 1,036.10 | 3.45% |
| 2013 | 19,365,000 | 586,235 | 18,778,765 | 1,461.16 | 3.46% |
| 2014 | 15,085,000 | 88,835 | 14,996,165 | 1,162.94 | 2.86% |
| 2015 | 17,782,000 | 1,880,474 | 15,901,526 | 1,234.69 | 2.89% |
| 2016 | 23,080,000 | - | 23,080,000 | 1,784.86 | 4.20% |
| 2017 | 20,615,000 | 151,448 | 20,463,552 | 1,576.67 | 3.63% |
| 2018 | 18,430,001 | 312,329 | 18,117,672 | 1,389.29 | 3.03% |
| 2019 | 19,060,001 | 262,980 | 18,797,021 | 1,453.19 | 3.10% |

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

¹ This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

**City of El Dorado
Direct and Overlapping Debt
December 31, 2019**

| | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable ¹</u> | <u>Estimated Share of Overlapping Debt</u> |
|--|------------------------------|---|--|
| Overlapping Debt: | | | |
| Butler County | \$ 703,465 | 12.00% | \$ 84,389 |
| Unified School District No. 490 ² | 80,033,000 | 42.00% | 33,614,739 |
| Unified School District No. 375 | 50,875,000 | 13.78% | 7,008,216 |
| Butler Community College | 1,930,000 | 12.00% | 231,525 |
| | <u>\$ 133,541,465</u> | | <u>\$ 40,938,869</u> |
| Direct Debt: | | | |
| City of El Dorado Direct Debt | <u>13,354,433</u> | | <u>13,354,433</u> |
| Total direct and overlapping debt | <u><u>\$ 146,895,898</u></u> | | <u><u>\$ 54,293,302</u></u> |

Source: The debt outstanding was provided by each entity.

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

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

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

City of El Dorado Legal Debt Margin Last Ten Fiscal Years

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| Assessed Valuation | \$ 82,506,642 | \$ 80,892,544 | \$ 82,287,668 | \$ 81,690,778 | \$ 79,584,768 | \$ 81,547,189 | \$ 84,417,270 | \$ 86,645,015 | \$ 91,979,212 | \$ 92,877,403 |
| Assessed Valuation on Motor Vehicles | 12,106,043 | 11,807,736 | 11,870,038 | 12,132,153 | 11,927,805 | 12,502,945 | 12,446,756 | 12,739,283 | 12,419,253 | 12,756,596 |
| Total Assessed Valuation ¹ | \$ 94,612,685 | \$ 92,700,280 | \$ 94,157,706 | \$ 93,822,931 | \$ 91,512,573 | \$ 94,050,134 | \$ 96,864,026 | \$ 99,384,298 | \$ 104,398,465 | \$ 105,633,999 |
| Legal Debt Limit ² | \$ 28,383,806 | \$ 27,810,084 | \$ 28,247,312 | \$ 28,146,879 | \$ 27,453,772 | \$ 28,215,040 | \$ 29,059,208 | \$ 29,815,289 | \$ 31,319,540 | \$ 31,690,200 |
| Bonded Indebtedness | \$ 11,450,000 | \$ 15,470,000 | \$ 14,115,000 | \$ 19,365,000 | \$ 15,085,000 | \$ 17,782,000 | \$ 22,790,000 | \$ 20,615,000 | \$ 18,430,001 | \$ 19,060,001 |
| Temporary Notes | 4,000,000 | 2,000,000 | 1,260,000 | - | - | 2,548,000 | 2,548,000 | 2,548,000 | 2,548,000 | - |
| Total Debt | 15,450,000 | 17,470,000 | 15,375,000 | 19,365,000 | 15,085,000 | 20,330,000 | 25,338,000 | 23,163,000 | 20,978,001 | 19,060,001 |
| Less: | | | | | | | | | | |
| Assets in Debt Service Fund | \$ 736,524 | \$ 796,642 | \$ 749,354 | \$ 586,235 | \$ 88,835 | \$ 1,880,474 | \$ - | \$ 151,448 | \$ 312,329 | \$ 262,980 |
| Exempted Debt (KSA 10-309)-G.O. Bonds | 4,658,939 | 5,256,448 | 4,733,138 | 7,256,969 | 6,612,762 | 8,315,990 | 15,499,604 | 13,724,756 | 12,191,752 | 10,888,755 |
| Exempted Debt (KSA 10-309)-Temporary Notes | - | 1,711,400 | 1,260,000 | - | - | - | 1,462,042 | 1,462,042 | 1,462,042 | - |
| Waterworks Revenue Bonds | - | - | - | - | - | - | - | - | - | - |
| Sewer System Revenue Bonds | - | - | - | - | - | - | - | - | - | - |
| Total Deductions | 5,395,463 | 7,764,490 | 6,742,492 | 7,843,204 | 6,701,597 | 10,196,464 | 16,961,646 | 15,338,246 | 13,966,123 | 11,151,735 |
| Total Amount Applicable to Debt Limit | 10,054,537 | 9,705,510 | 8,632,508 | 11,521,796 | 8,383,403 | 10,133,536 | 8,376,354 | 7,824,754 | 7,011,878 | 7,908,266 |
| Legal Debt Margin | \$ 18,329,269 | \$ 18,104,574 | \$ 19,614,804 | \$ 16,625,083 | \$ 19,070,369 | \$ 18,081,504 | \$ 20,682,854 | \$ 21,990,535 | \$ 24,307,662 | \$ 23,781,933 |
| Legal Debt Margin as a percentage of the Debt Limit | 64.58% | 65.10% | 69.44% | 59.07% | 69.46% | 64.08% | 71.17% | 73.76% | 77.61% | 75.05% |

