

CITY OF



EL DORADO
KANSAS

2009
COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

YEAR ENDED
DECEMBER 31, 2009

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

for the
year ended December 31, 2009

Mayor
Tom McKibban

Commissioner David Chapin
Commissioner Linda Clark
Commissioner Nick Badwey
Commissioner Shane Krause

City Manager Herbert E. Llewellyn, Jr.

prepared by
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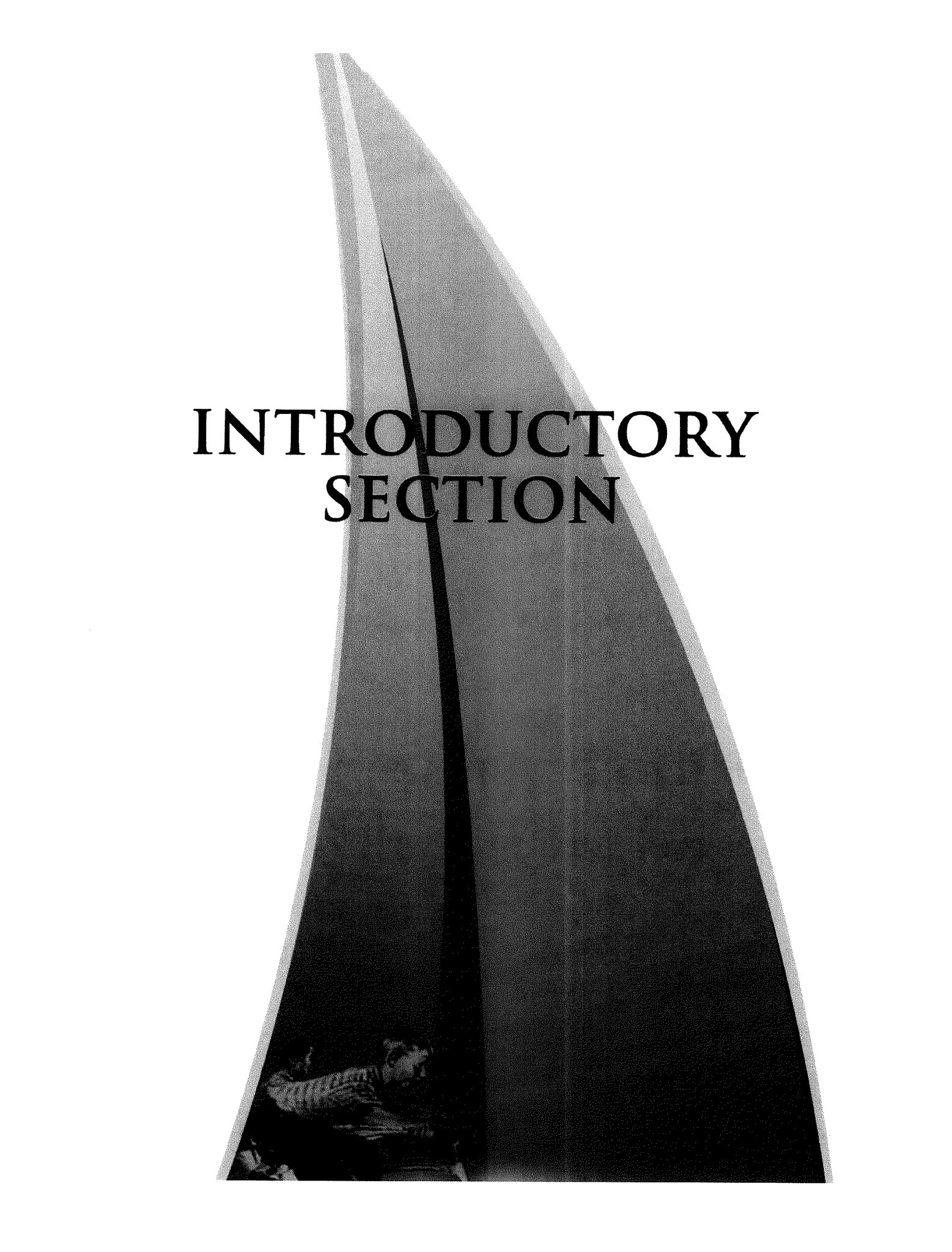
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INTRODUCTORY SECTION

June 23, 2010

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

The Comprehensive Annual Financial Report of the City of El Dorado, Kansas, for the year ended December 31, 2009, is submitted herewith. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data as presented is accurate in all material respects and that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City measured by the financial activity of its various funds. Disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included.

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

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

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

The Report

The financial report is divided into three sections:

1. Introductory Section - consists of the letter of transmittal, an organizational chart, and a copy of the Certificate of Achievement.
2. Financial Section - consists of independent auditors' report, management's discussion and analysis, government-wide financial statements, fund financial statements, notes to the financial statements, required supplementary information, and individual and combining statements and schedules.
3. Statistical Section - consists of pertinent financial information that presents historical trends and other significant data.

Independent Audit

State statutes require an annual audit of the books of accounts, financial records and transactions of all administrative departments of the City by Independent Certified Public Accountants selected by the City Commission. The goal of the independent audit was to provide reasonable assurance that the financial statements for the year ended December 31, 2009, are free of material misstatement. The opinion of George, Bowerman & Noel, P.A. is included in this report.

PROFILE OF THE GOVERNMENT

El Dorado is located in south-central Kansas, approximately 16 miles east/northeast of Wichita, Kansas. El Dorado is the county seat of Butler County and has a population of approximately 12,600. The City operates under a Commission-Manager form of government.

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

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

ECONOMIC CONDITION AND OUTLOOK

The City continues to monitor all the economic factors that affect the local economy. The City Commission has demonstrated a strong willingness to participate in projects that will provide a significant economic boost to the community. In early 1992, the City Commission adopted a statement of policies and procedures regarding tax exemptions and incentives specifically for economic development. An amendment to the Constitution of the State of Kansas, approved by the voters in 1989, allows local governmental units the ability to issue tax incentives for economic development, more specifically, tax abatements. The City Commission continued to utilize tax incentives in 2009. All applications are carefully reviewed to determine that the cost benefit analysis justifies the proposed abatement.

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

A Memorandum of Understanding involving the City, El Dorado Inc., Convention and Visitors Bureau, and Chamber of Commerce was signed near the end of 2007, allowing the Executive Director of El Dorado Inc./Convention and Visitors Bureau to focus entirely on economic development and tourism in the community. Facilities and services are provided by the Chamber. The comprehensive marketing plan developed with the help of a consultant in 2008 was reviewed, updated and implemented in 2009. The organizations continue to measure accomplishments, and the marketing plan has created positive changes in maximization of staff and tourism dollars being utilized for promotions.

There were many positive results of economic development efforts during the year. Valmont Industries, Inc., a manufacturer of steel utility poles, purchased the building they had rented from the City since 2004, making an investment in the real estate and improvements of \$4,918,052. The business employed 48 workers in 2009. Valmont provides a strong benefits program to their employees and pays a higher than average wage. As part of the sale agreement, the City agreed to process a five-year tax abatement for real and personal property. A portion of the proceeds was used to pay off the outstanding balances of two bonds previously issued by the City to finance construction/expansion of the facility for former tenants.

In 2009, Aaron's (rent to own) began construction of a new building on West Central at a cost of \$573,000. Additionally, Butler Community College began construction of their new R.D. Hubbard Welcome Center on their El Dorado campus at a cost of \$4,267,000. The Welcome Center will serve as the college's point of welcome and first impression for visitors, alumni, and potential students and their families. The facility will feature an 800-seat community center, as well as offices for the college president and foundation/alumni relations personnel. The building will also include several college and community meeting rooms. This project will allow El Dorado to host more small convention-type events, providing a positive impact on the City's sales and bed tax revenues in the future.

In 2008, Consolidated Oil Well Services, LLC (CSI) purchased four acres in the El Dorado Industrial Park with the intent to invest \$325,000 in acquisition and improvements. With the downturn of the economy, they have elected to construct their improvements in phases. In 2009, CSI began their projects and invested \$150,000 in new construction, including improvements to the site to access and house their material storage tanks and construction of a warehouse building. The company services oil and gas wells, including well cementing and well stimulation, such as hydraulic fracturing and acidizing. They have been in business for over 50 years and have nine service centers located in Kansas, Oklahoma and Wyoming. They continue to be a strong El Dorado employer with nine jobs that pay higher than average wages and include benefits.

BG Products began expansion in El Dorado in 2006. The company manufactures automotive chemicals and additives designed to extend the life of vehicles and improve their performance. The products are distributed throughout the United States and in 50 international markets. In August 2006, the City Commission approved a Resolution of Intent to issue Industrial Revenue Bonds in an amount not to exceed \$32,000,000 for BG to acquire, construct, install, and equip manufacturing and commercial facilities in the City's industrial park. In December 2006, the company purchased a 50,000 sq. ft. spec building to be used as a distribution center. Renovation of that facility, including a 3,000 sq. ft. addition, was completed in 2007. Through eminent domain proceedings, the City Commission obtained a 30-acre tract of land located in the Industrial Park. In June 2008, BG purchased that tract and an additional 19-acre tract from the City for the purpose of constructing a manufacturing facility that would be served by the Union Pacific Railroad. It is anticipated the proposed facility will include sufficient equipment to produce the majority of the product line currently produced in Wichita and a million gallon tank farm. Employment for this phase is estimated at 60. In 2008, BG sold approximately 19 acres of this parcel to Barton Solvents. Prior to any plans being made to relocate to El Dorado, BG had purchased a 40,000 sq. ft. building in the El Dorado Industrial Park in 2005 for investment purposes. The business that had occupied the building vacated recently, allowing BG to move their tools and equipment division to El Dorado in 2009. This brought 20 additional employees to El Dorado, increasing the total employment to 35 employees at the end of 2009.

In 2008, Barton Solvents, Inc. announced it had selected El Dorado for the relocation of a \$10,000,000 distribution branch. This project included a rail spur, a warehouse, maintenance garage, tank farm of up to 50 storage tanks, dock, and office to serve Kansas and Oklahoma. The project will bring 30 new jobs to El Dorado. Barton is locating by BG Products in the El Dorado

Industrial Park. BG representatives have indicated Barton Solvents has been their biggest provider of base products for over 25 years. In October 2009, Barton began preparation of the Industrial Park property for construction of their new facilities. By the end of 2009, all contracts were awarded for the construction of the rail spur and other infrastructure improvements that will serve this project.

The City was awarded a \$750,000 CDBG grant in 2009 from the Kansas Department of Commerce. One-half of the funds are provided through a low-interest loan that must be repaid by BG Products over a 10-year period. The City was also able to secure a grant award from the Economic Development Administration (EDA) in the amount of \$1,000,000 for infrastructure improvements in the El Dorado Industrial Park to benefit BG Products, Barton Solvents, and Pioneer Balloon, as well as to serve an additional 17 acres currently owned by the City of El Dorado. The 17 acres are available for sale to new prospects. The scope of the EDA and CDBG project includes extension of the rail spur that will be used by Barton Solvents and BG Products, as well as construction of a public road and water and sewer extensions to serve the needs of BG Products, Barton Solvents, Pioneer Balloon and the 17 acres owned by the City.

The Business Park, completed in 2002, is available for construction. The goal is to attract a business-type tenant in the north half of the property and industrial in the south half. A \$3,500,000 Holiday Inn Express and Suites, a mid-price franchise lodging facility that opened in the fall of 2007, was the first business to locate in this park. This business has encouraged activity in the Business Park, generating interest in 2008 and 2009 from several potential additional tenants.

Flinthills Services, Inc., an organization that provides services to individuals with developmental disabilities in Butler County, was the second entity to purchase ground in the Business Park. In December 2008, they purchased one lot and an option on a second lot for the purpose of constructing a 20,000 sq. ft. facility to combine three existing facilities into one central location. Construction began in January of 2009 and was completed by year-end. The project was funded with a \$1,525,000 low interest loan from USDA Rural Development, a \$400,000 Community Development Block Grant, and \$250,000 in tax credits from the Kansas Department of Commerce. Upon completion of construction, Flinthills Services vacated a building they occupied in the City's Industrial Park, which has access to rail. This will allow the City to market that facility to industrial prospects in need of rail service.

A contract was also negotiated in 2009 for the sale of a third parcel in the Business Park to a local veterinarian for construction of a new 5,500 sq. ft. animal care clinic at an estimated cost of \$450,000. The practice intends to serve small animals and provide the unique service of chiropractic intervention for large animals, such as horses.

Frontier Oil Corporation, a Fortune 500 company, continues to demonstrate its commitment to its operations in El Dorado. The company's El Dorado refinery is the largest refinery in Kansas and the state's only petrochemical complex. Following the company's completion of a \$101,000,000 ultra low sulfur diesel project in 2006, they began work on a \$146,000,000 crude unit and vacuum tower expansion which was completed in 2008. Frontier also spent approximately \$30,000,000 on several smaller capital projects. In the fall of 2009, the company completed two additional projects totaling \$160,000,000. In addition to being a reflection of the success the

refinery has experienced, these projects provided a “ripple effect” throughout the community. They brought additional revenues to other industries in the community, such as construction and lodging, which in turn generated increased sales and lodging tax collections.

Susan B. Allen Memorial Hospital completed construction in 2009 on a \$5,600,000 renovation of inpatient facilities. This follows the recent completion of a \$28,000,000 construction and renovation project that focused on outpatient facilities. The hospital has become a first class regional medical center, providing service to people throughout Butler County and the surrounding areas.

In 2005, citizens of the community approved a \$19,140,000 bond issue for improvements at the El Dorado High School. Construction began in 2006 and was completed in 2009. This project provided both short-term and long-term economic benefits. The contract workers brought additional sales in such items as materials, tools, food and lodging, and the community now has an efficient and modern facility that will help attract new businesses and families to El Dorado.

Main Street continued with its very aggressive and successful purpose of enhancing the downtown identity and heritage. The State partially funds and assists this program, as it continues to work to ensure an economic stability for the heart of El Dorado. This is accomplished through many efforts of design, promotion, organization, and economic revitalization committees. This organization continued to receive awards in 2009. Three Governor’s Awards of Excellence were received, including Excellence in Fundraising, Excellence in Downtown Marketing, and the Community Award for Frontier Refinery’s support of the El Dorado Main Street and the Frontier Western Celebration. The City continued to fund Main Street in 2009 at a level of \$30,000.

Following a five-year trend in decreasing unemployment rates from 5.9% in 2002 to 3.9% in 2007, Butler County’s unemployment rate rose to 4.1% in 2008 and 7.2% in 2009. This considerable increase is due largely to the close proximity of Wichita, which has been heavily impacted by lay-offs in the aircraft industry. A large percentage of workers in the southwest area of Butler County were commuting to Wichita to work at the aircraft plants and have been laid off as a result of the downturn. Unemployment rates are unfortunately not available specifically for El Dorado. If that data were available, it is believed the rate for El Dorado would be considerably less than Butler County’s 2009 unemployment rate. El Dorado does have citizens that commute to the aircraft plants to work, but not as many as communities that are located nearer to Wichita. Nevertheless, El Dorado has not been without some hardships this year. Due to State budget cuts, the north unit of the El Dorado Correctional Facility was closed in mid-2009. Fenton Ford, a new-car dealership located in El Dorado, also closed in March of 2009. These closings have impacted El Dorado’s unemployment. However, some of the effect of these closings and lay-offs by other El Dorado businesses has been offset by new jobs created through economic development efforts.

While other areas of the country have been hit very hard by the economic downturn, El Dorado has continued to be very fortunate to realize minimal negative overall effects in 2009. Property tax collections, the City’s biggest source of revenue, were on target with past years. Sales tax collections, on the other hand, decreased 9.77% from 2008 to 2009. A portion of the reduction can be attributed to the closing of Fenton Ford early in the year. The number of foreclosures in

El Dorado continued to be at a normal level in 2009, although the average value of the properties foreclosed on increased slightly. Local realtors have indicated there is a waiting list of individuals interested in purchasing foreclosed properties. Additionally, data on the number of sheriff's deeds issued indicates the majority of the properties have been refinanced, brought current, or sold before the owners actually lost the properties.

The City implemented some initiatives in 2009 to boost residential construction in El Dorado. City staff met with builders to better understand the issues. As a result, in May the City Commission authorized amortizing specials on improvements for new subdivisions over a period of 20 years with even annual principal and interest payments. They were previously assessed over 15 years with even principal and declining interest payments. The City Commission also authorized an amendment to the Neighborhood Revitalization Program in July in an effort to stimulate housing starts and to create jobs for contractors. The approved changes to the plan included allowing new construction and rehabilitation of residential properties in all areas of the city for a period of six months that began August 1st, with a rebate period of five years and a cap of \$175,000 in appraised value of improvements that are eligible for the rebate. The program appears to be a success, as 11 of the 15 new residential building permits issued in 2009 were purchased in the last five months of the year after the program's implementation.

There were six new commercial building permits purchased in 2009 totaling \$7,099,000, as compared to the 10-year average of \$3,728,000. Much of this increase was due to construction of new facilities by Butler Community College, Flinthills Services, Inc., Aaron's, and CSI.

El Dorado has a variety of different types of businesses and industries. This diversification has allowed the community as a whole to be somewhat insulated from the economic downturn. Some sectors have been affected more than others, but the overall community is faring well. El Dorado is an oil community, so although oil prices were down in 2008 and 2009 from the all-time highs in 2007, oil drilling increased. The community has one remaining new-car dealership that has faced pressures related to the ripple effect of problems experienced by automakers, as well as a reduction in sales related to the economic climate in general. There are many governmental offices in the community, including State, Community College, County, City, and School District. In addition to the closure of the north unit of the El Dorado Correctional Facility, other negative impacts are expected as the problems at the State level flow down through the various levels of government. However, lay-offs in some areas have created a positive impact on college employment and enrollment levels, as individuals retrain to be able to work in other areas. El Dorado is also fortunate to have a large water supply with the El Dorado Lake, providing an opportunity to market the community to industries that utilize large volumes of water. The City also has rail-served property located near U.S. 77, K-254, and I-35, making the city appealing to industrial prospects who are interested in rail for transportation of their raw materials and/or final products.

Capital Improvement Plan

The City plans for future capital needs through a six-year Capital Improvement Plan (CIP). This long-range plan is reviewed and updated annually, and subsequently adopted by the City Commission. Input is sought from City Staff, the Planning Commission, and the citizens of the

community. The primary funding sources for these improvements are local sales tax, general obligation bonds, revenue bonds, federal and state grants, and the City's annual operating budget.

Cash Management

City staff continues to analyze the City's cash flow and revenue sources to determine when funds are received and expended. This aggressive review is necessary for the City to maximize the use of idle funds. Every three years, the City accepts proposals from the local financial institutions for banking services for the subsequent three-year period. The bid was awarded in 2005 and again in 2008 to an institution that offered a highly competitive formula for computation of the rate to be paid on the City's investments in certificates of deposit. The City's interest revenue was not highly impacted by the decline in the nation's economy until 2009. Total interest revenue decreased to \$175,752 in 2009 compared to \$407,587 in 2008, and the average interest rate in 2009 was 1.39% versus 3.44% in 2008.

Risk Management

City staff recognizes risk management as a basic and fundamental part of sound general management. One of management's functions is to protect all property and people within the organization. An updated safety policy was implemented in 2007, outlining procedures to protect the assets and employees of the City. Monetary incentives, paid quarterly beginning in 2008, were also included and appear to have been very effective in reducing lost-time accidents since implementation. Risk management is an everyday issue, and the revised policy provides for the review and discussion of accidents and issues on a monthly basis by the Safety Committee. The City continues to monitor all work-related injuries and damage to property and equipment.

The City continued to participate in a wellness program. The program is designed to improve the quality of each employee's life through encouraging healthy activities. The objective is to increase productivity and reduce sick leave, health insurance claims, and on-the-job injuries. A portion of the employees' YMCA membership fees are paid by the City. The City also provides tobacco cessation incentives to encourage healthy lifestyles of employees and their family members. In August 2009, the City implemented a more in-depth wellness program that provides on-site services to all employees, including health risk assessments, training, and individual consultations in nutrition, exercise, and other health-related areas.

Major Initiatives

The City was awarded a \$400,000 CDBG grant in 2008 to assist in funding \$1,350,000 in sewer improvements throughout El Dorado. The improvements include increasing the pumping capacity of the Eighth Avenue lift station that serves residents in the northeast area of El Dorado, rehabilitating 230 sewer manholes, enlarging the gravity sewer main to the Eighth Avenue lift station to eliminate bottlenecking flows from the north, and sewer improvements on Douglas Road and Tenth Avenue. Rebuilding of the lift station was in progress at the end of 2009, and a new force main had been installed. Sewer manhole rehabilitation and the Tenth Avenue sewer

improvements were also completed in 2009. It is anticipated the remainder of the work will be finished in 2010, including completion of the lift station, Douglas Road improvements, and enlargement of the gravity sewer main.

A water distribution study performed by an engineering consulting firm was completed in 2008, identifying several water issues. The firm recommended changes be made in two phases. Phase I includes increasing water pressure to the west end of the City by placing a pump station in the El Dorado Industrial Park and placing four new 12-inch waterlines in western El Dorado. Phase II includes installing a 24-inch waterline running to the west end of the community from the water plant on the east side of El Dorado. Construction began on Phase I in the fall of 2009, with an estimated cost of \$1,260,000. Phase II will be initiated only if new contracts are negotiated with entities located in or near El Dorado for the sale of additional water.

The City was awarded \$750,000 in stimulus funds in 2009 from the Kansas Department of Transportation for the repaving of Sixth Avenue and Boyer Road from Highway 254 to Metcalf. The funds were provided to the State through the American Recovery and Reinvestment Act of 2009 (ARRA) for highway and bridge projects. In addition to improving two intersecting major collector streets in El Dorado, drainage improvements were included in the project to resolve flooding issues in two areas. Additionally, design considerations were made to reduce the speed of traffic in the area of Oil Hill Elementary School in order to increase the safety of those children. Bids were opened in December, and a contract will be awarded in January 2010. The estimated total cost of the project is \$2.7 million.

The City received approval in 2009 from the Kansas Department of Health and Environment (KDHE) for \$460,999 through the Kansas Public Water Supply Revolving Loan Fund. The State received the funds through ARRA to fund wastewater system improvement projects. The funding will be provided to the City through an amendment to an existing low-interest revolving loan. The proceeds will finance improvements at the sewer lift station that serves the El Dorado Correctional Facility and the Butler County jail. Debris from these two facilities has entered the lift station, resulting in deterioration of the pumps and motors. The improvements include screening equipment to remove debris from the waste stream entering the lift station, preventing future damage to new pumps and motors. The project was selected to receive principal forgiveness for qualifying "green design" improvements to the pumps, variable frequency drive motors, and controls, as well as for the new screening equipment. As of the end of 2009, \$193,000 of the amount authorized for the revolving loan was approved for principal forgiveness. However, the City remained in discussions with KDHE in order to increase the amount of the principal forgiveness to approximately \$300,000, and a positive outcome is expected. The contract for the improvements was awarded in December, and work will begin on the project in early 2010.

The North Main Bridge, under construction since mid-2007, was completed in the spring of 2009. The bridge was widened to provide four 12-foot traffic lanes and a turn lane for safety purposes. The project required realignment of Eighth Avenue in order to allow appropriate visibility at the intersection of Eighth Avenue and North Main Street. In conjunction with the widening, a 10-foot sidewalk was added along one side of the bridge to connect two sections of the City's bike path. The bike path was also extended under the bridge, so cyclists can safely cross the busy Main Street thoroughfare. The cost of the bridge and related improvements was

\$3,835,000, with \$1,750,000 being funded through a federal grant. The bridge was designed with red brick pillars, decorative iron railing, and attractive light fixtures to be aesthetically appealing to people passing through the community. The City has been recognized with the Kansas Public Improvement Award for cities in the 5,000 to 19,999 population category from the American Council of Engineering Companies of Kansas. The purpose of the competition was to recognize the benefit the project provides to the citizens of the community.

An update of the City's Comprehensive Plan began in January 2008. The Comprehensive Plan serves as a guide for planning and zoning decisions, as well as establishing community-wide goals. A steering committee was established to guide the process, several sub-committees were appointed, and an on-line survey was developed to gather public input. A draft of the Plan was completed in March 2009, and work sessions were then held by the steering committee, the City Commission, and the Planning Commission. Following a public hearing, the Planning Commission recommended approval in June, and the Plan was formally adopted by the City Commission in July. Additionally, a revision of the Zoning and Subdivision Regulations was completed and adopted by the City Commission in December 2009. The City was recognized with the 2009 Pioneer Award by the Kansas Chapter of the American Planning Association for the Comprehensive Plan.

The City of El Dorado, USD #490, and Butler Community College continued discussions in 2009 concerning the need for either improvements at the existing football stadium or construction of a new facility. A committee made up of representatives of each of the three entities was formed in 2007, and a consultant was hired early in 2008 to assist in determining the overall needs for the stadium. Many sites were considered. Three sites were intensely scrutinized, including renovation of Blackmore Stadium, the existing facility. An architectural firm was also hired in 2008 to evaluate the proposed sites and determine costs related to each. A temporary office was established by the committee members to give citizens in the community an opportunity to ask questions and provide input. In early 2009, the committee recommended acquisition of land located on the southeast corner of Haverhill Road and Central Avenue for construction of a new stadium. The property was owned by the American Legion and utilized as a public golf course. In November, the City entered into a 99-year lease with the American Legion to secure the property for the proposed new facility, residential and commercial development, and stormwater control. A topographical survey was then performed, and preparation of a preliminary site plan began. Once financing of the stadium is secured, the architect will design the facility.

With the potential closing of the American Legion Golf Course, the City Commission expressed a desire to preserve public golf in El Dorado. Options were researched, and the Commission subsequently authorized purchase of the Prairie Trails Country Club. The City closed on the purchase of the property on December 31, 2009. The facility will be operated as a municipal golf course and fine-dining restaurant, and a management company will be hired in 2010.

An update of the Airport Master Plan was completed in 2008. The Plan prioritizes infrastructure improvements and also addresses economic development at the municipal airport. An Airport Business Plan was also adopted by the City Commission in 2008. The consultant provided many recommendations, including constructing additional T-hangars for multi-engine aircraft, changing the name of the airport to make it easier to locate through internet searches, and splitting the combined position of airport manager and fixed base operator (FBO) into two

separate full-time positions. The name of the airport was changed in 2009, and a full-time airport manager was hired. There is currently a part-time FBO located at the airport, and the City continues to try to fill the position on a full-time basis. Progress began in 2009 on some of the infrastructure improvements outlined in the Airport Master Plan. Design work was initiated in the summer of 2009 on an apron rehabilitation project. This project includes improvements to the apron, as well as resolution of flooding issues that occur in the infield area between the apron and one of the runways during intense rainfalls. The City received a grant from the Federal Aviation Administration (FAA) for 95% of the design phase. The design work was not yet complete at the end of the year. It is anticipated bids for construction will be let in the summer of 2010. Once bids are received, the City will request FAA approval for 95% funding of the construction phase as well.

The City submitted an application to the Kansas Housing Resources Corporation in August 2009 for a \$315,000 HOME Investment Partnerships Program grant. The program requires a 25% City match. The funding will be used to perform comprehensive rehabilitation on several single-family owner-occupied homes in El Dorado. The program provides significant improvements at no cost to the homeowners. The City has received two grants previously under this program. Each grant rehabilitates approximately twelve homes.

The City implemented an automated refuse collection system for residential areas in 2009 due to substantial increases in the cost of personnel, fuel, equipment, and the procurement and delivery of trash bags. The environmental impact of using plastic disposable trash bags was also considered. Automation allows the collection function to be performed more effectively, thereby reducing the rate increases needed. The new system utilizes one automated collection side loader truck with one operator, in comparison to two trucks and four employees under the former manual collection system. Additionally, uniform refuse carts are now utilized, eliminating the need to provide refuse bags to citizens. A pilot program of approximately 750 households was authorized in the spring, and surveys were taken of those households before and after the project. Positive overall results were received, and full implementation was authorized in October 2009. An automated truck and refuse carts were then purchased, and the full program was launched in mid-December. The system follows the best practices of the solid waste industry and reflects the City's desire to provide excellent public service, accountability, and customer service.

In July 2009, the City Commission authorized a new retirement program to be implemented on January 1, 2010. Prior to that, all eligible employees were enrolled in the Kansas Public Employees Retirement System (KPERS), and contributions were made by both the employer and the employees. Eligible employees could also opt to make contributions to the International City Management Association – Retirement Corporation (ICMA-RC), without any City matching contribution. Unfortunately, the police and fire departments were struggling with employee retention issues due to neighboring cities providing the more appealing benefit of membership to the Kansas Police and Fire retirement system (KP&F), which offers much greater retirement benefits than those of KPERS. A new retirement program was therefore initially presented to the City Commission in 2008. Under the proposal, eligible police and fire officers would become members of KP&F, requiring a substantial increase in the employee and employer contributions over the amount that had been contributed to the KPERS system. Therefore, for the purpose of parity, the proposal also included employer matching contributions to ICMA-RC for non-police and fire personnel. The new program was estimated to cost approximately \$330,000 annually.

The impact to the mill levy funds was approximately \$210,000, an increase of 2.6 mills. A final decision to proceed was not made by the Commission in 2008 due to concerns about the economy; however, authorization was given to levy one mill to build funds toward this purpose, with a final decision to be made at a later time. In 2009 during the preparation of the 2010 budget, the City was able to absorb the remaining 1.6 mills through reductions in other areas to avoid the need for an increase in the mill levy. Authorization to proceed in 2010 was then granted.

The City approved renewal of the Neighborhood Revitalization Program near the end of 2008 for an additional three-year period. This plan was first implemented in 1996 with the intent to offer an incentive to property owners to revitalize certain areas of the community. The legislation is aimed at encouraging the elimination of abandoned houses and properties, rehabilitation of existing structures, or construction of new structures through a tax rebatement incentive based on the increased valuation of the improvements to the property. The year of 2009 was the thirteenth full year of this successful program. Nearly 176 properties have participated, increasing appraised values \$13,258,750 during this 13-year period.

At year-end, the City had \$599,442 of uncommitted sales tax. The ordinance states that these monies must be used for street rehabilitation, property tax reduction, capital improvements, and economic development. The City Commission received a recommendation from the Sales Tax Advisory Committee on funding certain projects. The recommendation was approved by the City Commission in 2009 for inclusion in the 2010 budget. The items approved included East Park ballfield lighting, spray park at North Main Park, Main Street sidewalks from 12th Avenue to Post Road, McDonald Stadium press box upgrade, Senior Center storage cabinets, and property tax reduction of 3.49 mills. This source of revenue continues to be a viable and important source of funding and enhances the quality of life within the community.

AWARDS AND ACKNOWLEDGMENTS

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of El Dorado, Kansas, for its Comprehensive Annual Financial Report for the year ended December 31, 2008.

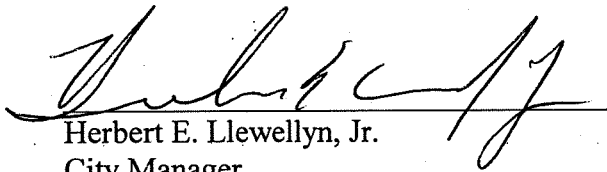
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

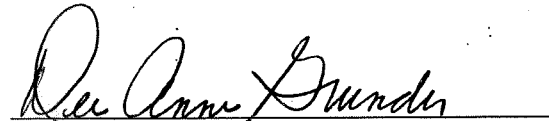
A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate. A Certificate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

Acknowledgements

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

Respectfully submitted,


Herbert E. Llewellyn, Jr.
City Manager


Dee Anne Grunder
Finance Director

HELjr/DAG:mam

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, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

City of

ELDORADO

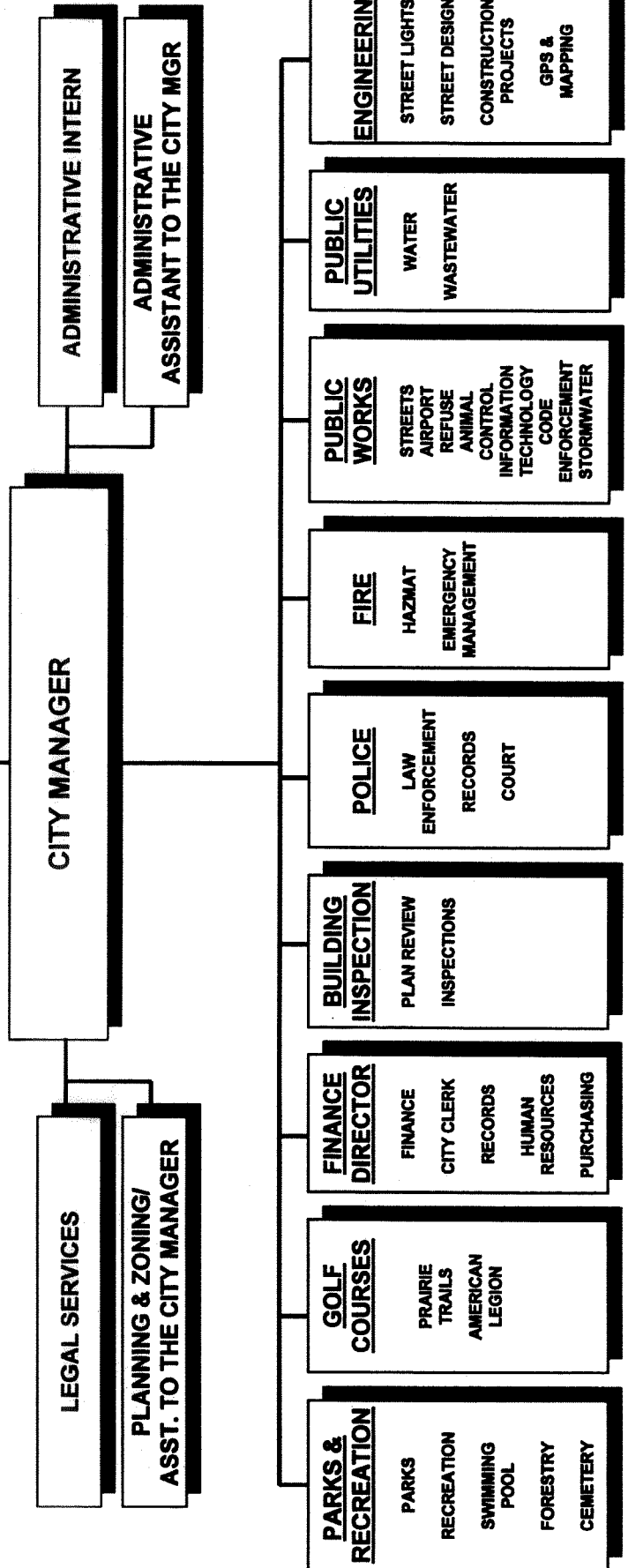
KANSAS

CONVENTION & TOURISM COMMITTEE
BOARD OF APPEALS/ CODE REVIEW
JOINT CORRECTIONS ADVISORY BOARD
LIBRARY BOARD
AIRPORT ADVISORY BOARD
RECYCLING & SOLID WASTE ADVISORY COMMITTEE
RECREATION ADVISORY COMMITTEE

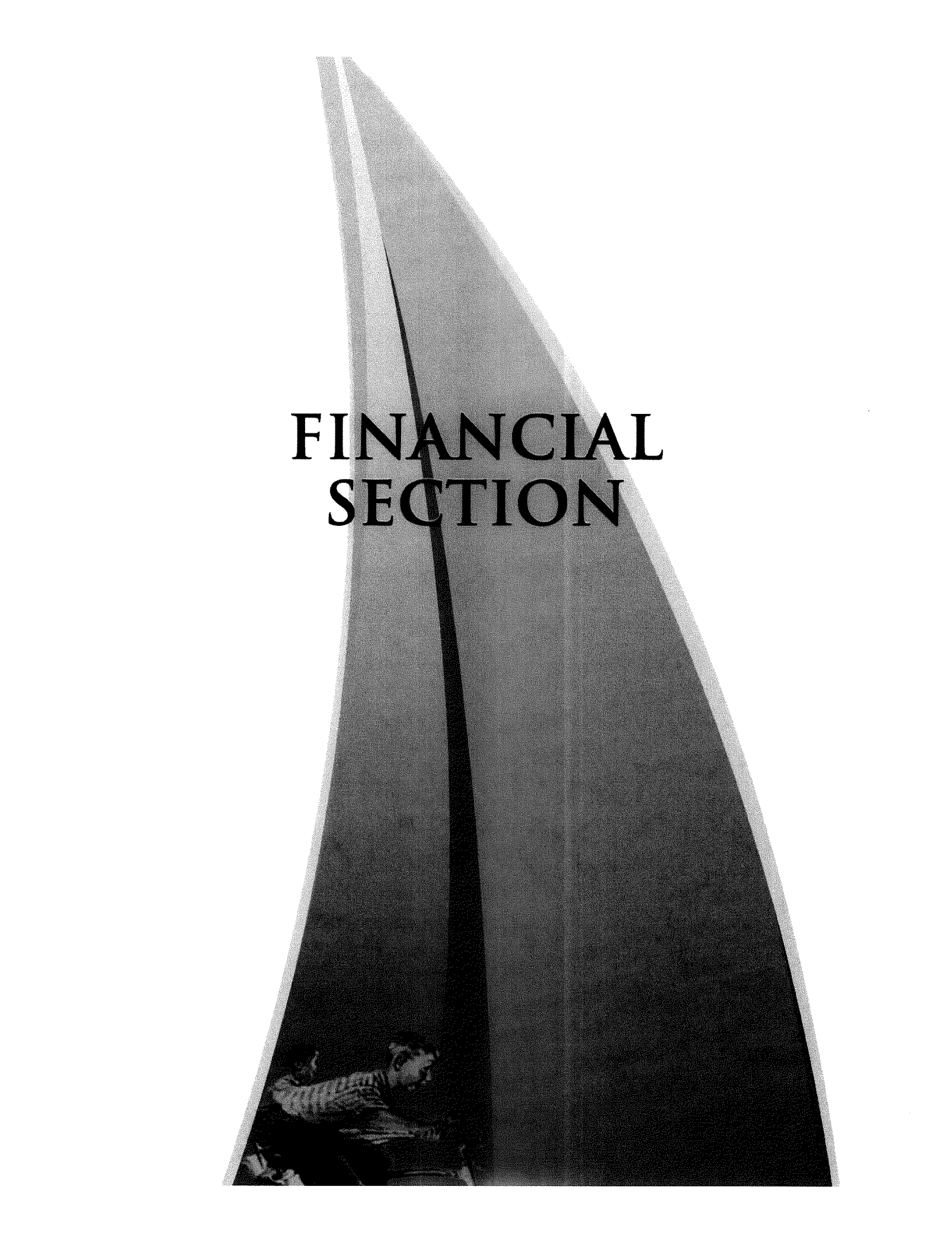
CITIZENS OF EL DORADO

CITY COMMISSIONERS
Mayor Tom McKibban,
Nick Badwey, David Chapin,
Linda Clark & Shane Krause

SALES TAX BUDGET ADVISORY COMMITTEE
EL DORADO, INC.
BOARD OF ZONING APPEALS
PLANNING COMMISSION
TREE BOARD
YOUTH COMMISSION



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**FINANCIAL
SECTION**



George, Bowerman & Noel, P.A.

Certified Public Accountants
Management Consultants
Tax Advisors

Paul R. Bowerman
Gary L. George

Epic Center 301 N. Main, Suite 1350 Wichita, Kansas 67202 Telephone (316) 262-6277 Fax (316) 265-6150

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Commissioners
El Dorado, Kansas

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 (City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and Required Supplementary Information, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of El Dorado's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual

nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information in the introductory section and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on such information.

George, Bowlerman & Noel, P.A.

Wichita, Kansas
June 4, 2010

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, 2009. 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 of the financial statements. Other supplementary information is also included at the end of this report to provide additional information for the reader.

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

Government-Wide Financial Statements

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

The Statement of Net Assets reports all the City's assets and liabilities. Net assets, the difference between assets and liabilities, are an important measure of the City's overall financial health. Over time, the increases and decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets (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 Assets 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, and refuse 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.

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, and refuse 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 governmental activities information.

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

FINANCIAL ANALYSIS OF THE CITY

Net Assets

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

City of El Dorado, Kansas
Net Assets
As of December 31, 2009
(with comparative totals for December 31, 2008)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Current and other assets	\$16,264,532	\$14,377,604	\$ 9,780,328	\$11,630,422	\$26,044,860	\$26,008,026
Capital assets	<u>39,907,212</u>	<u>35,545,324</u>	<u>35,371,359</u>	<u>34,572,542</u>	<u>75,278,571</u>	<u>70,117,866</u>
Total assets	<u>56,171,744</u>	<u>49,922,928</u>	<u>45,151,687</u>	<u>46,202,964</u>	<u>101,323,431</u>	<u>96,125,892</u>
Long-term liabilities	10,887,687	14,754,034	16,526,618	17,034,833	27,414,305	31,788,867
Other liabilities	<u>5,480,699</u>	<u>4,638,061</u>	<u>913,046</u>	<u>512,606</u>	<u>6,393,745</u>	<u>5,150,667</u>
Total liabilities	<u>16,368,386</u>	<u>19,392,095</u>	<u>17,439,664</u>	<u>17,547,439</u>	<u>33,808,050</u>	<u>36,939,534</u>
Net assets:						
Invested in capital assets, net of related debt	28,633,981	17,783,134	18,932,616	18,506,653	47,566,597	36,289,787
Restricted	4,194,764	7,734,827	4,291,580	5,275,462	8,486,344	13,010,289
Unrestricted	<u>6,974,613</u>	<u>5,012,872</u>	<u>4,487,827</u>	<u>4,873,410</u>	<u>11,462,440</u>	<u>9,886,282</u>
Total net assets	<u>\$39,803,358</u>	<u>\$30,530,833</u>	<u>\$27,712,023</u>	<u>\$28,655,525</u>	<u>\$67,515,381</u>	<u>\$59,186,358</u>

The City's overall financial position has improved, with an increase in net assets of \$8,329,023. That amount is the net difference of an increase in the governmental activities and a decrease in the business-type activities. The governmental activities increased approximately \$9.27 million due to the net effect of several items. Non-current liabilities due in more than one year decreased \$3.67 million. This is the result of no new general obligation bonds issued in 2009, two general obligation bonds paid off from the proceeds of the sale of a building in the El Dorado Industrial Park, and payments remitted on existing bonds. Cash and investments increased for several reasons: some of the proceeds of the industrial park building sale was held in the industrial development fund; a \$500,000 contribution was received in the Prairie Trails restaurant/golf course fund for the operation and maintenance of the newly-acquired facility; funds were collected in settlement of the cemetery lawsuit; and there was an end-of-year cash balance remaining in the new stormwater utility fund, implemented in 2009. Land increased due to the purchase of the Prairie Trails Country Club and acquisition of property to widen the North Main bridge. The decrease in construction work in progress was the net result of a decrease related to completion of the bridge project and an increase for several large construction projects that were not yet complete at the end of the year. Infrastructure increased due to completion of the bridge and several paving and drainage improvements.

The net assets of business-type activities decreased approximately \$940,000. This is mainly due to a decrease of \$986,282 in restricted assets, resulting from a decrease in noncurrent cash and investments restricted for retirement of debt to the Corps of Engineers for the water storage space at the El Dorado Reservoir; this decrease in restricted assets is the net result of a decrease in market value of the investments as well as investment of additional monies. Cash and investments decreased and construction work in process increased in the water fund mainly due to water improvements in the west area of the city that were not yet complete at year-end. The \$173,000 increase in machinery and equipment in the refuse fund can be traced to the acquisition of an automated side-loader refuse truck.

Governmental Activities

The table below shows the condensed revenues, expenses and change in net assets for 2009 and 2008.

	Governmental Activities	
	2009	2008
Revenues:		
Program Revenues:		
Charges for Services	\$ 2,512,236	\$ 2,179,198
Operating Grants and Contributions	2,830,120	1,672,026
Capital Grants and Contributions	6,017,908	337,156
General Revenues:		
Property Taxes	4,254,049	4,069,974
Sales Taxes	2,295,901	2,544,465
Franchise Taxes	1,496,324	1,320,151
Tourism Taxes	154,538	189,497
Investment Earnings	41,448	182,996
Total Revenues	<u>19,602,524</u>	<u>12,495,463</u>
Expenses:		
General Government	2,043,993	1,864,451
Public Safety	3,434,979	3,249,257
Highways & Streets	2,444,611	1,868,543
Health & Sanitation	380,489	325,911
Culture & Recreation	1,391,219	1,118,413
Economic Development	245,863	696,186
Environmental Protection	28,515	11,188
Interest on Long-Term Debt	537,940	616,879
Total Expenses	<u>10,507,609</u>	<u>9,750,828</u>
Excess Before Transfers	9,094,915	2,744,635
Transfers In	177,610	-
Increase In Net Assets	9,272,525	2,744,635
Net Assets January 1	30,530,833	27,786,198
Net Assets December 31	<u>\$ 39,803,358</u>	<u>\$ 30,530,833</u>

The increase from 2008 to 2009 in operating grants and contributions is due to the large contribution made to the Prairie Trails restaurant/golf course fund, as previously mentioned, and federal disaster payments received for three storms during the year.

There is a considerable increase in capital grants and contributions mainly due to the sale of the building in the industrial park and the receipt of grant funding for the North Main Bridge and West Central Avenue projects. Highways and streets expenses have increased due to costs in the new stormwater utility fund and an increase in the amount of maintenance performed on City streets. The decrease in economic development was due to the purchase of property in the prior year.

Business-Type Activities

The table below shows the condensed revenues, expenses and changes in net assets for 2009 and 2008.

	Business-Type Activities	
	2009	2008
Revenues:		
Program Revenues:		
Charges for Services	\$ 7,141,088	\$ 7,199,581
Operating Grants and Contributions	-	-
Capital Grants and Contributions	329,981	213,306
Investment Earnings (Loss)	(526,735)	515,030
Total Revenues	<u>6,944,334</u>	<u>7,927,917</u>
Expenses:		
Waterworks System	3,496,339	3,103,040
Sewage System	2,354,435	1,922,659
Refuse	1,859,452	1,442,318
Total Expenses	<u>7,710,226</u>	<u>6,468,017</u>
Excess Before Transfers	(765,892)	1,459,900
Transfers Out	(177,610)	-
Decrease in Net Assets	(943,502)	1,459,900
Net Assets January 1	28,655,525	27,195,625
Net Assets December 31	<u>\$ 27,712,023</u>	<u>\$ 28,655,525</u>

The water, sewer, and refuse utilities are the business-type activities of the City of El Dorado. There was a loss in investment earnings in 2009, compared to a gain in 2008, due to the decrease in the market value of the investments noted earlier. Expenses increased in the refuse fund due to the purchase of a large number of refuse carts and roll-off containers that were below the City's capitalization threshold for individual assets.