Notes:

¹ Computed in accordance with KSA 10-310.

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

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

| <u>Fiscal Year</u> | <u>Gross Revenue</u> | <u>Less: Operating Expenses ¹</u> | <u>Net Available Revenue</u> | <u>Principal Requirements ²</u> | <u>Interest Requirements ²</u> | <u>Total</u> | <u>Coverage</u> |
|--------------------|----------------------|--|------------------------------|--|---|--------------|-----------------|
| 2010 | 4,064,826 | 2,418,809 | 1,646,017 | - | - | - | N/A |
| 2011 | 4,590,919 | 2,705,438 | 1,885,481 | - | - | - | N/A |
| 2012 | 4,269,918 | 2,469,957 | 1,799,961 | - | - | - | N/A |
| 2013 | 3,583,458 | 2,692,350 | 891,108 | - | - | - | N/A |
| 2014 | 4,723,423 | 2,666,306 | 2,057,117 | - | - | - | N/A |
| 2015 | 4,058,266 | 2,725,037 | 1,333,229 | - | - | - | N/A |
| 2016 | 4,581,166 | 2,993,801 | 1,587,365 | - | - | - | N/A |
| 2017 | 4,395,833 | 2,492,503 | 1,903,330 | - | - | - | N/A |
| 2018 | 4,544,519 | 2,542,106 | 2,002,413 | - | - | - | N/A |
| 2019 | 4,510,139 | 2,992,937 | 1,517,202 | - | - | - | N/A |

Notes:

¹ Excludes capital depreciation.

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

**City of El Dorado
Demographic and Economic Statistics
Last Ten Fiscal Years**

| <u>Fiscal Year</u> | <u>Population¹</u> | <u>Personal Income</u> | <u>Per Capita Personal Income²</u> | <u>Unemployment Rate³</u> |
|--------------------|-------------------------------|------------------------|---|--------------------------------------|
| 2010 | 13,096 | \$ 284,942,768 | \$ 21,758 | 8.3% |
| 2011 | 13,008 | \$ 284,937,902 | \$ 20,306 | 7.7% |
| 2012 | 12,900 | \$ 265,866,458 | \$ 20,509 | 6.6% |
| 2013 | 12,852 | \$ 277,012,008 | \$ 21,554 | 6.7% |
| 2014 | 12,895 | \$ 280,178,986 | \$ 22,677 | 5.4% |
| 2015 | 12,879 | \$ 295,672,571 | \$ 22,903 | 4.3% |
| 2016 | 12,931 | \$ 299,117,807 | \$ 23,132 | 4.4% |
| 2017 | 12,979 | \$ 307,008,819 | \$ 23,654 | 3.2% |
| 2018 ⁵ | 13,041 | \$ 320,286,960 | \$ 24,560 | 4.0% |
| 2019 | 12,935 | \$ 318,084,585 | \$ 24,591 | 3.2% |