FUND ANALYSIS

Overall, there was an increase in fund balance of approximately \$1.1 million in the City's governmental funds as a result of 2009 operations. That increase can be traced to the non-major special revenue funds. Fund balance increased approximately \$300,000 in the industrial development fund, \$170,000 in the stormwater fund, and \$500,000 in the Prairie Trails restaurant/golf course fund due to the increases in cash in each of those funds noted previously.

Net assets in the business-type activities decreased \$953,000. Water fund and refuse fund net assets decreased approximately \$604,000 and \$360,000, respectively. The water fund change is primarily related to the decrease in restricted net assets explained previously. In the refuse fund, machinery and equipment, as well as both the current and long-term portions of capitalized leases payable, increased due to the lease purchase acquisition of the automated side-loader refuse truck. Collection expenses increased as a result of purchasing the refuse carts and roll-off containers already mentioned, and recycling expenses increased, because the City contracted the grinding of a large volume of limbs downed throughout the city by a windstorm. There were also increased personnel costs in the recycling department.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund budget was amended from \$8,318,767 to \$10,500,000 for the acquisition of the Prairie Trails Country Club. Actual revenue and other sources exceeded the expectations of the budget. Revenue was \$2,212,000, or 27%, more than the revenue budget. This can be traced to the sale of the industrial park building. Sales tax and franchise tax collections were also well above the amounts budgeted. Additionally, there was \$271,235 more received in reimbursements than was anticipated at the time the budget was prepared.

Expenditures were \$450,000, or 4.3%, less than budgeted. This was due to several factors. The general fund budget amendment for the purchase of Prairie Trails was reflected in the administration department; however, the expenditure was instead charged to the recreation department, since it was later determined recreation would oversee the facility. This resulted in a large positive variance in administration and negative variance in recreation. Public safety expenditures were less than expected mainly due to reduced personnel costs in the police and fire departments. Several positions were vacant for a period of time due to the lack of qualified applicants. Additionally, the actual amount of transfers out was less than budgeted. This is due to the City Commission authorizing an additional 3.49 mills of sales tax to remain in the general fund for property tax reduction.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The total amount invested in capital assets during 2009, net of current year depreciation, was \$10,258,560. Some of the major additions to capital assets included the Prairie Trails golf course and buildings (\$2,688,000), construction in process related to water improvements in the west area of the city and various infrastructure projects (\$2,160,000), street, sidewalk, bridge, and storm drainage infrastructure improvements (\$5,957,000), truck to fight brush fires, patrol vehicles, track excavator, tractors, and various other vehicles and equipment (\$703,000).

Additional information about the City's capital assets can be found in Note 3 of the Notes to the Financial Statements.

Debt Administration

The City did not issue bonds in 2009. The capacity of the City to issue additional general obligation debt increased in 2009 from \$17,329,687 to \$21,080,925. The ratio of net bonded debt to estimated actual value and the net bonded debt per capita are useful indicators of the City's debt position. The ratio of net bonded debt to estimated actual value decreased from 2.76% in 2008 to 1.99% in 2009, and the net bonded debt per capita decreased from \$1,193 in 2008 to \$872 in 2009.

Additional information about the City's long-term debt can be found in Note 4 of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In 2010 (2011 budget), the mill levy is anticipated to remain at the same level as 2009. 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 2010. Sales tax will continue to be a significant revenue source for the City. The property tax would currently be approximately 20 mills higher to fund the City's operations without the local sales tax. The City continues to improve its infrastructure through the street maintenance program, funded by sales tax monies.

OTHER POTENTIALLY SIGNIFICANT MATTERS

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

- The expenditure budget for the Prairie Trails restaurant/golf course fund was amended from \$0 to \$794,876 in February 2010 for operations and maintenance costs of the facility.
- In February 2010, the City issued a temporary note in the amount of \$1,260,000 to fund water improvements in the west area of the city.
- In March 2010, the City received notice from KDHE that additional principal forgiveness had been approved for "green" improvements at the sewer lift station that serves the El Dorado Correctional Facility and the Butler County jail. This increases the principal forgiveness from \$193,000 to \$301,494.
- In March 2010, the City Commission authorized entering into an agreement with Kemper Sports Management, Inc. to manage the Prairie Trails golf course and

restaurant at an annual cost of \$96,000, plus 25% of net operating income in excess of \$100,000.

- In April 2010, the City was awarded a \$236,250 HOME housing grant from the Department of Housing and Urban Development. The grant requires a 25% local match.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF EL DORADO, KANSAS

STATEMENT OF NET ASSETS

December 31, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>ASSETS</u>				
Cash and investments	\$ 8,784,314	\$ 4,057,671	\$ 12,841,985	\$ 452,476
Receivables:				
Property taxes	3,877,533	-	3,877,533	-
Special assessment taxes	2,912,307	-	2,912,307	-
Sales taxes	170,583	-	170,583	-
Trade accounts, net	52,219	616,329	668,548	487
Loan	-	20,000	20,000	-
Accrued interest	19,557	-	19,557	-
Internal balances	(162,157)	162,157	-	-
Due from other governmental units	423,291	-	423,291	-
Prepaid items	24,321	-	24,321	-
Inventories, at cost	102,314	191,238	293,552	-
Restricted assets	60,250	4,732,933	4,793,183	-
Capital assets:				
Land	5,447,213	755,667	6,202,880	-
Buildings	9,016,255	16,553,212	25,569,467	752,696
Improvements other than buildings	7,594,024	20,788,510	28,382,534	-
Infrastructure	27,078,527	-	27,078,527	-
Water storage space	-	5,862,922	5,862,922	-
Machinery and equipment	4,351,091	4,553,915	8,905,006	43,745
Less accumulated depreciation	(14,913,893)	(14,051,341)	(28,965,234)	(305,081)
Construction work in progress	1,333,995	908,474	2,242,469	-
Total assets	<u>56,171,744</u>	<u>45,151,687</u>	<u>101,323,431</u>	<u>944,323</u>
<u>LIABILITIES</u>				
Accounts payable	750,613	780,639	1,531,252	18,544
Accrued payroll payable	77,268	33,778	111,046	4,345
Accrued interest payable	60,035	98,629	158,664	-
Temporary notes payable	655,000	-	655,000	-
Matured bonds and coupons payable	60,250	-	60,250	-
Unearned revenue	3,877,533	-	3,877,533	-
Noncurrent liabilities:				
Due within one year	1,690,015	1,317,980	3,007,995	-
Due in more than one year	9,197,672	15,208,638	24,406,310	-
Total liabilities	<u>16,368,386</u>	<u>17,439,664</u>	<u>33,808,050</u>	<u>22,889</u>
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	28,633,981	18,932,616	47,566,597	491,360
Restricted for:				
Debt service	3,511,433	4,291,580	7,803,013	-
Construction	683,331	-	683,331	-
Unrestricted	<u>6,974,613</u>	<u>4,487,827</u>	<u>11,462,440</u>	<u>430,074</u>
	<u>\$ 39,803,358</u>	<u>\$ 27,712,023</u>	<u>\$ 67,515,381</u>	<u>\$ 921,434</u>

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

CITY OF EL DORADO, KANSAS
STATEMENT OF ACTIVITIES

Year ended December 31, 2009

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
General government	\$ 2,043,993	\$ 345,158	\$ 1,134,738	\$2,441,279	\$ 1,877,182	\$ 1,877,182	\$ -
Public safety	3,434,979	843,559	16,000	-	(2,575,420)	(2,575,420)	-
Highways and streets	2,444,611	313,580	980,562	2,591,268	1,440,799	1,440,799	-
Health and sanitation	380,489	125,911	165,799	164,324	75,545	75,545	-
Culture and recreation	1,391,219	139,964	533,021	-	(718,234)	(718,234)	-
Economic development	245,863	67,046	-	821,037	642,220	642,220	-
Environmental protection	28,515	-	-	-	(28,515)	(28,515)	-
Interest on long-term debt	537,940	677,018	-	-	139,078	139,078	-
Total Governmental Activities	\$ 10,507,609	\$ 2,512,236	\$2,830,120	\$6,017,908	852,655	852,655	-
Business-Type Activities:							
Waterworks System	\$ 3,496,339	\$ 3,584,921	\$ -	\$ 42,509	131,091	131,091	-
Sewage System	2,354,435	2,059,584	-	287,472	(7,379)	(7,379)	-
Refuse	1,859,452	1,496,583	-	-	(362,869)	(362,869)	-
Total Business-Type Activities	\$ 7,710,226	\$ 7,141,088	\$ -	\$ 329,981	(239,157)	(239,157)	-
Component Unit:							
Bradford Memorial Library	\$ 484,322	\$ 46,015	\$ 42,224	\$ 523	-	-	(395,560)
General Revenues and Transfers:							
General revenues:							
Property taxes levied for:							
General purposes					2,928,964	2,928,964	-
Debt service					1,325,085	1,325,085	-
Sales taxes					2,295,901	2,295,901	-
Franchise taxes					1,496,324	1,496,324	-
Tourism taxes					154,538	154,538	-
Payments from City of El Dorado, net					-	-	396,616
Investment earnings (loss)					(526,735)	(485,287)	74,777
Transfers					(177,610)	-	-
Total general revenues and transfers					8,419,870	7,715,525	471,393
Change in net assets					9,272,525	8,329,023	75,833
Net assets at beginning of year					30,530,833	59,186,358	845,601
Net assets at end of year					\$ 39,803,358	\$ 67,515,381	\$ 921,434

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

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FUND FINANCIAL STATEMENTS

CITY OF EL DORADO, KANSAS
BALANCE SHEET – GOVERNMENTAL FUNDS

December 31, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>					
Cash and short-term investments	\$ 4,541,015	\$ 599,126	\$ 1,126,908	\$ 2,241,337	\$ 8,508,386
Cash with fiscal agent	–	60,250	–	–	60,250
Property taxes receivable	2,208,483	1,136,869	–	532,181	3,877,533
Special assessment taxes receivable	–	2,592,122	–	320,185	2,912,307
Accounts receivable, net	36,848	593	–	7,220	44,661
Sales tax receivable	170,583	–	–	–	170,583
Accrued interest receivable	19,557	–	–	–	19,557
Due from other governments	9,722	–	413,347	222	423,291
Inventories, at cost	<u>102,314</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>102,314</u>
Total assets	<u>\$ 7,088,522</u>	<u>\$ 4,388,960</u>	<u>\$ 1,540,255</u>	<u>\$ 3,101,145</u>	<u>\$16,118,882</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Salaries and wages payable	\$ 57,263	\$ –	\$ –	\$ 11,305	\$ 68,568
Accounts payable	482,491	593	201,924	58,086	743,094
Matured bonds and coupons payable	–	60,250	–	–	60,250
Temporary notes payable	–	–	655,000	–	655,000
Deferred revenue	<u>2,208,483</u>	<u>3,728,991</u>	<u>–</u>	<u>852,366</u>	<u>6,789,840</u>
Total liabilities	<u>2,748,237</u>	<u>3,789,834</u>	<u>856,924</u>	<u>921,757</u>	<u>8,316,752</u>
Fund balances:					
Reserved for encumbrances	76,581	–	1,365,561	69,019	1,511,161
Reserved for inventories	102,314	–	–	–	102,314
Unreserved:					
Designated for subsequent years' expenditures for:					
General fund	3,291,626	–	–	–	3,291,626
Debt service fund	–	599,126	–	–	599,126
Special revenue funds	–	–	–	1,171,013	1,171,013
Designated for self-insurance	869,764	–	–	–	869,764
Undesignated reported in:					
Special revenue funds	–	–	–	939,356	939,356
Construction fund	<u>–</u>	<u>–</u>	<u>(682,230)</u>	<u>–</u>	<u>(682,230)</u>
Total fund balances	<u>4,340,285</u>	<u>599,126</u>	<u>683,331</u>	<u>2,179,388</u>	<u>7,802,130</u>
Total liabilities and fund balances	<u>\$ 7,088,522</u>	<u>\$ 4,388,960</u>	<u>\$ 1,540,255</u>	<u>\$ 3,101,145</u>	<u>\$16,118,882</u>

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

CITY OF EL DORADO, KANSAS

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

December 31, 2009

Total Governmental Fund Balances		\$ 7,802,130
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (capital assets net of accumulated depreciation):		
Cost	\$ 54,798,170	
Accumulated depreciation	<u>(14,893,313)</u>	
		39,904,857
Other assets not available to pay for current period expenditures and therefore are not reported in the governmental funds:		
Special assessments receivable		2,912,307
Prepaid expenses		24,321
Internal Service Funds are used by management to charge the costs of information technology to individuals funds. Certain assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Assets		
		83,488
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Accrued interest payable on general obligation bonds	60,035	
Compensated absences payable	245,479	
Capital lease obligations payable	55,210	
General obligation bonds payable	<u>10,563,021</u>	
		<u>(10,923,745)</u>
Net Assets of Governmental Activities		<u>\$ 39,803,358</u>

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

CITY OF EL DORADO, KANSAS

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

Year ended December 31, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Taxes	\$ 6,216,114	\$ 1,325,085	\$ -	\$ 659,613	\$ 8,200,812
Special assessment taxes	-	516,641	34,172	312,036	862,849
Intergovernmental	92,456	-	409,195	726,860	1,228,511
Licenses and permits	138,326	-	-	2,393	140,719
Charges for services	664,111	-	-	200,134	864,245
Fines and forfeitures	266,283	-	-	-	266,283
Use of money and property	2,514,980	2,573,515	6,900	265,161	5,360,556
Employee/Employer contributions	1,047,063	-	-	-	1,047,063
Miscellaneous	434,857	-	467	775,271	1,210,595
Total revenues	<u>11,374,190</u>	<u>4,415,241</u>	<u>450,734</u>	<u>2,941,468</u>	<u>19,181,633</u>
Expenditures:					
Current:					
General government	2,084,244	-	-	189,727	2,273,971
Public safety	3,422,557	-	-	1,646	3,424,203
Highways and streets	561,198	-	-	1,273,765	1,834,963
Health and sanitation	125,068	-	-	251,285	376,353
Culture and recreation	3,569,282	-	-	426,484	3,995,766
Environmental protection	28,515	-	-	-	28,515
Economic development	-	-	-	245,674	245,674
Capital improvements	-	-	1,560,545	-	1,560,545
Debt Service	-	4,547,861	5,004	-	4,552,865
Total expenditures	<u>9,790,864</u>	<u>4,547,861</u>	<u>1,565,549</u>	<u>2,388,581</u>	<u>18,292,855</u>
Revenues over (under) expenditures	<u>1,583,326</u>	<u>(132,620)</u>	<u>(1,114,815)</u>	<u>552,887</u>	<u>888,778</u>
Other financing sources (uses):					
Proceeds from capital lease obligations	-	-	-	55,210	55,210
Transfers in	263	138,805	997,888	550,234	1,687,190
Transfers out	(1,437,403)	-	(63,805)	(8,372)	(1,509,580)
Total other financing sources (uses)	<u>(1,437,140)</u>	<u>138,805</u>	<u>934,083</u>	<u>597,072</u>	<u>232,820</u>
Net change in fund balance	146,186	6,185	(180,732)	1,149,959	1,121,598
Fund balances, beginning of year	<u>4,194,099</u>	<u>592,941</u>	<u>864,063</u>	<u>1,029,429</u>	<u>6,680,532</u>
Fund balances, end of year	<u>\$ 4,340,285</u>	<u>\$ 599,126</u>	<u>\$ 683,331</u>	<u>\$ 2,179,388</u>	<u>\$ 7,802,130</u>

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

CITY OF EL DORADO, KANSAS

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

Year Ended December 31, 2009

Net Change in Fund Balances – Total Governmental Funds		\$ 1,121,598
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 as depreciation expense. In the current period, these amounts are:		
Capital outlay	\$ 7,687,061	
Depreciation	<u>(1,484,395)</u>	
Excess of capital outlays over depreciation expense		6,202,666
In the statement of activities, the gain or loss from the disposal of capital assets is reported, whereas in the governmental funds, only any proceeds from the disposal increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the assets sold.		(1,835,605)
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due		62,259
In the statement of activities, the issuance of general obligation bonds increases liabilities however, long-term debt proceeds provide current financial resources in the governmental funds statement		(55,210)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets: General obligation bond payment		3,952,666
Internal service funds are used by management to charge the cost of information technology to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.		4,978
Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are recognized as revenue in the statement of activities as soon as the related improvement is completed and the special assessments are levied.		(119,013)
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 the funds: Prepaid items	(36,240)	
Compensated absences payable	<u>(25,574)</u>	
Total		<u>(61,814)</u>
Change in Net Assets of Governmental Activities		<u>\$ 9,272,525</u>

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

CITY OF EL DORADO, KANSAS

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL –
BUDGETARY BASIS
(continued on next page)**

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Taxes	\$ 5,507,321	\$ 5,507,321	\$ 6,269,466	\$ 762,145
Intergovernmental	51,600	51,600	92,456	40,856
Licenses, fees and permits	138,930	138,930	138,325	(605)
Charges for services	893,440	758,890	664,111	(94,779)
Fines and forfeitures	317,250	317,250	266,283	(50,967)
Use of money and property	60,000	1,305,049	2,568,898	1,263,849
Miscellaneous	29,000	29,000	48,622	19,622
Reimbursements	115,000	115,000	386,235	271,235
Transfers in	<u>—</u>	<u>—</u>	<u>263</u>	<u>263</u>
Total revenues and other sources	<u>7,112,541</u>	<u>8,223,040</u>	<u>10,434,659</u>	<u>2,211,619</u>
Expenditures, encumbrances and other uses:				
General government:				
Administration	773,623	2,954,856	538,741	2,416,115
Engineering	270,371	270,371	220,385	49,986
Civic Center	116,136	116,136	132,975	(16,839)
Legal and judicial	<u>164,575</u>	<u>164,575</u>	<u>102,578</u>	<u>61,997</u>
Total general government	<u>1,324,705</u>	<u>3,505,938</u>	<u>994,679</u>	<u>2,511,259</u>
Public safety:				
Police division	2,036,219	2,036,219	1,881,180	155,039
Fire division	1,317,721	1,317,721	1,267,358	50,363
Building and zoning	260,426	260,426	164,561	95,865
Building demolition	16,000	16,000	197	15,803
Hazardous materials	<u>20,200</u>	<u>20,200</u>	<u>20,035</u>	<u>165</u>
Total public safety	<u>3,650,566</u>	<u>3,650,566</u>	<u>3,333,331</u>	<u>317,235</u>
Public works:				
Public works	439,770	439,770	388,477	51,293
Street lights	<u>149,100</u>	<u>149,100</u>	<u>160,152</u>	<u>(11,052)</u>
Total public works	<u>588,870</u>	<u>588,870</u>	<u>548,629</u>	<u>40,241</u>

CITY OF EL DORADO, KANSAS

GENERAL FUND

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

(continued from previous page)

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Health and sanitation:				
Animal control	\$ 143,067	\$ 143,067	\$ 125,768	\$ 17,299
Culture and recreation:				
Park maintenance	273,577	273,577	219,283	54,294
Recreation	417,898	417,898	3,130,225	(2,712,327)
Swimming pool	119,905	119,905	152,805	(32,900)
Band	6,925	6,925	6,925	-
Recreation concessions	57,004	57,004	69,109	(12,105)
Library	-	-	1,289	(1,289)
Total culture and recreation	<u>875,309</u>	<u>875,309</u>	<u>3,579,636</u>	<u>(2,704,327)</u>
Conservation of natural resources:				
Forestry	18,750	18,750	28,515	(9,765)
Other:				
Transfers out	1,717,500	1,717,500	1,437,403	280,097
Total expenditures, encumbrances and other uses	<u>8,318,767</u>	<u>10,500,000</u>	<u>10,047,961</u>	<u>452,039</u>
Revenues and other sources over (under) expenditures, encumbrances and other uses	(1,206,226)	(2,276,960)	386,698	2,663,658
Fund balance, beginning of year	<u>1,644,055</u>	<u>2,714,789</u>	<u>2,714,789</u>	<u>-</u>
Fund balance, end of year	<u>\$ 437,829</u>	<u>\$ 437,829</u>	<u>\$3,101,487</u>	<u>\$2,663,658</u>

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

CITY OF EL DORADO, KANSAS
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS

December 31, 2009

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Fund (Data Processing Fund)
	Waterworks System	Sewer System	Refuse		
ASSETS					
Current assets:					
Cash and investments	\$ 1,731,526	\$ 1,987,473	\$ 338,672	\$ 4,057,671	\$ 275,928
Trade accounts receivable	326,299	225,348	149,616	701,263	7,558
Less allowance for doubtful accounts	(28,196)	(36,748)	(19,990)	(84,934)	-
Current portion of note receivable from Prairie Port Festival	10,000	-	-	10,000	-
Inventories, at cost	171,130	5,224	14,884	191,238	-
Restricted assets:					
Cash and investments restricted for:					
Retirement of debt for water storage space	477,827	-	-	477,827	-
Sewer facility construction	-	6,500	-	6,500	-
Total current assets	2,688,586	2,187,797	483,182	5,359,565	283,486
Noncurrent assets:					
Restricted assets:					
Cash and investments restricted for:					
Retirement of debt for water storage space	4,248,606	-	-	4,248,606	-
Property, plant and equipment:					
Land	33,733	721,934	-	755,667	-
Water storage space	5,862,922	-	-	5,862,922	-
Buildings	1,964,539	13,597,206	991,467	16,553,212	-
Improvements other than buildings	10,368,069	10,364,581	55,860	20,788,510	-
Machinery and equipment	1,310,005	2,280,584	963,326	4,553,915	22,935
Construction work in process	880,234	28,240	-	908,474	-
Total property, plant and equipment	20,419,502	26,992,545	2,010,653	49,422,700	22,935
Less accumulated depreciation	(5,615,371)	(7,509,303)	(926,667)	(14,051,341)	(20,580)
Property, plant and equipment, net	14,804,131	19,483,242	1,083,986	35,371,359	2,355
Other assets:					
Long-term portion of note receivable from Prairie Port Festival	10,000	-	-	10,000	-
Total noncurrent assets	19,062,737	19,483,242	1,083,986	39,629,965	2,355
Total assets	21,751,323	21,671,039	1,567,168	44,989,530	285,841

	<u>Business-Type Activities – Enterprise Funds</u>				<u>Governmental Activities Internal Service Fund (Data Processing Fund)</u>
	<u>Waterworks System</u>	<u>Sewer System</u>	<u>Refuse</u>	<u>Total Enterprise Funds</u>	
LIABILITIES					
Current liabilities:					
Salaries and wages payable	\$ 16,192	\$ 7,962	\$ 9,624	\$ 33,778	\$ 8,700
Accounts payable	474,564	80,930	225,145	780,639	7,519
Current portion of compensated absences payable	28,258	20,372	27,962	76,592	20,898
Current portion of general obligation bonds payable	74,048	42,962	–	117,010	–
Current portion of revolving loan note payable	–	590,557	–	590,557	–
Current portion of capitalized lease payable	15,848	–	76,620	92,468	–
Accrued interest payable	4,312	94,317	–	98,629	–
Current liabilities payable from restricted assets:					
Water storage space payable	<u>441,353</u>	<u>–</u>	<u>–</u>	<u>441,353</u>	<u>–</u>
Total current liabilities	<u>1,054,575</u>	<u>837,100</u>	<u>339,351</u>	<u>2,231,026</u>	<u>37,117</u>
Noncurrent liabilities:					
Long-term portion of compensated absences payable	4,163	3,001	4,119	11,283	3,079
Long-term portion of capitalized lease payable	–	–	79,230	79,230	–
Long-term portion of general obligation bonds	521,646	353,323	–	874,969	–
Long-term portion of revolving loan note	–	9,599,825	–	9,599,825	–
Long-term portion of water storage space	<u>4,643,331</u>	<u>–</u>	<u>–</u>	<u>4,643,331</u>	<u>–</u>
Total noncurrent liabilities	<u>5,169,140</u>	<u>9,956,149</u>	<u>83,349</u>	<u>15,208,638</u>	<u>3,079</u>
Total liabilities	<u>6,223,715</u>	<u>10,793,249</u>	<u>422,700</u>	<u>17,439,664</u>	<u>40,196</u>
NET ASSETS					
Net assets:					
Invested in capital assets, net	9,107,905	8,896,575	928,136	18,932,616	2,355
Restricted	4,285,080	6,500	–	4,291,580	–
Unrestricted	<u>2,134,623</u>	<u>1,974,715</u>	<u>216,332</u>	<u>4,325,670</u>	<u>243,290</u>
Total net assets	<u>\$ 15,527,608</u>	<u>\$ 10,877,790</u>	<u>\$ 1,144,468</u>	<u>\$ 27,549,866</u>	<u>\$ 245,645</u>
				Total net assets	\$ 27,549,866
				Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities	
				<u>162,157</u>	
				Net assets of business-type activities	<u>\$ 27,712,023</u>

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

CITY OF EL DORADO, KANSAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS –
PROPRIETARY FUNDS

Year ended December 31, 2009

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Fund (Data Processing Fund)
	Waterworks System	Sewer System	Refuse		
Operating revenues:					
Charges for services	\$ 3,471,363	\$ 1,941,528	\$1,356,200	\$ 6,769,091	\$ 635,000
Miscellaneous	103,021	73,738	140,383	317,142	8,007
Rents and royalties	10,537	44,318	-	54,855	-
Total operating revenues	3,584,921	2,059,584	1,496,583	7,141,088	643,007
Operating expenses:					
General and administrative	1,247,505	297,262	-	1,544,767	633,192
Treatment	727,254	575,260	-	1,302,514	-
Distribution and maintenance	577,616	487,766	-	1,065,382	-
Supply	74,109	-	-	74,109	-
Collection	-	-	1,202,865	1,202,865	-
Recycling	-	-	585,439	585,439	-
Stores	15,965	-	-	15,965	-
Provision for uncollectible accounts	5,683	8,557	5,243	19,483	-
Depreciation	323,844	687,204	67,808	1,078,856	2,545
Total operating expenses	2,971,976	2,056,049	1,861,355	6,889,380	635,737
Operating income (loss)	612,945	3,535	(364,772)	251,708	7,270
Nonoperating revenues (expense):					
Interest income	31,034	29,500	5,200	65,734	-
Interest expense	(519,212)	(295,186)	-	(814,398)	-
Gain (loss) on investments	(592,469)	-	-	(592,469)	-
Gain (loss) on disposal of assets	(6,009)	(103)	-	(6,112)	(2,628)
Total nonoperating revenue (expense)	(1,086,656)	(265,789)	5,200	(1,347,245)	(2,628)
Income (loss) before contributions and transfers	(473,711)	(262,254)	(359,572)	(1,095,537)	4,642
Capital contributions	42,509	287,472	-	329,981	-
Transfers from other funds	-	-	-	-	10,000
Transfers to other funds	(173,169)	(14,441)	-	(187,610)	-
Change in net assets	(604,371)	10,777	(359,572)	(953,166)	14,642
Net assets, beginning of year	16,131,979	10,867,013	1,504,040	28,503,032	231,003
Net assets, end of year	\$ 15,527,608	\$ 10,877,790	\$1,144,468	\$ 27,549,866	\$ 245,645
				\$ (953,166)	
				9,664	
				\$ (943,502)	

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

CITY OF EL DORADO, KANSAS
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
(continued on next page)

Year ended December 31, 2009

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Fund (Data Processing Fund)
	Waterworks System	Sewer System	Refuse		
Cash flows from operating activities:					
Cash received from customers	\$ 3,426,866	\$1,970,703	\$1,358,374	\$ 6,755,943	\$ 640,305
Cash payments for materials and services	(1,437,199)	(791,604)	(932,143)	(3,160,946)	(99,829)
Cash payments to employees for services	(970,905)	(525,725)	(678,539)	(2,175,169)	(521,654)
Other cash received	<u>47,019</u>	<u>71,315</u>	<u>131,541</u>	<u>249,875</u>	<u>—</u>
Net cash provided by operating activities	<u>1,065,781</u>	<u>724,689</u>	<u>(120,767)</u>	<u>1,669,703</u>	<u>18,822</u>
Cash flows from capital and related financing activities:					
Proceeds from capital lease obligations	—	—	155,850	155,850	—
Principal paid on general obligation bonds	(71,165)	(41,169)	—	(112,334)	—
Principal paid on revolving loan note	—	(571,927)	—	(571,927)	—
Principal paid on capital leases	(36,250)	—	—	(36,250)	—
Interest paid on debt	(464,910)	(300,712)	—	(765,622)	—
Loan payment from Prairie Port Festival	10,000	—	—	10,000	—
Acquisition and construction of capital assets	<u>(1,048,741)</u>	<u>(374,221)</u>	<u>(173,350)</u>	<u>(1,596,312)</u>	<u>—</u>
Net cash provided (used) by capital and related financing activities	<u>(1,611,066)</u>	<u>(1,288,029)</u>	<u>(17,500)</u>	<u>(2,916,595)</u>	<u>—</u>
Cash flows from noncapital financing activities:					
Transfers (to) from other funds	<u>(173,169)</u>	<u>(14,441)</u>	<u>—</u>	<u>(187,610)</u>	<u>10,000</u>
Cash flows from investing activities:					
Proceeds from sale of investments	(549,961)	—	—	(549,961)	—
Interest income	<u>31,034</u>	<u>29,500</u>	<u>5,200</u>	<u>65,734</u>	<u>—</u>
Net cash provided by investing activities	<u>(518,927)</u>	<u>29,500</u>	<u>5,200</u>	<u>(484,227)</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	(1,237,381)	(548,281)	(133,067)	(1,918,729)	28,822
Cash and cash equivalents, beginning of year	<u>7,695,340</u>	<u>2,542,254</u>	<u>471,739</u>	<u>10,709,333</u>	<u>247,106</u>
Cash and cash equivalents, end of year	<u>\$ 6,457,959</u>	<u>\$1,993,973</u>	<u>\$ 338,672</u>	<u>\$ 8,790,604</u>	<u>\$ 275,928</u>
Cash and cash equivalents	\$ 1,731,526	\$1,987,473	\$ 338,672	\$ 4,057,671	\$ 275,928
Restricted cash and cash equivalents included in restricted cash and investments	<u>4,726,433</u>	<u>6,500</u>	<u>—</u>	<u>4,732,933</u>	<u>—</u>
Cash and cash equivalents, end of year	<u>\$ 6,457,959</u>	<u>\$1,993,973</u>	<u>\$ 338,672</u>	<u>\$ 8,790,604</u>	<u>\$ 275,928</u>

CITY OF EL DORADO, KANSAS

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
(continued from previous page)

Year ended December 31, 2009

	Business-Type Activities – Enterprise Funds			Total Enterprise Funds	Governmental Activities Internal Service Fund (Data Processing Fund)
	Waterworks System	Sewer System	Refuse		
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 612,945	\$ 3,535	\$ (364,772)	\$ 251,708	\$ 7,270
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation expense	323,844	687,204	67,808	1,078,856	2,545
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	(105,353)	(9,010)	(1,424)	(115,787)	(2,703)
Decrease (increase) in inventories	31,409	5,519	9,888	46,816	-
Increase (decrease) in salaries and wages payable	5,681	1,967	1,992	9,640	3,149
Increase (decrease) in accounts payable	203,316	33,570	159,947	396,833	3,026
Increase (decrease) in compensated absences payable	(6,061)	1,904	5,794	1,637	5,535
Net cash provided by (used for) operating activities	<u>\$ 1,065,781</u>	<u>\$ 724,689</u>	<u>\$ (120,767)</u>	<u>\$ 1,669,703</u>	<u>\$ 18,822</u>

Noncash capital and related financing activities:

The Waterworks System Fund and Sewer System Fund received noncash contributions of assets from the municipality for improvements and equipment during 2009 in the amount of \$42,509 and \$287,472, respectively.

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

CITY OF EL DORADO, KANSAS
STATEMENT OF FIDUCIARY NET ASSETS –
FIDUCIARY FUNDS

December 31, 2009

	<u>Retiree Health Care Benefit Plan Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash including investments	\$ 57,601	\$ 17,416
Accounts receivable	<u> –</u>	<u> 1,240</u>
Total assets	<u> 57,601</u>	<u> 18,656</u>
 Liabilities:		
Accounts payable	<u> 36,051</u>	<u> 18,656</u>
Net assets	<u> \$ 21,550</u>	<u> \$ –</u>

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

CITY OF EL DORADO, KANSAS
STATEMENT OF CHANGES IN FIDUCIARY
NET ASSETS – OTHER POSTEMPLOYMENT
BENEFITS PLAN TRUST FUND

Year ended December 31, 2009

	<u>Retiree Health Care Benefit Plan Trust Fund</u>
Additions:	
Employer contributions	\$ 78,192
Investment earnings	<u>9,885</u>
Total additions	88,077
Deductions:	
Benefits	<u>66,527</u>
Change in net assets	21,550
Net assets – beginning of year	<u>–</u>
Net assets – end of year	<u>\$ 21,550</u>

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

CITY OF EL DORADO, KANSAS
NOTES TO FINANCIAL STATEMENTS

December 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

Reporting entity

The City of El Dorado 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 of El Dorado, Kansas (primary government) and its component units, entities for which the City is considered to be financially accountable. The component unit discussed in the following paragraph is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Discretely presented component unit

The component unit columns in the financial statements include 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 governing body of the component unit. The City's component unit is accounted for using the same principles as the governmental fund types of the City.

The Bradford Memorial Library operates the public library in the City. The Library Board 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 Board taxes are levied under the taxing authority of the City and are included as part of the City's total tax levy. These taxes are accounted for in the Library special revenue fund of the City. The Library Board 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 Board to supplement the resources that are available to the Library Board in support of its programs. The Library Board does not issue separate financial statements.

Other organizations

The Firemen's Relief Association is not included in the reporting entity because the City has no accountability for its fiscal matters. The Firemen's Relief Association provides insurance and other benefits to firemen. The Association is organized under the laws of the State of Kansas and the Association's board consists of firefighters elected by popular vote of its members. Kansas statutes provide for funding through assessing a charge on fire insurance premiums paid. Separate financial statements for the Firemen's Relief Association are available at the City administrative offices.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989 to its governmental activities provided they do not conflict with or contradict GASB pronouncements.

The City's basic financial statements include both government-wide, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide financial statements

The government-wide financial statements, consisting of the statement of net assets and the statement of activities, display all the nonfiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements. 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. In addition, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable. The statement of net assets presents the financial condition of the City and its component unit at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include (1) charges paid by the recipient for goods or services or privileges provided by a given function or activity and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of direct expenses with program revenues identifies the extent to which a given function or segment is self-financing or draws from the general revenues of the City.

Fund financial statements

During the year, the City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at a more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is reported in a separate column. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary 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 are met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property tax revenues to be available in the period for which levied and other revenues if they are collected within 60 days of the end of the current fiscal period. 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.

Property taxes and special assessments, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available. Charges for services and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The City reports the following major governmental funds:

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

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

Construction Fund – The construction fund is used to account for the resources accumulated and payments made for the acquisition of fixed 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:

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted by law or administrative action to expenditure for specified purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for franchise fees and other charges between the City's enterprise funds and various other functions of government and the costs of the City's self-insurance program reported in the General Fund. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for Enterprise and Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as nonoperating revenues and expenses.

Property taxes are not susceptible to accrual. Sales taxes collected and held by the State at year end on behalf of the City are recognized as revenue. Recognized state shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes and consequently, for revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

Licenses, fees, fines, forfeitures and other revenue are generally not susceptible to accrual and are recorded when received in cash.

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. Each fund type's portion of the pool is displayed on the financial statements as "cash including investments".

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less to be cash equivalents.

Earnings from investments are allocated to the funds on the basis of the average monthly balance and in accordance with the adopted budget.

Investments are carried at fair value determined on a selected basis. Deposits are reported at their carrying amount which approximates fair value.

Property taxes and other receivables

In accordance with governing State statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on January 1 and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred revenue on the balance sheets of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized State-shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the State on behalf of the City at year-end are not due and receivable until the ensuing year.

Federal and state grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

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 fifteen-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 funds statement, the special assessments receivable are reported as unearned revenue in the funds statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 fund and accrued as revenues in the statement of activities. Since they are not considered available spendable resources for the funds statement, the stormwater special assessments receivable are reported as unearned revenue in the funds statements.

Sales tax receivable

The City has a 1% local sales tax which is collected by the State and remitted to the City monthly. As required by City ordinance, sales tax revenues of \$600,000 are to be used for street improvements, \$1,350,000 for property tax relief and \$50,000 for economic development. The use of sales tax revenue in excess of \$2,000,000 will be used as directed by the governing body following the public hearing process. The accrued sales tax receivable represents the sales tax collected by the merchants and held by the State at year-end.

Inventories and prepaid items

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. Reported inventories in the governmental funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation even though they are a component of reported assets. Inventories in the general fund consist of expendable supplies held for consumption.

Prepaid expenses, which benefit future periods, are recorded as expenditures during the year of purchase in the governmental fund financial statements.

Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, curbs and gutters, sidewalks and similar items), 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 subsequent to January 1, 1980. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

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 are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment of the primary government and its component unit is 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 capital leases is included in depreciation.

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' continuous service) and a maximum accumulation of ninety days' sick leave. Policies prohibit payment for personal leave in lieu of time off and require the cancellation of accumulated sick leave on 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 they have matured, for example, as a result of employee terminations or retirement.

Accrued liabilities and long-term debt

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, general obligation bonds and capital lease obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

For governmental funds, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Bond costs are being amortized by the interest method over the life of the related revenue bonds in the enterprise funds.

Long-term liabilities for revenue bond obligations, certain general obligation bonds and the revolving loan note payable are recorded as liabilities in the enterprise funds. Principal payments are deducted from the liability as made.

Pension plan

All full-time employees are members of the State of Kansas Public Employees' Retirement System which is a cost sharing multi-employer statewide pension plan. The City's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the System's actuary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other post-employment benefits

The City provides post-retirement health care benefits, in accordance with state statutes and City policies as discussed in Note 10.

Concentration of credit risk

The City routinely grants credit to utility customers, in accordance with applicable utility rate ordinances, all of which are located within the environs of the City. The City does not require security deposits for such service; however at inception of service a connection fee of \$15 is collected.

Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance for all risks of loss and there have been no significant reductions in insurance coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current or any previous year.

During 2002, the City established a self-insurance health insurance program for employees for which the City retains risk of loss with certain limitations. The City's risk is limited through stop loss insurance coverage carried with a commercial insurance carrier. This policy provides for complete insurance coverage after the City has incurred \$50,000 of claims for any individual, in any one plan year, and also limits the City's paid claims to 125% of expected claims computed on a cumulative basis by month for any plan year. 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. In accordance with Governmental Accounting Standards Board Statement No. 10, the City currently reports all its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include payments to cover deductibles and other liabilities related to the City's risk of loss and include an estimate of claims that have been incurred but not reported. At December 31, 2009, the amount of these liabilities was \$282,311. Changes in the reported liability since December 31, 2007 are as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Year End</u>
2008	\$128,182	\$ 886,583	\$ 836,761	\$178,004
2009	178,004	1,112,210	1,007,903	282,311

At December 31, 2009, General Fund cash and investments of \$1,152,075 were held for purposes of funding the City's current accrued liabilities and future claims liabilities. As a result, \$869,764 of the General Fund balance is designated for payment of future claims liabilities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the governing body or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City's policy is to apply restricted net assets first.

Reservations and designations of fund equity

The fund balances of the governmental funds include the following reservations, which represent amounts that are not appropriable or are legally segregated for a specific purpose:

Reserved for encumbrances - used to segregate a portion of fund balance for commitments related to unperformed (executory) contracts for goods or services not yet performed by vendors.

Reserved for inventory - used to segregate a portion of fund balance to indicate that inventories do not represent available spendable resources.

The fund balances of the governmental funds include the following designations, which represent management plans that are subject to change:

Designated for subsequent year's budget - used to segregate a portion of fund balance for current resources which were included in the subsequent year's budget to be used to finance operations of the ensuing year.

Designated for self-insurance - used to segregate a portion of fund balance representing a reserve for future payment of claims liabilities under the City's risk financing activities.

Designated for debt service - used to segregate a portion of fund balance for debt service resources for the payment of general long-term debt principal and interest amounts of future years.

Budgetary principles

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), debt service fund, enterprise funds and internal service fund. The Special Street Equipment, Equipment Reserve, Family Life Center, Youth Activity Donations, Fire Recovery and Law Enforcement Trust special revenue fund types are exempted from a legally adopted budget. The Prairie Trails Restaurant/Golf Course Fund was not budgeted for 2009, however no expenditures were incurred during 2009. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. This process requires a notice of public hearing to amend the budget to be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During 2009, the governing body amended the originally adopted budget of expenditures for the following funds:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
General	\$ 8,318,767	\$ 10,500,000
Debt Service	2,900,833	5,091,101
Sewer System	2,328,339	2,630,000
Refuse	1,517,564	1,690,000

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 appropriations at the fund level.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. For budgetary purposes, encumbrances of the budgeted governmental fund types, representing purchase orders, contracts and other commitments, are reported as a charge to the current year budget. 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.

Reimbursed expenditures

Kansas statutes allow for expenditures incurred during the year for which the City receives reimbursement to be treated as a budget credit for comparison of actual expenditures incurred to the legally adopted budget of expenditures. During 2009, the General Fund received \$386,235 of such reimbursements. These reimbursements include School Resource Officer wage and benefit reimbursements, insurance recoveries for expenditures incurred related to covered property, Federal Emergency Management Agency (FEMA) reimbursements for storm cleanup expenditures, health insurance reimbursements from individuals for which the City provides post retirement benefits, and other miscellaneous items. In addition, the Major Street Improvement, Cemetery and Refuse Funds received reimbursements primarily related to FEMA reimbursements related to storm cleanup damage in the amounts of \$122,460, \$24,893 and \$131,542, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. DEPOSITS AND INVESTMENTS

Deposits and investments

At December 31, 2009 the City had the following investments:

<u>Investment Type</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Weighted Average Months to Maturity</u>	<u>Rating</u>
Federal National Mortgage Corp.	\$ 4,539,750	\$ 5,240,008	341.68	Moody AAA; S&P AAA
Federal National Mortgage Association	247,065	248,298	1.71	Moody AA2 S; S&P A
Federal Home Loan Mortgage Corp.	74,146	71,824	4.98	Moody AAA S; S&P AAA
Federal Home Loan Mortgage Corp.	161,718	164,460	4.45	Moody AAA S; S&P AAA
Federal Home Loan Mortgage Corp.	<u>65,152</u>	<u>64,973</u>	1.32	Moody AAA S; S&P AAA
	<u>\$ 5,087,831</u>	<u>\$ 5,789,563</u>		

During 2009, the City incurred no realized net gains from the sale of investments. The calculation of realized gains is independent of the calculation of the net increase or decrease in the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in fair value of investments reported in the prior year. The net decrease in the fair value of investments during 2009 was \$1,252,957 recorded in the Waterworks System Fund. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year. The unrealized loss on investments held at year-end was \$701,732.

Kansas Statutes Annotated (K.S.A.) 9-1401 establishes the depositories which may be used by governmental entities in Kansas. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of Federal Depository Insurance Corporation coverage. The City has no other policies that would further limit interest rate risk.

2. DEPOSITS AND INVESTMENTS (continued)

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration 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. The City's allocation of investments as of December 31, 2009, is as follows:

<u>Investment</u>	<u>Percentage of Investments</u>
Federal National Mortgage Association	95%
Federal Home Loan Mortgage Corp.	5%

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy follows applicable State Statutes and requires deposits to be 100% secured by collateral (pledged securities) valued at market, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. State Statutes define the allowable pledged securities. The City has no investment policy that would further limit its credit risk of investments.

At year-end, the carrying amount of the City's deposits was \$12,501,853 with the bank balances of such accounts being \$12,127,510. Of the bank balances, \$251,598 was covered by federal depository insurance and the remaining balance of \$11,875,912 was covered by collateral held by the City's custodial bank in joint custody in the name of the City and its bank. The fair value of those pledged securities held by the City's custodial bank was \$15,923,672 at December 31, 2009.

The City's component unit's cash and investments at December 31, 2009 consisted of checking, savings, certificate of deposit accounts and investment securities of the Bradford Memorial Library Endowment. At year-end, the carrying amount of the City's component unit's deposits was \$237,064 and the bank balances were \$237,064, which was entirely covered by federal depository insurance.