Sources:

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

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

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

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

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

| Employer | 2019 | | | 2010 | | |
|--|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| HollyFrontier Corporation ² | 490 | 1 | 8.06% | 437 | 2 | 7.34% |
| El Dorado Correctional Facility | 450 | 2 | 7.40% | 428 | 3 | 7.19% |
| Butler County Government | 347 | 3 | 5.71% | 360 | 5 | 6.05% |
| Susan B. Allen Memorial Hospital | 247 | 4 | 4.06% | 273 | 7 | 4.59% |
| Pioneer Balloon | 233 | 5 | 3.83% | 180 | 8 | 3.02% |
| USD #490 ¹ | 192 | 6 | 3.16% | 1014 | 1 | 17.04% |
| Walmart | 130 | 7 | 2.14% | 292 | 6 | 4.91% |
| City of El Dorado | 125 | 8 | 2.06% | 138 | 9 | 2.32% |
| BG Products | 103 | 9 | 1.69% | - | - | - |
| Valmont | 88 | 10 | 1.45% | - | - | - |
| Butler Community College | - | - | - | 409 | 4 | 6.87% |
| C-Tech ³ | - | - | - | 136 | 10 | 2.29% |
| Total | 2,405 | | 39.57% | 3,667 | | 61.62% |
| Total Employment ⁴ | 6,078 | | | 5,951 | | |

Source: City of El Dorado Survey of Employers

Notes:

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

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

³ Formerly Blackburn Construction.

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

City of El Dorado

Full-Time Equivalent City Government Employees by Function Last Ten Fiscal Years

| Function | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General Government | | | | | | | | | | |
| Administration | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| CVB | 0 | 0 | 0 | 1 | 1 | 2 | 2 | 2 | 1 | 1 |
| Airport | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Engineering | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Legal/Judicial | 3 | 3 | 4 | 3 | 3 | 2 | 2 | 2 | 2 | 1 |
| Public Safety | | | | | | | | | | |
| Police | 28 | 29 | 29 | 29 | 27 | 28 | 26 | 25 | 25 | 25 |
| Fire | 17 | 16 | 17 | 17 | 17 | 17 | 17 | 17 | 16 | 17 |
| Building/Zoning | 2 | 2 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 |
| Public Works | | | | | | | | | | |
| Public Works | 7 | 7 | 7 | 7 | 8 | 10 | 6 | 6 | 8 | 8 |
| Major Street Improvements | 10 | 10 | 15 | 12 | 6 | 6 | 12 | 12 | 8 | 8 |
| Culture/Recreation | | | | | | | | | | |
| Park Maintenance | 3 | 3 | 4 | 2 | 2 | 2 | 2 | 2 | 4 | 4 |
| Recreation | 3 | 6 | 7 | 7 | 8 | 10 | 10 | 10 | 9 | 5 |
| Health & Sanitation | | | | | | | | | | |
| Health & Sanitation | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Cemetery | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Water | 19 | 18 | 18 | 18 | 17 | 16 | 17 | 16 | 18 | 17 |
| Sewer | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 4 | 5 |
| Refuse | 16 | 16 | 12 | 10 | 10 | 11 | 8 | 8 | 8 | 8 |
| Stormwater | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 | 0 |
| Data Processing | 12 | 12 | 11 | 11 | 12 | 13 | 11 | 10 | 10 | 13 |
| Total | 138 | 140 | 145 | 138 | 132 | 137 | 131 | 128 | 126 | 124 |