A reconciliation of cash and investments as reported in the financial statements at December 31, 2009 is as follows:

Cash on hand	\$ 2,650
Carrying amount of deposits – City	12,501,853
Carrying amount of deposits – OPEB Trust	57,601
Carrying amount of deposits – component unit	237,064
Cash with fiscal agent	60,250
Carrying amount of investments – City	5,087,831
Carrying amount of investments – component unit	<u>215,412</u>
Total	<u>\$ 18,162,661</u>

2. DEPOSITS AND INVESTMENTS (continued)

Amounts per statement of net assets:	
Cash including investments	\$ 12,841,985
Component unit cash and investments	452,476
Cash with fiscal agent	60,250
Cash held in fiduciary funds	75,017
Restricted cash and investments	<u>4,732,933</u>
 Total	 <u>\$ 18,162,661</u>

3. CAPITAL ASSETS

A summary of changes in capital assets of the City for the year ended December 31, 2009 is as follows:

	Balance January 1, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2009</u>
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 3,533,200	\$ 1,914,013	\$ -	\$ 5,447,213
Construction work in progress	<u>3,246,503</u>	<u>1,333,995</u>	<u>3,246,503</u>	<u>1,333,995</u>
Total capital assets not being depreciated	<u>6,779,703</u>	<u>3,248,008</u>	<u>3,246,503</u>	<u>6,781,208</u>
Capital assets being depreciated:				
Buildings	10,285,020	1,332,882	2,601,647	9,016,255
Improvements other than buildings	7,570,016	47,832	23,824	7,594,024
Infrastructure	21,121,961	5,956,566	-	27,078,527
Machinery and equipment	<u>4,135,834</u>	<u>348,276</u>	<u>133,019</u>	<u>4,351,091</u>
Total capital assets being depreciated	<u>43,112,831</u>	<u>7,685,556</u>	<u>2,758,490</u>	<u>48,039,897</u>
Less accumulated depreciation for:				
Buildings	3,596,056	194,538	789,194	3,001,400
Improvements other than buildings	1,833,280	179,269	13,864	1,998,685
Infrastructure	<u>7,654,910</u>	<u>867,886</u>	-	<u>8,522,796</u>

3. CAPITAL ASSETS (continued)

	Balance January 1, <u>2009</u>	Additions	Deletions	Balance December 31, <u>2009</u>
Machinery and equipment	\$ 1,262,964	\$ 245,247	\$ 117,199	\$ 1,391,012
Total accumulated depreciation	<u>14,347,210</u>	<u>1,486,940</u>	<u>920,257</u>	<u>14,913,893</u>
Total capital assets being depreciated, net	<u>28,765,621</u>	<u>6,198,616</u>	<u>1,838,233</u>	<u>33,126,004</u>
Governmental activities capital assets, net	<u>\$ 35,545,324</u>	<u>\$ 9,446,624</u>	<u>\$ 5,084,736</u>	<u>\$ 39,907,212</u>
<u>Business-Type Activities:</u>				
Capital assets, not being depreciated				
Land	\$ 755,667	\$ —	\$ —	\$ 755,667
Water storage space	5,862,922	—	—	5,862,922
Construction in process	<u>81,850</u>	<u>826,624</u>	<u>—</u>	<u>908,474</u>
Total capital assets not being depreciated	<u>6,700,439</u>	<u>826,624</u>	<u>—</u>	<u>7,527,063</u>
Capital assets being depreciated:				
Buildings	16,494,562	58,650	—	16,553,212
Improvements other than buildings	20,159,222	650,444	21,156	20,788,510
Machinery and equipment	<u>4,244,747</u>	<u>355,074</u>	<u>45,906</u>	<u>4,553,915</u>
Total capital assets being depreciated	<u>40,898,531</u>	<u>1,064,168</u>	<u>67,062</u>	<u>41,895,637</u>
Less accumulated depreciation for:				
Buildings	3,638,528	411,987	—	4,050,515
Improvements other than buildings	7,856,113	348,572	16,084	8,188,601

3. CAPITAL ASSETS (continued)

	Balance January 1, <u>2009</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2009</u>
Machinery and equipment	\$ 1,519,509	\$ 318,297	\$ 25,581	\$ 1,812,225
Total accumulated depreciation	<u>13,014,150</u>	<u>1,078,856</u>	<u>41,665</u>	<u>14,051,341</u>
Total capital assets being depreciated, net	<u>27,884,381</u>	<u>(14,688)</u>	<u>25,397</u>	<u>27,844,296</u>
Business-type activities capital assets, net	<u>\$ 34,584,820</u>	<u>\$ 811,936</u>	<u>\$ 25,397</u>	<u>\$ 35,371,359</u>

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

Governmental activities:	
General government	\$ 213,621
Public safety	146,602
Highways and streets (including depreciation of infrastructure assets)	958,062
Health and sanitation	4,636
Culture and recreation	161,285
Economic development	189
Capital assets held by the City's internal service fund is charged to the various functions based on their usage	<u>2,545</u>
Total depreciation expense – governmental activities	<u>\$ 1,486,940</u>
Business-type activities:	
Waterworks utility	\$ 411,987
Sewer utility	348,572
Refuse	<u>318,297</u>
Total depreciation expense – business-type activities	<u>\$ 1,078,856</u>

4. LONG-TERM DEBT

The following is a summary of changes in long-term debt transactions of the City for the year ended December 31, 2009:

4. LONG-TERM DEBT (continued)

	Outstanding January 1, 2009	Additions	Deletions	Outstanding December 31, 2009	Due Within One Year
<u>Governmental activities</u>					
General obligation bonds	\$14,515,687	\$ -	\$ 3,952,666	\$10,563,021	\$ 1,427,990
Capital lease obligation payable	-	55,210	-	55,210	27,168
Compensated absences	<u>238,347</u>	<u>353,900</u>	<u>322,791</u>	<u>269,456</u>	<u>234,857</u>
Total long-term liabilities – Governmental activities	<u>\$14,754,034</u>	<u>\$ 409,110</u>	<u>\$ 4,275,457</u>	<u>\$10,887,687</u>	<u>\$ 1,690,015</u>
<u>Business-type activities</u>					
General obligation bonds	\$ 1,104,313	\$ -	\$ 112,334	\$ 991,979	\$ 117,010
Notes payable	10,762,309	-	571,927	10,190,382	590,557
Capitalized lease obligations	52,098	155,850	36,250	171,698	92,468
Water storage space	5,029,875	54,809	-	5,084,684	441,353
Compensated absences	<u>86,238</u>	<u>158,967</u>	<u>157,330</u>	<u>87,875</u>	<u>76,592</u>
Total long-term liabilities – Business-Type activities	<u>\$17,034,833</u>	<u>\$ 369,626</u>	<u>\$ 877,841</u>	<u>\$16,526,618</u>	<u>\$1,317,980</u>

General obligation bonds

During 2009, the City sold property located in the Industrial Park that had been financed with General Obligation Internal Improvement Bonds, Series 1996-A and General Obligation Improvement Bonds, Series 1997-A with bond principal amounts outstanding at the sale date of \$1,785,000 and \$475,000, respectively. Proceeds from the sale in the amount of \$2,321,381 were utilized for early redemption of the Series 1996-A and Series 1997-A bonds outstanding on November 1, 2009, plus accrued interest to the redemption date.

General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds payable are serial bonds to be retired through calendar year 2023. At December 31, 2009 the bonds consist of the following:

	<u>Interest rates</u>	<u>Bonds outstanding</u>
General Obligation Internal Improvement Bonds, Series 2001, issued October 1, 2001	3.20 – 5.00	\$ 960,000
General Obligation Bonds, Series 2002, issued November 1, 2002	3.10 – 5.00	925,000
General Obligation Bonds, Series 2004, issued October 1, 2004	2.80 – 3.60	2,470,000
General Obligation Bonds, Series 2006, issued November 15, 2006	3.60 – 4.50	4,070,000
General Obligation Bonds, Series 2008, issued December 1, 2008	2.20 – 4.25	<u>3,130,000</u>
Total general obligation bonds payable		11,555,000
Less amount to be serviced from enterprise funds		<u>(991,979)</u>
Total general obligation bonds outstanding – payable from governmental activities		<u>\$ 10,563,021</u>

4. LONG-TERM DEBT (continued)

Remaining debt service requirements for general obligation bonds will be paid from the debt service fund with future property tax revenues and special assessment taxes. Annual debt service requirements to maturity for general obligation bonds to be retired from the debt service fund are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,427,990	\$ 392,141	\$ 1,820,131
2011	1,479,009	341,554	1,820,563
2012	1,029,162	287,825	1,316,987
2013	949,487	251,780	1,201,267
2014	984,641	219,649	1,204,290
2015	574,196	185,055	759,251
2016	597,114	163,815	760,929
2017	610,726	141,151	751,877
2018	548,644	117,305	665,949
2019	571,562	95,838	667,400
2020	598,786	73,187	671,973
2021	626,704	49,160	675,864
2022	275,000	23,875	298,875
2023	<u>290,000</u>	<u>12,325</u>	<u>302,325</u>
	<u>\$ 10,563,021</u>	<u>\$ 2,354,660</u>	<u>\$ 12,917,681</u>

General obligation bonds payable from enterprise funds

Remaining debt service requirements for general obligation bonds to be paid from the Waterworks and Sewage Treatment Funds are as follows:

<u>Year</u>	<u>Waterworks Utility</u>			<u>Sewage Treatment Utility</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 74,048	\$ 21,237	\$ 95,285	\$ 42,962	\$ 14,482	\$ 57,444
2011	76,553	18,761	95,314	44,439	12,980	57,419
2012	79,641	16,116	95,757	46,197	11,386	57,583
2013	82,524	13,359	95,883	47,989	9,733	57,722
2014	85,612	10,567	96,179	49,747	8,092	57,839
2015	24,948	7,597	32,545	20,856	6,351	27,207
2016	26,082	6,674	32,756	21,804	5,579	27,383
2017	26,838	5,695	32,533	22,436	4,761	27,197
2018	27,972	4,676	32,648	23,384	3,909	27,293
2019	29,106	3,599	32,705	24,332	3,009	27,341
2020	30,618	2,464	33,082	25,596	2,060	27,656
2021	<u>31,752</u>	<u>1,254</u>	<u>33,006</u>	<u>26,543</u>	<u>1,049</u>	<u>27,592</u>
	<u>\$ 595,694</u>	<u>\$ 111,999</u>	<u>\$ 707,693</u>	<u>\$ 396,285</u>	<u>\$ 83,391</u>	<u>\$ 479,676</u>

Notes Payable

During 1999, the City entered into a loan agreement with the Kansas Department of Health and Environment for financing wastewater treatment plant improvements. The maximum loan commitment was for \$1,200,000 at an interest rate of 3.00%. At December 31, 2009, the outstanding principal balance under the loan agreement was \$237,413. The original terms of

4. LONG-TERM DEBT (continued)

the loan agreement provide for semi-annual payments in the amount of \$55,500, including interest, commencing in September 1999 over a fourteen-year period. Annual debt service requirements to maturity based on the outstanding loan balance at December 31, 2009 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 104,657	\$ 6,343	\$ 111,000
2011	107,820	3,180	111,000
2012	<u>24,936</u>	<u>374</u>	<u>25,310</u>
	<u>\$ 237,413</u>	<u>\$ 9,897</u>	<u>\$ 247,310</u>

During 2005, the City entered into a second loan agreement with the Kansas Department of Health and Environment for financing the construction of a new activated sludge wastewater treatment plant and modification to the existing facility. The maximum loan commitment under the original agreement was for \$10,300,000 and was subsequently amended during 2009 to \$11,572,312 at an interest rate of 2.68%. At December 31, 2009, the outstanding principal balance under the loan agreement was \$9,952,969. The amended terms of the loan agreement provide for semi-annual payments in the amount of \$374,703, including interest, commencing in March 2010 over a sixteen-year period. Annual debt service requirements to maturity based on the outstanding loan balance at December 31, 2009 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 485,900	\$ 263,506	\$ 749,406
2011	499,009	250,397	749,406
2012	512,473	236,933	749,406
2013	526,299	223,107	749,406
2014	540,498	208,908	749,406
2015	555,080	194,326	749,406
2016	570,056	179,350	749,406
2017	585,436	163,970	749,406
2018	601,231	148,175	749,406
2019	617,452	131,954	749,406
2020	634,111	115,295	749,406
2021	651,219	98,187	749,406
2022	668,788	80,618	749,406
2023	686,832	62,574	749,406
2024	705,362	44,044	749,406
2025	724,392	25,014	749,406
2026	<u>388,831</u>	<u>5,469</u>	<u>394,300</u>
	<u>\$ 9,952,969</u>	<u>\$ 2,431,827</u>	<u>\$ 12,384,796</u>

Capitalized lease obligations

During 2006, the City entered into a lease purchase agreement with a financial institution for the purchase of software utilized by the Waterworks System utility and in other operations of the City. The maximum amount of the lease agreement is \$145,000, however drawdowns under the lease agreement aggregated only \$124,598. The lease agreement provides for annual principal payments of \$36,250 plus accrued interest to the payment due dates through 2010.

4. LONG-TERM DEBT (continued)

During 2009, the City entered into a lease purchase agreement with a financial institution for the purchase of refuse utility equipment at a cost of \$155,850. The lease agreement provides for annual payments of \$81,929, including interest, through November 10, 2011. The debt service on the lease agreement will be through the Refuse Fund.

The City also entered into a lease purchase agreement with a financial institution for the purchase of a track loader for use in the City's stormwater activities at a cost of \$55,210. The lease agreement provides for annual payments of \$28,943, including interest, through July 15, 2011. The debt service on the lease agreement will be through the Stormwater Utility Fund.

The outstanding leases qualify as capital leases for accounting purposes and, accordingly, have been recorded at the present value of the minimum payments at the date of lease inception. The annual requirements to amortize the capital lease obligations outstanding at December 31, 2009, including interest payments, are as follows:

<u>Year ending December 31,</u>	<u>Business-Type Activities</u>		<u>Governmental</u>
	<u>Waterworks</u> System Software	<u>Refuse</u> Equipment	<u>Activities</u> Stormwater Equipment
2010	\$ 16,480	\$ 81,929	\$ 28,943
2011	—	81,929	28,943
Total minimum lease payments	16,480	163,858	57,886
Less amount representing interest	(632)	(8,008)	(2,676)
Present value of net minimum lease payments	<u>\$ 15,848</u>	<u>\$ 155,850</u>	<u>\$ 55,210</u>

The amount of capital assets acquired under the capital lease arrangements by major class is as follows:

	<u>Business-</u> <u>Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>
Machinery and equipment	\$ 467,376	\$ 55,210
Accumulated depreciation	(92,716)	(2,300)
Net assets under outstanding capital leases	<u>\$ 374,660</u>	<u>\$ 52,910</u>

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 (book value of \$1,346,307) 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. For financial reporting purposes, this contract was accounted for as a financing contract whereby total expected cash outflows were discounted at the City's 1983 incremental borrowing rate of 9.8%. This

4. LONG-TERM DEBT (continued)

resulted in an asset and a corresponding liability for water storage space of \$56,952 being recorded in the Waterworks System Fund during the year ended December 31, 1990.

During 1992, water usage exceeded the minimum quantity and, accordingly, the change in present value of the revised cash outflows of \$1,269,018 was recorded as an increase to the original water storage space asset and liability. Annual payments of \$125,535 are due on this portion of the excess usage beginning July 15, 1993 and ending July 15, 2041.

During 2003, the water usage again exceeded the minimum quantity and, accordingly, the change in the present value of the revised cash outflows of \$3,189,619 was recorded as an increase to the water storage space asset and liability. Annual payments of \$315,818 are due on this portion of the excess usage beginning July 15, 2003 and ending July 15, 2051. The aggregate liability at December 31, 2009 is \$5,084,684, and interest charged to operations during 2009 was \$496,162. Should payments again accelerate, the change in present value of the revised cash outflows will be recorded as adjustments to the asset and liability in the period of change.

The City also pays the Corps its share of the costs of operation and maintenance. During the year ended December 31, 2009 the City paid \$74,109 for lake operation and maintenance costs.

Conduit debt

The City has issued Industrial Revenue Bonds and Multi-Family Housing Revenue Bonds for the purpose of financing capital activities of private-sector entities. Although conduit debt obligations bear the name of the City, they are payable solely from resources provided by leases or loans with the third parties on whose behalf they were issued. The bonds do not constitute an indebtedness or pledge of the faith or credit of the City of El Dorado, and accordingly, are not included as liabilities in the accompanying financial statements. At December 31, 2009, there were six separate series of such Revenue Bonds outstanding, with an aggregate principal amount payable of \$8,877,959. During 2009, there was \$206,949 in bond principal retirements.

5. TEMPORARY NOTES

Kansas law permits the issuance of temporary notes to finance certain capital improvement projects which will be refinanced with general obligation bonds. Prior to the issuance of the temporary notes, the governing body must take necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance. Temporary notes outstanding at December 31, 2009 are payable as follows:

	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
Construction Fund:			
Street improvements	.91%	\$ 655,000	01-02-11

During 2009, the City issued \$655,000 and retired \$95,000 of temporary notes for the various capital improvement projects.

5. TEMPORARY NOTES (continued)

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ 95,000	\$ 655,000	\$ 95,000	\$ 655,000

6. CAPITAL PROJECT AUTHORIZATIONS

The City prepares annual operating budgets for most of the governmental funds; however, for the Construction Fund, which accounts for individual capital improvement projects, a project-length authorization is prepared and then approved by the City Commission. Inception-to-date expenditures for the individual projects included within the Construction Fund did not exceed the governing body authorizations for such individual projects at December 31, 2009.

7. 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. A summary of interfund transfers by individual fund is as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Funds:		
General	\$ 263	\$ 1,437,403
Debt Service	138,805	-
Construction	997,888	63,805
Waterworks System	-	173,169
Sewer System	-	14,441
	<u>1,136,956</u>	<u>1,688,818</u>
Nonmajor Governmental Funds:		
Airport	-	3,698
Major Street Improvement	370,000	-
Economic Development Sales Tax	50,000	-
Special Street Equipment	-	4,411
Equipment Reserve	129,411	-
Family Life Center	-	263
Youth Activity Donations	823	-
	<u>550,234</u>	<u>8,372</u>
Internal Service Fund:		
Data Processing	<u>10,000</u>	<u>-</u>
Total transfers	<u>\$ 1,697,190</u>	<u>\$ 1,697,190</u>

Non-routine transfers from the General Fund to the Equipment Reserve Fund of \$125,000 and to the Debt Service Fund of \$75,000 were made to set aside moneys for future equipment replacement and reduce the property tax increase, respectively. In addition, the General Fund transferred \$370,000 to the Major Street Improvement Fund to provide resources for specified street improvements.

7. INTERFUND TRANSFERS (continued)

The Waterworks System and Sewer System Funds transferred to the Data Processing Fund \$5,000 and \$5,000, respectively, to provide for equipment replacements and \$173,169 and \$14,441, respectively, to the Construction Fund to provide resources for capital improvement projects. The Construction Fund transferred excess project resources in the amount of \$63,805 to the Debt Service Fund.

The General Fund routinely transfers to the Economic Development Sales Tax Fund, Youth Activity Fund and Construction Fund to provide operating funding and sales tax resources for street improvement projects. Amounts transferred to those funds during 2009 were \$50,000, \$823 and \$816,580, respectively.

8. PENSION PLAN

Plan description

The City participates in the Kansas Public Employees Retirement System (KPERs), a cost sharing multiple employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803.

Funding policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary for participants employed prior to July 1, 2009 and at 6% for new participants employed July 1, 2009 and thereafter. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. The employer rate established by statute for the period January 1, 2009 to December 31, 2009 was 6.54%. Included in this rate is the contribution for Group Death and Disability Insurance of 1.0%. There was a moratorium on the collection of Group Death and Disability Insurance premium from March 1, 2009 through November 30, 2009. The City's contributions to KPERs for the years ending December 31, 2009, 2008 and 2007 were \$327,095, \$272,947 and \$222,727, respectively, equal to the statutory required contributions for each year.

9. BUDGETARY DATA

As described in Note 1 the actual data presented in the budgetary comparison statements differ from data presented in accordance with generally accepted accounting principles (GAAP) for the governmental fund types. The following reconciliations are presented to provide a correlation between the "GAAP" basis of reporting and the budgetary basis of reporting:

9. BUDGETARY DATA (continued)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Other Nonmajor Governmental Funds</u>
GAAP Fund Balance at December 31, 2009	\$ 4,340,285	\$ 599,126	\$ 2,179,388
Adjustments:			
Reserved for self-insurance claims	(869,764)	-	-
Reserved for encumbrances (budgeted funds)	(76,581)	-	(69,019)
Accrued sales tax revenues	(170,582)	-	-
Accrued interest receivable	(19,557)	-	-
Inventories	(102,314)	-	-
Unreserved fund balances not subject to the Kansas budget law	<u>-</u>	<u>-</u>	<u>(919,823)</u>
 Budgetary Fund Balance at December 31, 2009	 <u>\$ 3,101,487</u>	 <u>\$ 599,126</u>	 <u>\$ 1,190,546</u>

10. OTHER POST-EMPLOYMENT BENEFITS

The City of El Dorado other post-employment benefits (OPEB) are accounted for through the Retiree Health Care Benefit Plan Trust (Plan). The Plan is a single employer defined benefit health care plan administered by the City to provide medical care insurance benefits to eligible retirees and their spouses. For employees with 20 years of service retiring with full KPERS benefits the City provides 50% of the single or family medical and dental premium for benefits to age 62. After attaining age 62, the City continues to offer group health coverage to the retired employee at their own expense until age 65. For employees with 10 years of service or more, the City offers continued health and dental benefits to the retiree however, the retiree is responsible for 125% of the premium cost for other similarly situated employees. The City continues offering the group health insurance coverage to the retired employee until age 65. During 2009, three retirees met those eligibility requirements. The Plan is considered part of the City's reporting entity and is presented solely in the accompanying basic financial statements as a post-employment benefit trust fund in the fiduciary fund type.

Membership in the Plan comprised the following at January 1, 2009:

Active employees	124
Retired participants medical	2
Retired participants spouse medical	1

The annual required contribution (ARC) is the basic annual expense recognized under Governmental Accounting Standards Board Statement No. 45, though there is no requirement to fund the ARC. ARC is calculated under the actuarial cost method that was chosen and is comprised of the normal cost plus amortization of the unfunded actuarial accrued liability (excess of the past service liability over the actuarial value of the assets). The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually. For 2009, the City contributed \$78,192 to the Plan. Plan members receiving benefits contributed \$19,414, or 1.85% of the total premiums.

10. OTHER POST-EMPLOYMENT BENEFITS (continued)

Other post-employment benefit cost expense is computed based on the ARC of the City. If funded on a regular basis, the ARC is an amount of funding that is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components that comprise the City of El Dorado's OPEB cost for 2009:

Annual required contribution	<u>\$ 78,192</u>
Annual OPEB cost (expense)	78,192
Contributions made	<u>78,192</u>
Increase in net OPEB obligation (asset)	-
Net OPEB obligation – beginning of year	<u>-</u>
Net OPEB obligation – end of year	<u>\$ -</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation (asset) for 2009 are as follows:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
12-31-09	\$ 78,192	100%	\$ -

As of December 31, 2009, the Plan was 3% funded. The actuarial accrued liability for benefits was \$699,820 and the actuarial value of assets was \$21,550, resulting in an unfunded actuarial accrued liability of \$678,270. The covered payroll (annual payroll of active employees covered by the Plan) was \$4,883,018, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 13.9%.

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

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

10. OTHER POST-EMPLOYMENT BENEFITS (continued)

At December 31, 2009, the projected unit credit cost method was used to determine the annual required contribution. The actuarial assumptions included a 6 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on Plan assets and on the City's own investments calculated based on the funded level of the Plan at the valuation date, and the annual health care cost trend rate of 10 percent for medical claims, reduced by decrements of one-half of one percent to an ultimate rate of 5 percent after ten years. The unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over a period of 30 years.

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. The City has taken the position that it will vigorously defend against these actions.

At December 31, 2009, the City has commitments outstanding related to street improvements, sanitary sewers and other improvement projects totaling \$1,365,561. In addition, the City has outstanding engineering and construction commitments related to water system pressure modifications and improvements totaling \$450,546.

12. SUBSEQUENT EVENTS

Subsequent to December 31, 2009, the City issued temporary notes in the principal amount of \$1,260,000 with an interest rate of 1.64%, maturing February 26, 2014, to provide temporary financing for the West Water Pressure Zone improvements with a total estimated cost of \$2,000,000.

In December 2009, the City purchased the Prairie Trails Restaurant/Golf Course at an approximate cost of \$2,700,000 and began operating the facility on January 1, 2010. The purchase agreement provided that the former owner contribute \$500,000 to the City to be utilized for the operation and improvement of the facility. The City received this contribution in 2009 and it is reflected in the Prairie Trails Restaurant/Golf Course Fund. In February 2010, the City entered into a management agreement with KemperSports to provide day-to-day operation and maintenance of the facility commencing in April 2010.

Effective January 1, 2010, the City began participating in the Kansas Police & Firemen's Retirement System (KP&F), administered by the Kansas Public Employees Retirement System (KPERS), for all qualified police and fire employees of the City. These employees were formerly included in the KPERS retirement system along with all other City employees. The employer contribution rates for 2010 for KP&F participants and KPERS participants are 12.86% and 6.14%, respectively.

CITY OF EL DORADO, KANSAS
RETIREES HEALTH CARE BENEFIT PLAN TRUST
REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Contributions

<u>Year</u>	<u>Annual OPEB Costs</u>	<u>Net Employer Contributions</u>	<u>Percentage Contributed</u>	<u>End of Year OPEB Obligation</u>
2008	\$ 78,192	\$ 78,192	100%	\$ -
2009	\$ 78,192	\$ 78,192	100%	\$ -

Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (b - a)</u>	<u>Funded Ratio (a ÷ b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent of Covered Payroll ((b - a) ÷ c)</u>
12/31/08	\$ -	\$ 699,820	\$ 699,820	0.0%	\$ 4,344,648	16.1%
12/31/09	\$21,550	\$ 699,820	\$ 678,270	3.1%	\$ 4,883,018	13.9%

**COMBINING FINANCIAL STATEMENTS
AND
INDIVIDUAL FUND SCHEDULES**

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GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

The primary purpose of the Special Revenue Funds is to account for the proceeds of designated revenue sources which are used to finance specified activities as required by law or administrative regulation. The following nonmajor Special Revenue Funds are reported:

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

Library Fund – to account for the funding for the operation of the municipal library.

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.

Special Alcohol Programs Fund – to account for the state shared tax for the prevention or treatment of alcohol and substance abuse.

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

Cemetery Fund – to account for the operations of the City owned cemeteries.

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.

Prairie Trails Restaurant/Golf Course Fund – to account for the operations of the Prairie Trails Restaurant/Golf Course.

Special Street Equipment Fund – to account for street equipment purchases. Financing is provided through state gas tax moneys.

Equipment Reserve Fund – to account for the funding mechanism to secure the orderly acquisition and replacement of equipment for the efficient and effective operation of the City.

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

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

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

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

CITY OF EL DORADO, KANSAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
(continued on next page)

December 31, 2009

ASSETS

Cash and short-term investments
Taxes receivable
Special assessments receivable
Due from other governments
Accounts receivable, net

	Airport	Library	Major Street Improvement	Industrial Development	Special Parks and Recreation	Special Alcohol Programs	Tourism Tax	Cemetery	Economic Development Sales Tax
	\$ 102,263	\$ -	\$ 77,373	\$ 360,271	\$ 64,224	\$ 11,556	\$ 179,680	\$ 232,253	\$ 120,000
	93,187	356,600	-	82,394	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	222	-	-	-	-	-	-	652	-
	<u>3,431</u>	<u>-</u>	<u>2,559</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	\$ 199,103	\$ 356,600	\$ 79,932	\$ 442,665	\$ 64,224	\$ 11,556	\$ 179,680	\$ 232,905	\$ 120,000

LIABILITIES AND FUND BALANCES

Liabilities:
Salaries and wages payable
Accounts payable
Deferred revenue
Total liabilities
Fund balances:
Reserved for encumbrances
Unreserved:
Designated for subsequent years' expenditures
Undesignated

\$ 870	\$ -	\$ 6,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,604	\$ -
2,311	-	42,364	1,261	1,139	-	4,000	683	3,415	-
<u>93,187</u>	<u>356,600</u>	<u>-</u>	<u>82,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
96,368	356,600	49,349	83,655	1,139	4,000	4,000	683	5,019	-
368	-	21,063	15,260	-	-	-	-	32,328	-
102,367	-	3,146	343,750	53,376	6,655	6,655	178,997	195,558	120,000
-	-	6,374	-	9,709	901	901	-	-	-
<u>102,735</u>	<u>-</u>	<u>30,583</u>	<u>359,010</u>	<u>63,085</u>	<u>7,556</u>	<u>7,556</u>	<u>178,997</u>	<u>227,886</u>	<u>120,000</u>
\$ 199,103	\$ 356,600	\$ 79,932	\$ 442,665	\$ 64,224	\$ 11,556	\$ 11,556	\$ 179,680	\$ 232,905	\$ 120,000

Total fund balances

Total liabilities and fund balances

CITY OF EL DORADO, KANSAS

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
(continued from previous page)

December 31, 2009

	Stormwater Utility	Prairie Trails Restaurant/ Golf Course	Special Street Equipment	Equipment Reserve	Family Life Center	Youth Activity Donations	Fire Recovery	Law Enforce- ment Trust	Total Nonmajor Special Revenue Funds
ASSETS									
Cash and short-term investments	\$ 173,139	\$ 500,000	\$ -	\$ 380,334	\$ -	\$ 34,685	\$ 4,025	\$ 1,534	\$2,241,337
Taxes receivable	-	-	-	-	-	-	-	-	532,181
Special assessments receivable	320,185	-	-	-	-	-	-	-	320,185
Due from other governments	-	-	-	-	-	-	-	-	222
Accounts receivable, net	578	-	-	-	-	-	-	-	7,220
Total assets	\$ 493,902	\$ 500,000	\$ -	\$ 380,334	\$ -	\$ 34,685	\$ 4,025	\$ 1,534	\$3,101,145
LIABILITIES AND FUND BALANCES									
Liabilities:									
Salaries and wages payable	\$ 1,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,305
Accounts payable	2,158	-	-	-	-	755	-	-	58,086
Deferred revenue	320,185	-	-	-	-	-	-	-	852,366
Total liabilities	324,189	-	-	-	-	755	-	-	921,757
Fund balances:									
Reserved for encumbrances	-	-	-	-	-	-	-	-	69,019
Unreserved:									
Designated for subsequent years' expenditures	167,164	-	-	-	-	-	-	-	1,171,013
Undesignated	2,549	500,000	-	380,334	-	33,930	4,025	1,534	939,356
Total fund balances	169,713	500,000	-	380,334	-	33,930	4,025	1,534	2,179,388
Total liabilities and fund balances	\$ 493,902	\$ 500,000	\$ -	\$ 380,334	\$ -	\$ 34,685	\$ 4,025	\$ 1,534	\$3,101,145

CITY OF EL DORADO, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
(continued on next page)

Year ended December 31, 2009

	Airport	Library	Major Street Improvement	Industrial Development	Special Parks and Recreation	Special Alcohol Programs	Tourism Tax	Cemetery	Economic Development Sales Tax
Revenues:									
Taxes	\$ 25,027	\$ 395,327	\$ -	\$ 84,721	\$ -	\$ -	\$ 154,538	\$ -	\$ -
Intergovernmental	-	-	561,060	-	33,021	-	-	125,351	-
Licenses and permits	-	-	593	-	1,800	-	-	-	-
Charges for services	117,950	-	-	-	-	-	-	71,768	-
Use of money and property	3,930	-	-	254,831	-	-	2,600	-	-
Miscellaneous	21,353	-	122,460	62,215	-	150	-	25,131	-
Total revenues	<u>168,260</u>	<u>395,327</u>	<u>684,113</u>	<u>401,767</u>	<u>34,821</u>	<u>150</u>	<u>157,138</u>	<u>222,250</u>	<u>-</u>
Expenditures:									
General government	189,727	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Highways and streets	-	-	1,075,281	-	-	-	-	170,358	-
Health and sanitation	-	-	-	-	-	16,749	-	-	-
Culture and recreation	-	395,327	-	-	20,782	-	-	-	-
Economic development	-	-	-	96,389	-	-	148,650	-	-
Total expenditures	<u>189,727</u>	<u>395,327</u>	<u>1,075,281</u>	<u>96,389</u>	<u>20,782</u>	<u>16,749</u>	<u>148,650</u>	<u>170,358</u>	<u>-</u>
Revenues over (under) expenditures	<u>(21,467)</u>	<u>-</u>	<u>(391,168)</u>	<u>305,378</u>	<u>14,039</u>	<u>(16,599)</u>	<u>8,488</u>	<u>51,892</u>	<u>-</u>
Other financing sources (uses):									
Proceeds from capital lease obligations	-	-	-	-	-	-	-	-	50,000
Transfers in	(3,698)	-	370,000	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(3,698)</u>	<u>-</u>	<u>370,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Net change in fund balances	<u>(25,165)</u>	<u>-</u>	<u>(21,168)</u>	<u>305,378</u>	<u>14,039</u>	<u>(16,599)</u>	<u>8,488</u>	<u>51,892</u>	<u>50,000</u>
Fund balances, beginning of year	<u>127,900</u>	<u>-</u>	<u>51,751</u>	<u>53,632</u>	<u>49,046</u>	<u>24,155</u>	<u>170,509</u>	<u>175,994</u>	<u>70,000</u>
Fund balances, end of year	<u>\$ 102,735</u>	<u>\$ -</u>	<u>\$ 30,583</u>	<u>\$ 359,010</u>	<u>\$ 63,085</u>	<u>\$ 7,556</u>	<u>\$ 178,997</u>	<u>\$ 227,886</u>	<u>\$ 120,000</u>

CITY OF EL DORADO, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
(continued from previous page)

Year ended December 31, 2009

	Stormwater Utility	Prairie Trails Restaurant/ Golf Course	Special Street Equipment	Equipment Reserve	Family Life Center	Youth Activity Donations	Fire Recovery	Law Enforce- ment Trust	Total Nonmajor Special Revenue Funds
Revenues:									
Taxes	\$ 312,036	-	\$ -	-	\$ -	-	\$ -	\$ -	\$ 971,649
Intergovernmental	-	-	-	-	7,428	-	-	-	726,860
Licenses and permits	-	-	-	-	-	-	-	-	2,393
Charges for services	-	-	-	-	-	10,416	-	-	200,134
Use of money and property	-	-	-	3,800	-	-	-	-	265,161
Miscellaneous	951	500,000	-	-	-	2,755	40,256	-	775,271
Total revenues	312,987	500,000	-	3,800	7,428	13,171	40,256	-	2,941,468
Expenditures:									
General government	-	-	-	-	-	-	-	-	189,727
Public safety	-	-	-	-	-	1,646	-	-	1,646
Highways and streets	198,484	-	-	-	-	-	-	-	1,273,765
Health and sanitation	-	-	-	-	7,165	-	57,013	-	251,285
Culture and recreation	-	-	-	-	-	10,375	-	-	426,484
Economic development	-	-	-	-	-	635	-	-	245,674
Total expenditures	198,484	-	-	-	7,165	12,656	57,013	-	2,388,581
Revenues over (under) expenditures	114,503	500,000	-	3,800	263	515	(16,757)	-	552,887
Other financing sources (uses):									
Proceeds from capital lease obligations	55,210	-	-	-	-	-	-	-	55,210
Transfers in	-	-	-	129,411	-	823	-	-	550,234
Transfers out	-	-	(4,411)	-	(263)	-	-	-	(8,372)
Total other financing sources (uses)	55,210	-	(4,411)	129,411	(263)	823	-	-	597,072
Net change in fund balances	169,713	500,000	(4,411)	133,211	-	1,338	(16,757)	-	1,149,959
Fund balances, beginning of year	-	-	4,411	247,123	-	32,592	20,782	1,534	1,029,429
Fund balances, end of year	\$ 169,713	\$ 500,000	\$ -	\$ 380,334	\$ -	\$ 33,930	\$ 4,025	\$ 1,534	\$ 2,179,388

CITY OF EL DORADO, KANSAS

AIRPORT FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 26,074	\$ 26,074	\$ 25,027	\$ (1,047)
Intergovernmental	(825)	(825)	–	825
Charges for services	121,000	121,000	117,950	(3,050)
Use of money and property	1,000	1,000	3,930	2,930
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>21,353</u>	<u>19,353</u>
Total revenues	<u>149,249</u>	<u>149,249</u>	<u>168,260</u>	<u>19,011</u>
Expenditures:				
Personal services	–	–	48,324	(48,324)
Contractual services	55,900	55,900	30,235	25,665
Commodities	78,100	78,100	75,479	2,621
Capital outlay	118,049	118,049	35,627	82,422
Transfers out	<u>–</u>	<u>–</u>	<u>3,698</u>	<u>(3,698)</u>
Total expenditures	<u>252,049</u>	<u>252,049</u>	<u>193,363</u>	<u>58,686</u>
Revenues over (under) expenditures	(102,800)	(102,800)	(25,103)	77,697
Fund balance, beginning of year	<u>102,800</u>	<u>102,800</u>	<u>127,470</u>	<u>24,670</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$102,367</u>	<u>\$102,367</u>

CITY OF EL DORADO, KANSAS

LIBRARY FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 408,504	\$ 408,504	\$ 395,327	\$ 13,177
Intergovernmental	<u>(13,177)</u>	<u>(13,177)</u>	<u>—</u>	<u>(13,177)</u>
Total Revenues	395,327	395,327	395,327	—
Expenditures:				
Appropriations to Library Board	<u>395,327</u>	<u>395,327</u>	<u>395,327</u>	<u>—</u>
Revenues over expenditures	—	—	—	—
Fund balance, beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

CITY OF EL DORADO, KANSAS

MAJOR STREET IMPROVEMENT FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Intergovernmental	\$ 497,671	\$ 497,671	\$ 561,060	\$ 63,389
Licenses and permits	500	500	593	93
Miscellaneous	1,500	1,500	-	(1,500)
Reimbursements	11,000	11,000	122,460	111,460
Transfers in	535,000	<u>535,000</u>	<u>370,000</u>	<u>(165,000)</u>
 Total revenues and other sources	 <u>1,045,671</u>	 <u>1,045,671</u>	 <u>1,054,113</u>	 <u>8,442</u>
Expenditures and other uses:				
Personal services	578,219	578,219	482,924	95,295
Contractual services	177,914	177,914	204,792	(26,878)
Commodities	213,750	213,750	248,853	(35,103)
Capital outlay	<u>76,000</u>	<u>76,000</u>	<u>154,219</u>	<u>(78,219)</u>
 Total expenditures and other uses	 1,045,883	 1,045,883	 1,090,788	 (44,905)
Budget credit – reimbursed expenditures	<u>-</u>	<u>111,460</u>	<u>-</u>	<u>111,460</u>
 Total expenditures for	 <u>1,045,883</u>	 <u>1,157,343</u>	 <u>1,090,788</u>	 <u>66,555</u>
 Revenues and other sources over (under) expenditures and other uses	 (212)	 (212)	 (36,675)	 (36,463)
Fund balance, beginning of year	<u>647</u>	<u>647</u>	<u>46,195</u>	<u>45,548</u>
 Fund balance, end of year	 <u>\$ 435</u>	 <u>\$ 435</u>	 <u>\$ 9,520</u>	 <u>\$ 9,085</u>

CITY OF EL DORADO, KANSAS

INDUSTRIAL DEVELOPMENT FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 85,444	\$ 85,444	\$ 84,721	\$ (723)
Use of money and property	25,000	25,000	250,000	225,000
Concessions & Leases	3,000	3,000	4,831	1,831
Miscellaneous	<u>–</u>	<u>–</u>	<u>62,215</u>	<u>62,215</u>
Total revenues	<u>113,444</u>	<u>113,444</u>	<u>401,767</u>	<u>288,323</u>
Expenditures:				
Contractual services	92,053	92,053	61,115	30,938
Commodities	–	–	23	(23)
Capital outlay	<u>247,766</u>	<u>247,766</u>	<u>41,761</u>	<u>206,005</u>
Total expenditures	<u>339,819</u>	<u>339,819</u>	<u>102,899</u>	<u>236,920</u>
Revenues over (under) expenditures	(226,375)	(226,375)	298,868	525,243
Fund balance, beginning of year	<u>226,375</u>	<u>226,375</u>	<u>44,882</u>	<u>(181,493)</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 343,750</u>	<u>\$ 343,750</u>

CITY OF EL DORADO, KANSAS

SPECIAL PARKS AND RECREATION FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Liquor tax	\$ 19,000	\$ 19,000	\$ 33,021	\$ 14,021
Fees	<u>7,000</u>	<u>7,000</u>	<u>1,800</u>	<u>(5,200)</u>
Total revenues	<u>26,000</u>	<u>26,000</u>	<u>34,821</u>	<u>8,821</u>
Expenditures:				
Commodities	2,450	2,450	21	2,429
Capital outlay	<u>72,738</u>	<u>72,738</u>	<u>20,761</u>	<u>51,977</u>
Total expenditures	<u>75,188</u>	<u>75,188</u>	<u>20,782</u>	<u>54,406</u>
Revenues over (under)				
expenditures	(49,188)	(49,188)	14,039	63,227
Fund balance,				
beginning of year	<u>49,188</u>	<u>49,188</u>	<u>49,046</u>	<u>(142)</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 63,085</u>	<u>\$ 63,085</u>

CITY OF EL DORADO, KANSAS

SPECIAL ALCOHOL PROGRAM FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Liquor tax	\$ 19,000	\$ 19,000	\$ –	\$ (19,000)
Miscellaneous	<u>–</u>	<u>–</u>	<u>150</u>	<u>150</u>
Total revenues	19,000	19,000	150	(18,850)
Expenditures:				
Contractual service	<u>40,624</u>	<u>40,624</u>	<u>16,749</u>	<u>23,875</u>
Revenues over (under) expenditures	(21,624)	(21,624)	(16,599)	5,025
Fund balance, beginning of year	<u>21,624</u>	<u>21,624</u>	<u>24,155</u>	<u>2,531</u>
Fund balance, end of year	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 7,556</u>	<u>\$ 7,556</u>

CITY OF EL DORADO, KANSAS

TOURISM TAX FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Motel taxes	\$150,000	\$150,000	\$ 154,538	\$ 4,538
Use of money and property	<u>3,000</u>	<u>3,000</u>	<u>2,600</u>	<u>(400)</u>
Total revenues	<u>153,000</u>	<u>153,000</u>	<u>157,138</u>	<u>4,138</u>
Expenditures:				
Contractual services	259,663	259,663	126,424	133,239
Commodities	<u>22,792</u>	<u>22,792</u>	<u>22,226</u>	<u>566</u>
Total expenditures	<u>282,455</u>	<u>282,455</u>	<u>148,650</u>	<u>133,805</u>
Revenues over (under) expenditures	(129,455)	(129,455)	8,488	137,943
Fund balance, beginning of year	<u>129,455</u>	<u>129,455</u>	<u>170,509</u>	<u>41,054</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,997</u>	<u>\$178,997</u>

CITY OF EL DORADO, KANSAS

CEMETERY FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u> <u>Budgetary</u> <u>Basis</u>	<u>Variance</u> <u>With Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Intergovernmental	\$ –	\$ –	\$125,351	\$125,351
Charges for services	80,000	80,000	71,768	(8,232)
Miscellaneous	–	–	238	238
Reimbursed expenditures	–	–	24,893	24,893
Transfers in	<u>120,000</u>	<u>120,000</u>	<u>–</u>	<u>(120,000)</u>
 Total revenues and other sources	 <u>200,000</u>	 <u>200,000</u>	 <u>222,250</u>	 <u>22,250</u>
Expenditures:				
Personal services	124,631	124,631	112,142	12,489
Contractual services	31,436	31,436	34,080	(2,644)
Commodities	30,900	30,900	28,435	2,465
Capital outlay	<u>8,000</u>	<u>8,000</u>	<u>26,822</u>	<u>(18,822)</u>
 Total expenditures	 194,967	 194,967	 201,479	 (6,512)
 Budget credit – reimbursed expenditures	 <u>–</u>	 <u>24,893</u>	 <u>–</u>	 <u>24,893</u>
 Total expenditures for comparison	 <u>194,967</u>	 <u>219,860</u>	 <u>201,479</u>	 <u>18,381</u>
 Revenues and other sources over (under) expenditures	 5,033	 5,033	 20,771	 15,738
Fund balance, beginning of year	<u>142,082</u>	<u>142,082</u>	<u>174,787</u>	<u>32,705</u>
Fund balance, end of year	<u>\$ 147,115</u>	<u>\$ 147,115</u>	<u>\$195,558</u>	<u>\$ 48,443</u>

CITY OF EL DORADO, KANSAS

ECONOMIC DEVELOPMENT SALES TAX FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues and other sources:				
Transfers in	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Expenditures:				
Contractual services	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Revenues and other sources over (under) expenditures	(70,000)	(70,000)	50,000	120,000
Fund balance, beginning of year	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>-</u>
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$120,000</u>	<u>\$ 120,000</u>

CITY OF EL DORADO, KANSAS

STORMWATER UTILITY FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Special assessment taxes	\$ 360,185	\$ 360,185	\$312,036	\$ (48,149)
Miscellaneous	<u> —</u>	<u> —</u>	<u> 951</u>	<u> 951</u>
Total revenues and other sources	<u> 360,185</u>	<u> 360,185</u>	<u> 312,987</u>	<u> (47,198)</u>
Expenditures:				
Personal services	120,696	120,696	90,598	30,098
Contractual service	41,599	41,599	28,041	13,558
Commodities	<u> 38,025</u>	<u> 38,025</u>	<u> 24,635</u>	<u> 13,390</u>
Total expenditures	<u> 200,320</u>	<u> 200,320</u>	<u> 143,274</u>	<u> 57,046</u>
Revenues and other sources over (under) expenditures	159,865	159,865	169,713	9,848
Fund balance, beginning of year	<u> —</u>	<u> —</u>	<u> —</u>	<u> —</u>
Fund balance, end of year	<u>\$ 159,865</u>	<u>\$ 159,865</u>	<u>\$169,713</u>	<u>\$ 9,848</u>

CITY OF EL DORADO, KANSAS

DEBT SERVICE FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
			<u>Budgetary</u>	<u>Budget</u>
			<u>Basis</u>	<u>Positive</u>
				<u>(Negative)</u>
Revenues and other sources:				
Taxes	\$1,331,309	\$1,331,309	\$1,325,085	\$ (6,224)
Special assessments	521,318	521,318	516,641	(4,677)
Use of money and property	7,800	2,315,186	2,294,125	(21,061)
Lease payments	416,000	255,347	279,390	24,043
Transfers in	<u>75,000</u>	<u>75,000</u>	<u>138,805</u>	<u>63,805</u>
Total revenues and other sources	<u>2,351,427</u>	<u>4,498,160</u>	<u>4,554,046</u>	<u>55,886</u>
Expenditures and other uses:				
Debt redemption	2,357,000	4,547,268	4,547,861	(593)
Cash basis reserve	<u>543,833</u>	<u>543,833</u>	<u>—</u>	<u>543,833</u>
Total expenditures and other uses	<u>2,900,833</u>	<u>5,091,101</u>	<u>4,547,861</u>	<u>543,240</u>
Revenues and other sources over (under) expenditures and other uses	(549,406)	(592,941)	6,185	599,126
Fund balance, beginning of year	<u>549,406</u>	<u>592,941</u>	<u>592,941</u>	<u>—</u>
Fund balance, end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 599,126</u>	<u>\$ 599,126</u>

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measurement focus is upon determination of net income, financial position and change in financial position. The following major Enterprise Funds are reported:

Waterworks Utility – to account for the operation of municipal water utility including water supply, treatment and distribution.

Sewer System Fund – to account for the operation of sewer utility including the collection and treatment of wastewater.

Refuse Fund – to account for the operation of refuse utility including the collection and disposal of solid waste.