Source: City Budget Office

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

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

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

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

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

City of El Dorado Operating Indicators by Function Last Ten Fiscal Years

| Function | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Municipal Court | | | | | | | | | | |
| Citations Issued | 3,870 | 3,612 | 4,304 | 3,841 | 3,575 | 3,201 | 4,004 | 3,218 | 3,311 | 3,476 |
| Warrants Issued | 301 | 150 | 182 | 341 | 376 | 281 | 354 | 379 | 358 | 419 |
| Warrants Served | 227 | 202 | 235 | 409 | 362 | 334 | 408 | 395 | 288 | 295 |
| Airport | | | | | | | | | | |
| Fuel Sales (gallons) | 18,523 | 18,461 | 19,210 | 30,880 | 31,001 | 31,192 | 29,154 | 25,068 | 26,894 | 25,254 |
| Fire | | | | | | | | | | |
| Total Number of Incidents | 1,238 | 1,263 | 1,295 | 1,299 | 1,302 | 1,298 | 1,110 | 1,382 | 1,666 | 1,666 |
| Fire Calls | 122 | 187 | 180 | 109 | 180 | 153 | 153 | 157 | 172 | 114 |
| Rescue & Emergency Medical Calls | 719 | 662 | 787 | 781 | 743 | 749 | 677 | 759 | 878 | 897 |
| Hazardous Materials Calls | 77 | 69 | 40 | 89 | 54 | 81 | 69 | 52 | 55 | 64 |
| Inspections | 1,156 | 1,218 | 1,094 | 1,026 | 925 | 725 | 539 | 758 | 718 | 767 |
| Hydrants Tested | 705 | 695 | 782 | 720 | 735 | 1,390 | 1,546 | 678 | 740 | 737 |
| Police | | | | | | | | | | |
| Criminal Violations Reported | 1,383 | 1,350 | 1,532 | 1,442 | 1,523 | 826 | 2,610 | 1,132 | 2,153 | 976 |
| Traffic Accidents | 307 | 275 | 237 | 117 | 311 | 342 | 344 | 318 | 287 | 248 |
| Building & Zoning | | | | | | | | | | |
| New Residential Construction Permits | 17 | 5 | 7 | 4 | 10 | 12 | 9 | 20 | 20 | 9 |
| New Commercial Construction Permits | 14 | 8 | 5 | 5 | 1 | 6 | 5 | 6 | 6 | 4 |
| Street Operations | | | | | | | | | | |
| Streets Swept (Curb Miles) | 4,619 | 3,747 | 4,167 | 3,798 | 3,941 | 4,215 | 4,351 | 4,425 | 4,006 | 2,380 |
| Animal Control | | | | | | | | | | |
| Animal Licenses | 1,477 | 1,432 | 1,579 | 1,606 | 1,654 | 1,751 | 1,263 | 1,344 | 1,229 | 1,210 |
| Animal Control Calls | 1,575 | 987 | 1,602 | 1,883 | 1,904 | 1,883 | 1,722 | 2,132 | 1,534 | 1,382 |
| Animal Citations | 162 | 125 | 220 | 207 | 247 | 332 | 234 | 294 | 224 | 202 |
| Cemetery | | | | | | | | | | |
| Burials | 162 | 138 | 128 | 130 | 127 | 135 | 104 | 114 | 102 | 108 |
| Parks and Recreation | | | | | | | | | | |
| Youth Soccer Participants | 170 | 202 | 294 | 345 | 366 | 387 | 436 | 416 | 384 | 359 |
| Swimming Pool Attendance | 20,179 | 21,299 | 21,174 | 19,284 | 16,590 | 14,560 | 12,892 | 12,255 | 11,966 | 11,071 |
| Youth Baseball/Softball Participants | 385 | 407 | 580 | 827 | 703 | 680 | 745 | 502 | 540 | 512 |
| Youth Basketball Participants | 114 | 172 | 172 | 287 | 260 | 271 | 211 | 189 | 188 | 151 |
| Youth Volleyball Participants | 311 | 305 | 378 | 407 | 350 | 331 | 281 | 243 | 196 | 192 |
| Adult Softball Teams | 24 | 25 | 19 | 17 | 16 | 17 | 17 | 8 | 5 | 12 |
| Adult Flag Football Teams | 9 | 9 | 5 | 4 | 4 | 10 | 0 | 0 | 0 | 0 |
| Adult Basketball Teams | 8 | 8 | 12 | 9 | 8 | 6 | 8 | 5 | 5 | 6 |
| Adult Volleyball Teams | 33 | 32 | 22 | 21 | 22 | 22 | 23 | 20 | 13 | 14 |
| Youth Flag Football | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 91 | 91 | 112 |
| Water | | | | | | | | | | |
| New Meters | 26 | 11 | 19 | 17 | 5 | 17 | 30 | 6 | 27 | 13 |
| Treated Water Pumped (millions of gallons) | 1,200 | 1,329 | 1,350 | 1,223 | 1,254 | 1,189 | 1,166 | 1,191 | 1,202 | 1,169 |
| Water Distribution Service Calls | 256 | 275 | 336 | 251 | 236 | 242 | 243 | 199 | 285 | 270 |
| Water Leaks Repaired | 70 | 93 | 94 | 58 | 40 | 52 | 26 | 30 | 39 | 33 |
| Sewer | | | | | | | | | | |
| Sewer Maintenance Service Calls | 203 | 263 | 230 | 244 | 208 | 222 | 215 | 187 | 178 | 179 |
| Refuse | | | | | | | | | | |
| Refuse Collected (tons) | 6,392 | 6,255 | 6,237 | 8,946 | 8,125 | 8,875 | 8,763 | 9,653 | 11,467 | 9,114 |
| Recycling Material (tons) | 1,469 | 1,637 | 1,731 | 1,956 | 1,845 | 1,265 | 1,304 | 1,083 | 987 | 599 |
| Yardwaste Collected (tons) | 4,500 | 4,500 | 4,000 | 3,800 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 | 4,000 |