CITY OF EL DORADO, KANSAS

WATERWORKS SYSTEM FUND

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

Year Ended December 31, 2009

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$3,721,500	\$3,721,500	\$3,471,363	\$ (250,137)
Use of money and property	65,000	65,000	691,525	626,525
Rents and royalties	5,200	5,200	10,537	5,337
Miscellaneous	<u>42,750</u>	<u>42,750</u>	<u>80,474</u>	<u>37,724</u>
Total revenues	<u>3,834,450</u>	<u>3,834,450</u>	<u>4,253,899</u>	<u>419,449</u>
Expenditures, encumbrances and other uses:				
Administration	1,247,160	1,247,160	1,308,732	(61,572)
Treatment	818,851	818,851	721,276	97,575
Maintenance and distribution	453,453	453,453	570,861	(117,408)
Supply	1,075,000	1,075,000	484,053	590,947
Stores	-	-	-	
Lease purchases	39,139	39,139	37,867	1,272
Capital outlay	64,000	64,000	207,850	(143,850)
Debt service	94,722	94,722	93,105	1,617
Transfers out	<u>5,000</u>	<u>5,000</u>	<u>273,169</u>	<u>(268,169)</u>
Total expenditures, encumbrances and other uses	<u>3,797,325</u>	<u>3,797,325</u>	<u>3,696,913</u>	<u>100,412</u>
Revenues over (under) expenditures, encumbrances and other uses	37,125	37,125	556,986	519,861
Fund balance, beginning of year	<u>6,930,436</u>	<u>6,930,436</u>	<u>6,978,940</u>	<u>48,504</u>
Fund balance, end of year	<u>\$6,967,561</u>	<u>\$6,967,561</u>	<u>\$7,535,926</u>	<u>\$ 568,365</u>

CITY OF EL DORADO, KANSAS

SEWER SYSTEM FUND

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

Year Ended December 31, 2009

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$2,082,700	\$2,066,699	\$1,941,528	\$(125,171)
Use of money and property	20,000	-	73,818	73,818
Miscellaneous	<u>53,800</u>	<u>9,814</u>	<u>45,498</u>	<u>35,684</u>
Total revenues	<u>2,156,500</u>	<u>2,076,513</u>	<u>2,060,844</u>	<u>(15,669)</u>
Expenditures, encumbrances and other uses:				
Administration	395,949	297,579	309,993	(12,414)
Treatment	549,554	579,282	561,692	17,590
Maintenance and distribution	310,278	640,918	268,305	372,613
Capital outlay	32,500	72,163	89,532	(17,369)
Debt service	1,035,058	1,035,058	913,808	121,250
Transfers out	<u>5,000</u>	<u>5,000</u>	<u>22,492</u>	<u>(17,492)</u>
Total expenditures, encumbrances and other uses	<u>2,328,339</u>	<u>2,630,000</u>	<u>2,165,822</u>	<u>464,178</u>
Revenues over (under) expenditures, encumbrances and other uses	(171,839)	(553,487)	(104,978)	448,509
Fund balance, beginning of year	<u>2,220,904</u>	<u>2,319,595</u>	<u>2,160,169</u>	<u>(159,426)</u>
Fund balance, end of year	<u>\$2,049,065</u>	<u>\$1,766,108</u>	<u>\$2,055,191</u>	<u>\$ 289,083</u>

CITY OF EL DORADO, KANSAS

REFUSE FUND

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

Year Ended December 31, 2009

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues:				
Charges for services	\$1,460,300	\$1,510,528	\$1,356,200	\$ (154,328)
Use of money and property	11,000	11,000	5,200	(5,800)
Miscellaneous	17,000	17,000	8,841	(8,159)
Reimbursed expenditures	<u>—</u>	<u>—</u>	<u>131,542</u>	<u>131,542</u>
Total revenues	<u>1,488,300</u>	<u>1,538,528</u>	<u>1,501,783</u>	<u>(36,745)</u>
Expenditures, encumbrances and other uses:				
Personal services	663,701	676,063	686,325	(10,262)
Contractual services	586,763	567,059	667,272	(100,213)
Commodities	223,100	245,378	421,055	(175,677)
Capital outlay	<u>44,000</u>	<u>201,500</u>	<u>17,500</u>	<u>184,000</u>
Total expenditures, encumbrances and other uses	<u>1,517,564</u>	<u>1,690,000</u>	<u>1,792,152</u>	<u>(102,152)</u>
Budget credit – reimbursed expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>131,542</u>
Total expenditures, encumb- rances and other uses for budget comparison	<u>1,517,564</u>	<u>1,690,000</u>	<u>1,792,152</u>	<u>29,390</u>
Revenues over (under) expenditures, encumbrances and other uses	(29,264)	(151,472)	(290,369)	(138,897)
Fund balance, beginning of year	<u>362,717</u>	<u>200,730</u>	<u>491,459</u>	<u>290,729</u>
Fund balance, end of year	<u>\$ 333,453</u>	<u>\$ 49,258</u>	<u>\$ 201,090</u>	<u>\$ 151,832</u>

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INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing and administration of general services rendered to the various departments of the City.

Data Processing Fund – to account for the financing of data processing services provided by one department to other departments of the City and to other governmental units, on a cost reimbursement basis.

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CITY OF EL DORADO, KANSAS

DATA PROCESSING FUND

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

Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues and other sources:				
Charges for services	\$635,000	\$635,000	\$635,000	\$ -
Miscellaneous	-	-	8,007	8,007
Transfers in	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total revenues and other sources	645,000	645,000	653,007	8,007
Expenditures:				
Administration	<u>679,975</u>	<u>679,975</u>	<u>627,588</u>	<u>52,387</u>
Revenues and other sources over (under) expenditures	(34,975)	(34,975)	25,419	60,394
Fund balance, beginning of year	<u>135,579</u>	<u>135,579</u>	<u>217,872</u>	<u>82,293</u>
Fund balance, end of year	<u>\$100,604</u>	<u>\$100,604</u>	<u>\$243,291</u>	<u>\$142,687</u>

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FIDUCIARY FUNDS

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

AGENCY FUNDS

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

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

Neighborhood Revitalization Rebate Program Fund – to account for the rebate of local property taxes related to improvements to real property authorized by State statute under the Neighborhood Revitalization Program.

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

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**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
ALL AGENCY FUNDS
(continued on next page)**

Year ended December 31, 2009

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2009</u>
<u>SALES TAX FUND</u>				
<u>ASSETS</u>				
Cash and investments	\$ 1,747	\$ 13,649	\$ 14,100	\$ 1,296
Accounts receivable	<u>1,119</u>	<u>1,240</u>	<u>1,119</u>	<u>1,240</u>
Total assets	<u>\$ 2,866</u>	<u>\$ 14,889</u>	<u>\$ 15,219</u>	<u>\$ 2,536</u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ 2,866</u>	<u>\$ 14,889</u>	<u>\$ 15,219</u>	<u>\$ 2,536</u>
<u>REVOLVING LOAN FUND</u>				
<u>ASSETS</u>				
Cash including investments	<u>\$ 4,000</u>	<u>\$ 35,429</u>	<u>\$ 39,429</u>	<u>\$ --</u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ 4,000</u>	<u>\$ 35,429</u>	<u>\$ 39,429</u>	<u>\$ --</u>
<u>NEIGHBORHOOD REVITALIZATION REBATE PROGRAM FUND</u>				
<u>ASSETS</u>				
Cash including investments	<u>\$ --</u>	<u>\$ 154,843</u>	<u>\$ 154,843</u>	<u>\$ --</u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ --</u>	<u>\$ 154,843</u>	<u>\$ 154,843</u>	<u>\$ --</u>

CITY OF EL DORADO, KANSAS

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES –
ALL AGENCY FUNDS
(continued from previous page)**

Year ended December 31, 2009

	<u>Balance January 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2009</u>
<u>PAYROLL WITHHOLDING FUND</u>				
<u>ASSETS</u>				
Cash including investments	<u>\$ 19,901</u>	<u>\$ 4,962,650</u>	<u>\$ 4,966,431</u>	<u>\$ 16,120</u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ 19,901</u>	<u>\$ 4,962,650</u>	<u>\$ 4,966,431</u>	<u>\$ 16,120</u>
 <u>TOTALS – ALL AGENCY FUNDS</u>				
<u>ASSETS</u>				
Cash and investments	<u>\$ 25,648</u>	<u>\$ 5,166,571</u>	<u>\$ 5,174,803</u>	<u>\$ 17,416</u>
Accounts receivable	<u>1,119</u>	<u>1,240</u>	<u>1,119</u>	<u>1,240</u>
Total assets	<u>\$ 26,767</u>	<u>\$ 5,167,811</u>	<u>\$ 5,175,922</u>	<u>\$ 18,656</u>
<u>LIABILITIES</u>				
Accounts payable	<u>\$ 26,767</u>	<u>\$ 5,167,811</u>	<u>\$ 5,175,922</u>	<u>\$ 18,656</u>

COMPONENT UNIT

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

General Fund – to account for all operating activities of the public library that are not required to be accounted for in another fund.

Capital Improvement Reserve Fund – to account for capital equipment and improvement expenditures. Financing is provided through transfers from the General Fund.

Bradford Memorial Library Endowment – the endowment is a legally separate, tax-exempt component unit of the Bradford Memorial Library. The endowment 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 Board to supplement the resources that are available to the Library Board in support of its programs.

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COMBINING BALANCE SHEET – BRADFORD MEMORIAL LIBRARY

December 31, 2009

	<u>General</u>	<u>Capital Improvement Reserve</u>	<u>Bradford Memorial Library Endowment</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and investments	\$79,784	\$157,280	\$215,412	\$ 452,476
Accounts receivable	<u>487</u>	<u>-</u>	<u>-</u>	<u>487</u>
Total assets	<u>\$80,271</u>	<u>\$157,280</u>	<u>\$215,412</u>	<u>\$ 452,963</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Salaries and wages payable	\$ 4,345	\$ -	\$ -	\$ 4,345
Accounts payable	<u>18,544</u>	<u>-</u>	<u>-</u>	<u>18,544</u>
Total liabilities	<u>22,889</u>	<u>-</u>	<u>-</u>	<u>22,889</u>
Fund balances:				
Reserved for encumbrances	881	-	-	881
Reserved for library operations	-	-	215,412	215,412
Unreserved	<u>56,501</u>	<u>157,280</u>	<u>-</u>	<u>213,781</u>
Total fund balances	<u>57,382</u>	<u>157,280</u>	<u>215,412</u>	<u>430,074</u>
Total liabilities and fund balances	<u>\$80,271</u>	<u>\$157,280</u>	<u>\$215,412</u>	<u>\$ 452,963</u>
Reconciliation to total net assets:				
Total fund balances per above				\$ 430,074
Add long-term capital assets				796,441
Less accumulated depreciation on long-term capital assets				<u>(305,081)</u>
Total net assets				<u>\$ 921,434</u>

CITY OF EL DORADO, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – BRADFORD MEMORIAL LIBRARY

Year ended December 31, 2009

	<u>General</u>	<u>Capital Improvement Reserve</u>	<u>Bradford. Memorial Library Endowment</u>	<u>Total</u>
Revenues:				
Appropriations from City of El Dorado, net	\$ 396,616	\$ -	\$ -	\$ 396,616
Intergovernmental	42,747	-	-	42,747
Charges for services	3,586	-	-	3,586
Fines and forfeitures	16,110	-	-	16,110
Use of money and property	2,900	-	71,877	74,777
Miscellaneous	<u>25,473</u>	<u>-</u>	<u>846</u>	<u>26,319</u>
Total revenues	<u>487,432</u>	<u>-</u>	<u>72,723</u>	<u>560,155</u>
Expenditures:				
Personal services	296,741	-	-	296,741
Contractual services	49,954	-	1,126	51,080
Commodities	<u>116,614</u>	<u>-</u>	<u>-</u>	<u>116,614</u>
Total expenditures	<u>463,309</u>	<u>-</u>	<u>1,126</u>	<u>464,435</u>
Revenues over expenditures	<u>24,123</u>	<u>-</u>	<u>71,597</u>	<u>95,720</u>
Other financing sources (uses):				
Transfers in	20,115	48,479	-	68,594
Transfer out	<u>(48,479)</u>	<u>(20,000)</u>	<u>(115)</u>	<u>(68,594)</u>
Total other financing sources (uses)	<u>(28,364)</u>	<u>28,479</u>	<u>(115)</u>	<u>-</u>
Net change in fund balance	(4,241)	28,479	71,482	95,720
Fund balances, beginning of year	<u>61,623</u>	<u>128,801</u>	<u>143,930</u>	<u>334,354</u>
Fund balances, end of year	<u>\$ 57,382</u>	<u>\$ 157,280</u>	<u>\$ 215,412</u>	<u>\$ 430,074</u>
Reconciliation of change in net assets:				
Net change in fund balance per above				\$ 95,720
Add current year capital asset additions				-
Less current year depreciation on capital assets				<u>(19,887)</u>
Change in net assets				<u>\$ 75,833</u>



**STATISTICAL
SECTION**

STATISTICAL SECTION

This part of the City of El Dorado'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 indicates about the City's overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	76
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	82
Debt Capacity <i>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.</i>	86
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	91
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	93

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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City of El Dorado
Net Assets by Component
Last Seven Years
(accrual basis of accounting)

	<u>2003¹</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental Activities							
Invested in capital assets, net of related debt	\$ 9,553,609	\$12,676,234	\$18,522,555	\$17,729,832	\$18,139,230	\$17,783,134	\$28,633,981
Restricted	3,357,088	3,524,319	3,023,055	3,301,019	5,514,073	7,734,827	4,194,764
Unrestricted	2,941,503	2,328,514	(1,121,761)	4,091,024	4,132,895	5,012,872	6,974,613
Total Governmental Activities							
Net Assets	<u>\$15,852,200</u>	<u>\$18,529,067</u>	<u>\$20,423,849</u>	<u>\$25,121,875</u>	<u>\$27,786,198</u>	<u>\$30,530,833</u>	<u>\$39,803,358</u>
Business-Type Activities							
Invested in capital assets, net of related debt	\$16,275,696	\$17,079,534	\$17,443,893	\$16,531,797	\$18,344,423	\$18,506,653	\$18,932,616
Restricted	3,895,333	3,888,639	4,184,789	3,707,081	4,232,536	5,275,462	4,291,580
Unrestricted	2,009,542	1,633,710	2,663,221	4,829,691	4,618,666	4,873,410	4,487,827
Total Business-type Activities							
Net Assets	<u>\$22,180,571</u>	<u>\$22,601,883</u>	<u>\$24,291,903</u>	<u>\$25,068,569</u>	<u>\$27,195,625</u>	<u>\$28,655,525</u>	<u>\$27,712,023</u>
Primary Government							
Invested in capital assets, net of related debt	\$25,829,305	\$29,755,768	\$35,966,448	\$34,261,629	\$36,483,653	\$36,289,787	\$47,566,597
Restricted	7,252,421	7,412,958	7,207,844	7,008,100	9,746,609	13,010,289	8,486,344
Unrestricted	4,951,045	3,962,224	1,541,460	8,920,715	8,751,561	9,886,282	11,462,440
Total Primary Government							
Net Assets	<u>\$38,032,771</u>	<u>\$41,130,950</u>	<u>\$44,715,752</u>	<u>\$50,190,444</u>	<u>\$54,981,823</u>	<u>\$59,186,358</u>	<u>\$67,515,381</u>

Notes: The City began to report information when it implemented GASB Statement 34 in fiscal year 2003.

¹ Amounts have been restated due to a prior period adjustment in 2004.

City of El Dorado
Changes in Net Assets
Last Seven Years
(accrual basis of accounting)

	2003 ²	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities							
General government	\$ 2,276,284	\$ 3,272,598	\$ 2,864,170	\$ 2,503,587	\$ 2,291,764	\$ 1,864,451	\$ 2,043,993
Public safety	2,246,628	2,373,977	2,359,756	2,681,827	3,041,945	3,249,257	3,434,979
Highways and streets	1,201,826	1,360,794	2,213,625	2,013,623	2,164,449	1,868,543	2,444,611
Health and sanitation	399,288	344,901	379,600	297,420	348,902	325,911	380,489
Culture and recreation	949,575	903,661	868,159	1,014,813	1,174,828	1,118,413	1,391,219
Economic development	241,841	238,402	341,995	393,419	447,454	696,186	245,863
Environmental protection	10,865	19,492	10,388	11,309	10,804	11,188	28,515
Interest on long-term debt	607,779	621,517	602,566	653,630	636,169	616,879	537,940
Total Governmental Activities Expenses	<u>7,934,086</u>	<u>9,135,342</u>	<u>9,640,259</u>	<u>9,569,628</u>	<u>10,116,315</u>	<u>9,750,828</u>	<u>10,507,609</u>
Business-type activities							
Waterworks system	2,745,444	2,821,683	2,598,856	3,145,188	2,797,316	3,103,040	3,496,339
Sewer system	1,000,684	1,015,858	1,075,197	1,207,985	1,501,977	1,922,659	2,354,435
Refuse	1,250,397	1,307,863	1,385,831	1,393,688	1,535,116	1,442,318	1,859,452
Total business-type activities expenses	<u>4,996,525</u>	<u>5,145,404</u>	<u>5,059,884</u>	<u>5,746,861</u>	<u>5,834,409</u>	<u>6,468,017</u>	<u>7,710,226</u>
Total Primary Government Expenses	<u>\$ 12,930,611</u>	<u>\$ 14,280,746</u>	<u>\$ 14,700,143</u>	<u>\$ 15,316,489</u>	<u>\$ 15,950,724</u>	<u>\$ 16,218,845</u>	<u>\$ 18,217,835</u>
Program Revenues							
Governmental activities							
Charges for services:							
General government	\$ 424,680	\$ 731,152	\$ 842,000	\$ 663,635	\$ 567,263	\$ 751,574	\$ 345,158
Public safety	373,853	417,104	372,886	462,950	605,032	823,297	843,559
Highways and streets	104,738	7,953	113,563	23,692	21,300	36,072	313,580
Health and sanitation	86,135	239,418	21,417	-	105,241	87,016	125,911
Culture and recreation	112,018	128,368	137,379	114,152	115,002	114,374	139,964
Economic development	-	13,302	8,736	2,316	1,250	3,606	67,046
Environmental protection	1,468	-	-	938	-	-	-
Interest on long-term debt	954,555	1,326,150	800,713	1,341,171	1,458,237	363,259	677,018
Operating grants and contributions	1,835,732	1,499,321	1,590,548	1,695,157	1,604,427	1,672,026	2,830,120
Capital grants and contributions ³	433,528	1,099,606	1,001,489	2,176,771	578,319	337,156	6,017,908
Total Governmental Activities Program Revenues	<u>4,326,707</u>	<u>5,462,374</u>	<u>4,888,731</u>	<u>6,480,782</u>	<u>5,056,071</u>	<u>4,188,380</u>	<u>11,360,264</u>
Business-type activities							
Charges for services:							
Waterworks system	2,535,347	2,678,536	3,039,313	3,820,574	3,647,786	3,594,276	3,584,921
Sewer system	1,296,924	1,415,645	1,316,540	1,935,273	1,986,491	2,065,669	2,059,584
Refuse	1,171,255	1,279,935	1,294,777	1,291,569	1,638,905	1,539,636	1,496,583
Operating grants & contributions	3,363	36,881	9,040	-	-	-	-
Capital grants & contributions	405,222	254,284	747,639	35,021	103,092	213,306	329,981
Total business-type activities program revenues	<u>5,412,111</u>	<u>5,665,281</u>	<u>6,407,309</u>	<u>7,082,437</u>	<u>7,376,274</u>	<u>7,412,887</u>	<u>7,471,069</u>
Total Primary Government Program Revenues	<u>\$ 9,738,818</u>	<u>\$ 11,127,655</u>	<u>\$ 11,296,040</u>	<u>\$ 13,563,219</u>	<u>\$ 12,432,345</u>	<u>\$ 11,601,267</u>	<u>\$ 18,831,333</u>
Net (Expense) Revenue							
Governmental activities	\$ (3,607,379)	\$ (3,672,968)	\$ (4,751,528)	\$ (3,088,846)	\$ (5,060,244)	\$ (5,562,448)	\$ 852,655
Business-type activities	415,586	519,877	1,347,425	1,335,576	1,541,865	944,870	(239,157)
Total Primary Government Net Expense	<u>\$ (3,191,793)</u>	<u>\$ (3,153,091)</u>	<u>\$ (3,404,103)</u>	<u>\$ (1,753,270)</u>	<u>\$ (3,518,379)</u>	<u>\$ (4,617,578)</u>	<u>\$ 613,498</u>

City of El Dorado
Changes in Net Assets
Last Seven Years (Continued)
(accrual basis of accounting)

	<u>2003</u> ²	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Revenues:							
Governmental activities:							
Taxes							
Property taxes	\$ 3,178,820	\$ 3,116,087	\$ 3,141,373	\$ 3,233,530	\$ 3,730,632	\$ 4,069,974	\$ 4,254,049
Sales taxes	1,744,446	1,955,601	2,076,769	2,186,737	2,318,150	2,544,465	2,295,901
Franchise taxes	1,041,240	1,120,969	1,174,076	1,248,377	1,258,919	1,320,151	1,496,324
Tourism taxes	95,760	93,698	101,192	111,064	96,864	189,497	154,538
Investment earnings	91,175	32,426	144,540	284,758	304,221	182,996	41,448
Transfers in (out)	80,117	31,054	8,360	722,406	15,781	-	177,610
Total Governmental Activities	<u>6,231,558</u>	<u>6,349,835</u>	<u>6,646,310</u>	<u>7,786,872</u>	<u>7,724,567</u>	<u>8,307,083</u>	<u>8,419,870</u>
Business-type activities							
Investment earnings ¹	25,349	(67,511)	350,955	163,496	600,972	515,030	(526,735)
Transfer in (out)	(80,117)	(31,054)	(8,360)	(722,406)	(15,781)	-	(177,610)
Total business-type activities	<u>(54,768)</u>	<u>(98,565)</u>	<u>342,595</u>	<u>(558,910)</u>	<u>585,191</u>	<u>515,030</u>	<u>(704,345)</u>
Total Primary Government	<u>\$ 6,176,790</u>	<u>\$ 6,251,270</u>	<u>\$ 6,988,905</u>	<u>\$ 7,227,962</u>	<u>\$ 8,309,758</u>	<u>\$ 8,822,113</u>	<u>\$ 7,715,525</u>
Change In Net Assets							
Governmental activities	\$ 2,624,179	\$ 2,676,867	\$ 1,894,782	\$ 4,698,026	\$ 2,664,323	\$ 2,744,635	\$ 9,272,525
Business-type activities	360,818	421,312	1,690,020	776,666	2,127,056	1,459,900	(943,502)
Total Primary Government	<u>\$ 2,984,997</u>	<u>\$ 3,098,179</u>	<u>\$ 3,584,802</u>	<u>\$ 5,474,692</u>	<u>\$ 4,791,379</u>	<u>\$ 4,204,535</u>	<u>\$ 8,329,023</u>

Notes: The City began to report information when it implemented GASB Statement 34 in fiscal year 2003.

¹ In 2004 and 2009, the decrease in fair value of investments for the water fund created a negative revenue.

² Amounts have been restated due to a prior period adjustment in 2004.

³ In 2006, a \$1.4 million bike path was constructed, of which \$1,088,000 was funded by a federal grant and \$40,000 by a Kansas Wildlife and Parks grant. In 2009, a building in the industrial park was sold, and grants were received for the North Main bridge project and the West Central Avenue paving project.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund							
Reserved	\$ 134,750	\$ 127,753	\$ 130,564	\$ 128,925	\$ 170,740	\$ 246,990	\$ 178,895
Unreserved	<u>1,590,899</u>	<u>1,737,620</u>	<u>1,856,435</u>	<u>2,408,863</u>	<u>3,115,517</u>	<u>3,947,109</u>	<u>4,161,390</u>
Total General Fund	<u>\$ 1,725,649</u>	<u>\$ 1,865,373</u>	<u>\$ 1,986,999</u>	<u>\$ 2,537,788</u>	<u>\$ 3,286,257</u>	<u>\$ 4,194,099</u>	<u>\$ 4,340,285</u>
All Other Governmental Funds							
Reserved	\$ 1,112,532	\$ 657,341	\$ 1,771,014	\$ 417,518	\$ 457,670	\$ 365,704	\$ 1,434,580
Unreserved, reported in:							
Special revenue funds	421,429	508,834	598,722	813,310	1,048,345	1,013,486	2,110,369
Construction fund	(3,591,400)	(547,717)	(5,389,115)	164,914	(1,480,203)	514,302	(682,230)
Debt service fund	<u>863,472</u>	<u>712,706</u>	<u>261,816</u>	<u>117,689</u>	<u>503,723</u>	<u>592,941</u>	<u>599,126</u>
Total All Other Governmental Funds	<u>\$ (1,193,967)</u>	<u>\$ 1,331,164</u>	<u>\$ (2,757,563)</u>	<u>\$ 1,513,431</u>	<u>\$ 529,535</u>	<u>\$ 2,486,433</u>	<u>\$ 3,461,845</u>

Notes: The City began to report information when it implemented GASB Statement 34 in fiscal year 2003.