Source: Various City Departments

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

**City of El Dorado
Capital Asset Statistics by Function
Last Ten Fiscal Years**

| Function | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------------|-------------|-------------|--------------------|-------------|-------------|-------------|----------------|-------------|-------------|
| Square Miles of the City | 8.1 | 8.1 | 8.1 | 9.1 | 9.1 | 9.1 | 9.1 | 9.1 | 9.1 | 9.1 |
| Street Operations | | | | | | | | | | |
| Miles of Paved City Streets | 82.2 | 82.2 | 82.2 | 83.77 | 84.65 | 85.06 | 85.06 | 85.06 | 85.06 | 85.06 |
| Miles of Unpaved City Streets | 2.89 | 2.89 | 2.89 | 2.89 | 2.89 | 2.89 | 2.89 | 2.89 | 2.89 | 2.89 |
| Traffic Operations | | | | | | | | | | |
| Traffic Signals | 13 | 13 | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 14 |
| Parks and Recreation | | | | | | | | | | |
| Swimming Pools | 2 | 2 | 2 | 2 | 2 | 2 | 2 | ² 1 | 1 | 1 |
| Activity Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Ball Diamonds | 9 | 9 | 10 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Soccer Fields | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Water | | | | | | | | | | |
| Water Mains (miles) | 106.85 | 106.85 | 106.85 | ¹ 122.7 | 123.20 | 124.10 | 124.10 | 124.10 | 129.40 | 129.4 |
| Elevated Storage Capacity (millions of gallons) | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 | 1.25 |
| Underground Storage Capacity (millions of gallons) | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Water Storage Space -El Dorado Reservoir (BG) | 22.20 | 22.20 | 22.20 | 22.20 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 | 50.00 |
| Sewer | | | | | | | | | | |
| Sanitary Sewers (miles) | 53.94 | 53.94 | 53.94 | ¹ 90.8 | 91.30 | 92.00 | 92.00 | 92.00 | 93.40 | 93.4 |

Source: Various City Departments

¹ Note: Indicators are not available for the general government & administration functions. The increase in Water Mains and Sanitary Sewers is due to the more accurate numbers provided by the GIS system.

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

CITY OF EL DORADO, KANSAS
SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2019

Finding 2019-001 – Significant Deficiency (Prior Year Finding 2018-001 – Significant Deficiency)

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

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

Cause – Inappropriate application of generally accepted accounting principles.

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

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

Management’s Response (Unaudited) – City staff will review the trial balance at year end to ensure that all adjustments have been made in accordance with generally accepted accounting principles. Staff will also give special attention to capital assets and will report when they are received and ensure that they are capitalized.

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



Certified Public Accountants

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of El Dorado, Kansas (the City) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 8, 2020.

Internal Control Over Financial Reporting

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

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

An Independently Owned Member, RSM US Alliance

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as Finding 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

The City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BT&Co., P.A.

June 8, 2020
Topeka, Kansas