Bonds are generally issued for the City's construction projects every two years. Bond issues in 2004, 2006 and 2008 reduced or eliminated the deficit in the Construction Fund.

City of El Dorado
Changes in Fund Balances, Governmental Funds
Last Seven Years

(modified accrual basis of accounting)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues							
Taxes	\$ 5,930,156	\$ 6,286,355	\$ 6,493,410	\$ 6,779,708	\$ 7,404,565	\$ 8,124,087	\$ 8,200,812
Special assessment taxes	626,819	648,510	611,458	839,838	637,305	677,581	862,849
Intergovernmental	943,410	1,627,618	1,709,223	2,420,539	982,750	923,801	1,228,511
Licenses and permits	88,121	100,353	90,126	119,693	130,329	112,214	140,719
Charges for services	584,684	736,373	788,675	636,989	659,960	953,987	864,245
Fines and forfeitures	196,218	189,051	151,686	161,239	209,248	261,838	266,283
Use of money and property	592,733	575,374	581,624	995,840	1,085,384	807,482	5,360,556
Employee/Employer contributions	989,385	745,256	723,893	832,258	883,226	919,210	1,047,063
Miscellaneous	396,512	554,268	426,960	337,053	296,427	342,936	1,210,595
Total revenues	<u>\$ 10,348,038</u>	<u>\$ 11,463,158</u>	<u>\$ 11,577,055</u>	<u>\$ 13,123,157</u>	<u>\$ 12,289,194</u>	<u>\$ 13,123,136</u>	<u>\$ 19,181,633</u>
Expenditures							
Current:							
General government	\$ 2,051,469	\$ 2,373,098	\$ 2,517,709	\$ 2,319,665	\$ 2,078,510	\$ 1,996,520	\$ 2,273,971
Public Safety	2,282,461	2,341,794	2,287,461	2,588,050	2,883,542	3,336,240	3,424,203
Highways and streets	851,546	943,755	1,051,181	1,001,635	1,313,579	1,375,937	1,834,963
Health and sanitation	398,494	301,475	259,284	295,704	385,370	338,867	376,353
Culture and recreation	867,053	832,514	903,834	925,308	1,029,816	1,143,942	3,995,766
Environmental protection	10,639	12,797	10,188	10,179	10,804	11,188	28,515
Economic development	119,214	124,365	190,213	393,230	447,454	514,590	245,674
Capital improvements	5,303,937	4,246,506	5,892,138	2,900,782	2,218,074	2,447,695	1,560,545
Debt service							
Principal	1,582,927	1,618,279	1,790,086	1,878,140	1,524,065	1,779,535	3,952,666
Interest	620,424	559,774	650,422	643,326	649,188	623,882	600,199
Total expenditures	<u>\$ 14,088,164</u>	<u>\$ 13,354,357</u>	<u>\$ 15,552,516</u>	<u>\$ 12,956,019</u>	<u>\$ 12,540,402</u>	<u>\$ 13,568,396</u>	<u>\$ 18,292,855</u>
Excess of revenues over (under) expenditures	\$ (3,740,126)	\$ (1,891,199)	\$ (3,975,461)	\$ 167,138	\$ (251,208)	\$ (445,260)	\$ 888,778
Other financing sources (uses)							
Proceeds of general obligation bonds	\$ -	\$ 4,525,000	\$ -	\$ 3,932,239	\$ -	\$ 3,310,000	\$ -
Proceeds from capital lease obligations	-	-	-	-	-	-	55,210
Transfers in	1,206,690	1,256,504	1,541,769.00	1,792,942	1,608,575	1,640,980	1,687,190
Transfers out	(1,126,573)	(1,225,450)	(1,533,409)	(1,070,536)	(1,592,794)	(1,640,980)	(1,509,580)
Total other financing sources (uses)	<u>\$ 80,117</u>	<u>\$ 4,556,054</u>	<u>\$ 8,360</u>	<u>\$ 4,654,645</u>	<u>\$ 15,781</u>	<u>\$ 3,310,000</u>	<u>\$ 232,820</u>
Net change in Fund Balances	\$ (3,660,009)	\$ 2,664,855	\$ (3,967,101)	\$ 4,821,783	\$ (235,427)	\$ 2,864,740	\$ 1,121,598
Debt service as a percentage of noncapital expenditures	19.6%	20.4%	23.3%	24.8%	22.3%	24.3%	42.9%

Note: The City began to report information when it implemented GASB Statement 34 in fiscal year 2003.

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

Fiscal Year	Property Tax	Motor Vehicle Tax	Sales Tax	Franchise Tax	Transient Guest Tax	Total
2003	\$ 2,544,932	\$ 503,778	\$ 1,744,446	\$ 1,041,240	\$ 95,760	\$ 5,930,156
2004	\$ 2,578,603	\$ 537,483	\$ 1,955,602	\$ 1,120,969	\$ 93,698	\$ 6,286,355
2005	\$ 2,603,408	\$ 537,966	\$ 2,076,768	\$ 1,174,076	\$ 101,192	\$ 6,493,410
2006	\$ 2,702,223	\$ 531,307	\$ 2,186,737	\$ 1,248,377	\$ 111,064	\$ 6,779,708
2007 ¹	\$ 3,219,602	\$ 511,030	\$ 2,318,150	\$ 1,258,919	\$ 96,864	\$ 7,404,565
2008 ²	\$ 3,506,113	\$ 563,862	\$ 2,544,465	\$ 1,320,150	\$ 189,497	\$ 8,124,087
2009	\$ 3,693,414	\$ 560,635	\$ 2,295,901	\$ 1,496,324	\$ 154,538	\$ 8,200,812

Notes: The City began to report information when it implemented GASB Statement 34 in fiscal year 2003.

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

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

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

Fiscal Year ²	Total Tax Levy ¹	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Tax Collections	Percent of Total Tax Collections to Tax Levy
2000	\$ 2,191,042	\$ 2,106,033	96.12%	\$ 74,827	\$ 2,180,860	99.54%
2001	\$ 2,323,930	\$ 2,263,076	97.38%	\$ 71,327	\$ 2,334,803	100.47%
2002	\$ 2,412,536	\$ 2,243,536	92.99%	\$ 98,116	\$ 2,341,651	97.06%
2003	\$ 2,581,099	\$ 2,360,525	91.45%	\$ 184,407	\$ 2,544,932	98.60%
2004	\$ 2,587,625	\$ 2,448,475	94.62%	\$ 130,128	\$ 2,578,603	99.65%
2005 ³	\$ 2,731,085	\$ 2,492,472	91.26%	\$ 110,936	\$ 2,603,408	95.33%
2006	\$ 2,771,416	\$ 2,590,007	93.45%	\$ 112,216	\$ 2,702,223	97.50%
2007 ^{3,4}	\$ 3,486,822	\$ 3,095,084	88.77%	\$ 124,518	\$ 3,219,602	92.34%
2008 ³	\$ 3,658,934	\$ 3,357,533	91.76%	\$ 148,580	\$ 3,506,113	95.82%
2009	\$ 3,855,346	\$ 3,568,745	92.57%	\$ 124,669	\$ 3,693,414	95.80%

Notes:

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

² The year in which the tax was collected.

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

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

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

Levy Year	Real Property	Personal Property ¹	Utilities ²	Oil & Gas ²	Total Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Actual Value
2000	\$ 47,876,049	\$ 4,219,483			\$ 52,095,532	44.609	\$ 379,485,986	13.73%
2001	\$ 47,912,849	\$ 7,854,148			\$ 55,766,997	43.261	\$ 394,278,482	14.14%
2002	\$ 51,299,878	\$ 8,415,988			\$ 59,715,866	43.223	\$ 384,617,537	15.53%
2003	\$ 51,542,226	\$ 5,101,950	\$ 3,813,332	\$ 30,703	\$ 60,488,211	42.779	\$ 412,016,273	14.68%
2004	\$ 54,825,872	\$ 6,875,466	\$ 3,832,969	\$ 22,223	\$ 65,556,530	41.660	\$ 442,708,893	14.81%
2005	\$ 59,942,605	\$ 7,657,836	\$ 3,671,307	\$ 40,720	\$ 71,312,468	38.863	\$ 473,630,300	15.06%
2006	\$ 63,532,483	\$ 9,180,146	\$ 3,753,209	\$ 81,813	\$ 76,547,651	45.551	\$ 502,246,861	15.24%
2007	\$ 69,465,387	\$ 7,118,214	\$ 3,716,185	\$ 95,140	\$ 80,394,926	45.512	\$ 526,474,246	15.27%
2008	\$ 72,305,376	\$ 5,575,066	\$ 3,894,863	\$ 146,999	\$ 81,922,304	47.061	\$ 543,546,896	15.07%
2009	\$ 73,854,674	\$ 4,737,185	\$ 3,881,799	\$ 30,794	\$ 82,504,452	46.997	\$ 549,408,643	15.02%

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.

² Assessed values for Utilities and Oil & Gas were included in the Real Property amount in years 2000 through 2002.

City of El Dorado

Direct and Overlapping Property Tax Rates (Per \$1,000 of Assessed Value)

Last Ten Years

Year ¹	City of El Dorado										Other Overlapping Governments ²		
	General	Library	Employee Benefits	Industrial Mill Levy	Debt Service	Airport	Total City	Butler County	Butler Community College	State of Kansas	Unified School District No. 490	Unified School District No. 375	Unified School District No. 205
2000	16.616	3.846	5.094	0.999	17.740	0.314	44.609	31.395	17.132	1.500	44.137	50.269	54.345
2001	14.805	4.005	5.089	1.004	18.057	0.301	43.261	35.970	15.133	1.500	49.133	50.500	47.174
2002	15.492	3.997	4.997	0.999	17.440	0.298	43.223	35.701	16.088	1.500	44.449	50.327	53.602
2003	14.242	4.205	6.008	1.001	17.023	0.300	42.779	35.700	16.907	1.500	41.203	50.757	49.672
2004	13.847	4.118	5.851	0.974	16.578	0.292	41.660	35.481	16.802	1.500	43.528	50.293	50.812
2005	11.805	3.934	5.827	0.498	16.510	0.289	38.863	35.932	17.478	1.500	46.762	53.207	50.970
2006 ³	19.643	4.745	0.000	1.002	19.872	0.289	45.551	35.723	17.363	1.500	48.177	52.209	49.169
2007 ⁴	23.312	4.554	0.000	0.999	16.358	0.289	45.512	35.440	17.225	1.500	46.936	52.430	50.767
2008 ⁵	24.784	4.675	0.000	1.012	16.298	0.292	47.061	36.434	18.195	1.500	49.865	53.001	51.181
2009 ⁶	26.768	4.322	0.000	0.999	13.779	1.129	46.997	36.522	18.194	1.500	50.745	53.019	58.947

Source: Butler County Clerk

Notes:

- ¹ The year shown is the year in which taxes are levied for collection in the following fiscal year.
- ² Overlapping rates are those of local and county governments that apply to property owners within the city limits of El Dorado. Not all overlapping rates apply to all property owners. The rates for Unified School District No. 490 and Unified School District No. 375 only apply to approximately 82.1% and 17.9%, respectively, of the property in El Dorado. The rates for Unified School District No. 205 only apply to two businesses located at the El Dorado municipal airport.
- ³ In 2006 the Employee Benefits fund was eliminated, which resulted in increases in the City of El Dorado's General and Library mill levies. The increase in the total City mill levy was due to several factors. In an effort to delay a mill levy increase, cash reserves in the Debt Service fund were decreased over the previous several years; however, an increase in the mill levy was necessary in 2006 to restore cash balance in the fund to an adequate level to fund the City's debt and maintain a prudent fund balance. Additionally, due to inadequate gas tax revenues to properly maintain the City's streets, the City had to begin supplementing the Major Street fund through transfers from the General fund. Due to increased activity in the recruitment of new businesses to El Dorado, the Industrial Mill Levy fund was also increased 1/2 mill.
- ⁴ In 2007 the one-year increase in the Debt Service mill levy that was necessary in 2006 to restore fund balance was no longer needed, so the fund's mill levy was returned to approximately the same level as 2005. The General mill levy was increased to provide a substantially larger transfer to the Major Street fund to allow the City's streets to be maintained at a higher level.
- ⁵ The General mill levy was increased to accumulate funds for implementation of a new retirement plan for City employees in 2010.
- ⁶ A portion of the proceeds from the sale of a building was used to pay off two bonds previously issued to construct that facility; this allowed elimination of bond reserve accounts and a decrease in the Debt Service mill levy. This decreased allowed a mill increase in the Airport fund to build funds for the local match of future FAA grant projects and a General mill increase to provide funds to offset a possible decrease in revenues due to the current economic environment.

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

Taxpayer	2009			2000		
	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Wal-Mart Real Estate	\$2,861,003	1	3.00%	---	---	---
Kansas Gas & Electric	1,223,841	2	1.28%	\$1,426,576	1	2.27%
Kansas Gas Service ¹	1,079,473	3	1.13%	442,749	7	0.71%
Vlomis, Ted & Elizabeth	1,055,536	4	1.10%	575,701	5	0.92%
Southwestern Bell Telephone	634,008	5	0.66%	1,401,348	2	2.23%
Pioneer Balloon	581,469	6	0.61%	653,708	4	1.04%
Sutherland Lumber	504,608	7	0.53%	---	---	---
Ted & Barbara Dankert LP	493,478	8	0.52%	---	---	---
El Dorado Group II LLC	475,641	9	0.50%	331,080	8	0.53%
El Dorado Trisand Group	464,275	10	0.49%	---	---	---
Wal-Mart Stores, Inc.	---	---	---	876,184	3	1.40%
Cardwell International	---	---	---	513,604	6	0.82%
Butler Rural Electric	---	---	---	282,985	10	0.45%
J. Larry Fugate	---	---	---	---	---	---
Edmund & Barbara Terry	---	---	---	324,831	9	0.52%
Total	\$9,373,332		9.81%	\$6,828,766		10.88%
Total Assessed Value ²	\$95,524,529			\$62,738,951		

Source: Butler County 2009 tax roll

Notes:

¹ Formerly Western Resources - Gas Division

² Includes motor vehicle valuation

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

Fiscal Year	Governmental Activities					Business-Type Activities					Total Primary Government	Percentage of Personal Income	Debt Per Capita
	General Obligation Bonds	Temporary Notes	Capital Leases	Commerce & Housing Note Payable	Interlocal Agreement with USD 490	General Obligation Bonds	Revenue Bonds	US Corps of Engineering Contract	KS Dept of Health & Environment Loans	Capital Leases			
2003	\$ 12,025,000	\$ 3,484,000	\$ 48,555	\$ 47,479	\$ 35,400	\$ -	\$ 1,450,000	\$ 4,821,037	\$ 803,936	\$ 170,475	\$ 22,885,882	9.31%	\$ 1,801
2004	\$ 14,172,627	\$ -	\$ 35,467	\$ 37,288	\$ -	\$ 782,373	\$ 1,125,000	\$ 4,855,381	\$ 716,403	\$ 108,707	\$ 21,833,246	8.74%	\$ 1,721
2005	\$ 12,406,600	\$ 4,789,228	\$ 21,803	\$ 26,892	\$ -	\$ 718,400	\$ 775,000	\$ 4,893,090	\$ 3,585,696	\$ 55,068	\$ 27,271,777	10.76%	\$ 2,154
2006	\$ 14,493,000	\$ 395,305	\$ -	\$ 16,286	\$ -	\$ 1,283,000	\$ 400,000	\$ 4,934,495	\$ 10,407,629	\$ 111,717	\$ 32,041,432	12.39%	\$ 2,519
2007	\$ 12,979,753	\$ 2,511,305	\$ -	\$ 5,468	\$ -	\$ 1,211,247	\$ -	\$ 4,979,957	\$ 11,318,899	\$ 88,348	\$ 33,094,977	13.41%	\$ 2,627
2008	\$ 14,515,687	\$ 95,000	\$ -	\$ -	\$ -	\$ 1,104,313	\$ -	\$ 5,029,875	\$ 10,762,309	\$ 52,098	\$ 31,559,282	12.43%	\$ 2,506
2009	\$ 10,563,021	\$ 655,000	\$ 55,210	\$ -	\$ -	\$ 991,979	\$ -	\$ 5,084,684	\$ 10,190,382	\$ 171,698	\$ 27,711,974	10.65%	\$ 2,205

Notes: The City began to report information when it implemented GASB Statement 34 in fiscal year 2003.

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

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

Fiscal Year	General Obligation Debt	Less Debt Service Funds	Net Bonded Debt	Net Bonded Debt Per Capita	Net Bonded Debt to Estimated Actual Value
2000	\$ 10,380,000 ¹	\$ 791,322	\$ 9,588,678	\$ 748.18	2.53%
2001	\$ 13,095,000 ¹	\$ 917,453	\$ 12,177,547	\$ 957.73	3.09%
2002	\$ 13,550,000	\$ 1,092,304	\$ 12,457,696	\$ 982.16	3.24%
2003	\$ 12,025,000	\$ 863,472	\$ 11,161,528	\$ 878.38	2.71%
2004	\$ 14,955,000 ¹	\$ 712,706	\$ 14,242,294	\$ 1,122.41	3.22%
2005	\$ 13,125,000 ¹	\$ 261,816	\$ 12,863,184	\$ 1,016.13	2.72%
2006	\$ 15,776,000 ¹	\$ 117,689	\$ 15,658,311	\$ 1,231.19	3.12%
2007	\$ 14,191,000 ¹	\$ 503,723	\$ 13,687,277	\$ 1,086.64	2.60%
2008	\$ 15,620,000 ¹	\$ 592,941	\$ 15,027,059	\$ 1,193.48	2.76%
2009	\$ 11,555,000 ^{1,2}	\$ 599,126	\$ 10,955,874	\$ 871.73	1.99%

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

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

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

City of El Dorado
Direct and Overlapping Debt
December 31, 2009

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ¹</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt:			
Butler County ²	\$ 3,003,383	14.08%	\$ 422,876
Unified School District No. 490	19,125,000	31.71%	6,064,538
Unified School District No. 375	33,445,000	18.05%	6,036,823
Butler Community College	-	14.08%	-
	<u>\$ 55,573,383</u>		<u>\$ 12,524,236</u>
Direct Debt:			
Net Bonded Debt	<u>10,955,874</u>		<u>10,955,874</u>
Total direct and overlapping debt	<u><u>\$ 66,529,257</u></u>		<u><u>\$ 23,480,110</u></u>

Source: The debt outstanding was provided by each entity.

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

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

² Butler County has \$23,652,606 outstanding in Public Building Commission revenue bonds that is not included in this debt outstanding figure.

**City of El Dorado
Legal Debt Margin
Last Ten Years**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Assessed Valuation	\$ 52,095,532	\$ 55,766,997	\$ 59,715,866	\$ 60,488,211	\$ 65,556,530	\$ 71,312,468	\$ 76,547,651	\$ 80,394,926	\$ 81,922,304	\$ 82,504,452
Assessed Valuation on Motor Vehicles	10,643,419	6,672,848	7,920,865	12,276,663	12,592,448	12,687,701	12,811,634	13,124,330	13,404,428	13,020,077
Total Assessed Valuation ¹	<u>\$ 62,738,951</u>	<u>\$ 62,439,845</u>	<u>\$ 67,636,731</u>	<u>\$ 72,764,874</u>	<u>\$ 78,148,978</u>	<u>\$ 84,000,169</u>	<u>\$ 89,359,285</u>	<u>\$ 93,519,256</u>	<u>\$ 95,326,732</u>	<u>\$ 95,524,529</u>
Legal Debt Limit ²	<u>\$ 18,821,685</u>	<u>\$ 18,731,954</u>	<u>\$ 20,291,019</u>	<u>\$ 21,829,462</u>	<u>\$ 23,444,693</u>	<u>\$ 25,200,051</u>	<u>\$ 26,807,786</u>	<u>\$ 28,055,777</u>	<u>\$ 28,598,020</u>	<u>\$ 28,657,359</u>
Bonded Indebtedness	\$ 12,735,000	\$ 15,160,000	\$ 15,315,000	\$ 13,475,000	\$ 16,080,000	\$ 13,900,000	\$ 16,176,000	\$ 14,191,000	\$ 15,620,000	\$ 11,555,000
Temporary Notes	1,544,750	-	1,200,000	3,484,000	-	4,789,228	395,305	2,511,305	95,000	655,000
Total Debt	<u>14,279,750</u>	<u>15,160,000</u>	<u>16,515,000</u>	<u>16,959,000</u>	<u>16,080,000</u>	<u>18,689,228</u>	<u>16,571,305</u>	<u>16,702,305</u>	<u>15,715,000</u>	<u>12,210,000</u>
Less:										
Assets in Debt Service Fund	\$ 791,322	\$ 917,453	\$ 1,092,304	\$ 863,472	\$ 712,706	\$ 261,816	\$ 117,689	\$ 503,723	\$ 592,941	\$ 599,126
Exempted Debt (KSA 10-309)-G.O. Bonds	1,501,129	2,582,877	1,983,045	1,675,473	3,499,721	3,053,370	4,830,905	4,408,652	3,853,726	4,034,440
Exempted Debt (KSA 10-309)-Temporary Notes	-	-	-	1,107,180	-	1,979,124	-	56,945	-	-
Waterworks Revenue Bonds	2,355,000	2,065,000	1,765,000	1,450,000	1,125,000	775,000	400,000	-	-	-
Sewer System Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Total Deductions	<u>4,647,451</u>	<u>5,565,330</u>	<u>4,840,349</u>	<u>5,096,125</u>	<u>5,337,427</u>	<u>6,069,310</u>	<u>5,348,594</u>	<u>4,969,320</u>	<u>4,446,667</u>	<u>4,633,566</u>
Total Amount Applicable to Debt Limit	<u>9,632,299</u>	<u>9,594,870</u>	<u>11,674,651</u>	<u>11,862,875</u>	<u>10,742,573</u>	<u>12,619,918</u>	<u>11,222,711</u>	<u>11,732,985</u>	<u>11,268,333</u>	<u>7,576,434</u>
Legal Debt Margin	<u>\$ 9,189,386</u>	<u>\$ 9,137,884</u>	<u>\$ 8,616,368</u>	<u>\$ 9,966,587</u>	<u>\$ 12,702,120</u>	<u>\$ 12,580,133</u>	<u>\$ 15,585,075</u>	<u>\$ 16,322,792</u>	<u>\$ 17,329,687</u>	<u>\$ 21,080,925</u>
Legal Debt Margin as a percentage of the Debt Limit	48.82%	48.78%	42.46%	45.66%	54.18%	49.92%	58.14%	58.18%	60.60%	73.56%

Notes:

¹ Computed in accordance with KSA 10-310.

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

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

Fiscal Year	Gross Revenue	Operating Expenses¹	Net Revenue Available for Debt Service	Principal² Requirements	Interest² Requirements	Total	Coverage
2000	\$ 3,165,755	\$ 1,595,264	\$ 1,570,491	\$ 290,000	\$ 107,375	\$ 397,375	3.95
2001	\$ 2,985,097	\$ 1,540,296	\$ 1,444,801	\$ 300,000	\$ 94,905	\$ 394,905	3.66
2002	\$ 2,815,405	\$ 1,875,022	\$ 940,383	\$ 315,000	\$ 81,705	\$ 396,705	2.37
2003	\$ 2,553,269	\$ 1,981,585	\$ 571,684	\$ 325,000	\$ 67,688	\$ 392,688	1.46
2004	\$ 2,699,797	\$ 2,045,171	\$ 654,626	\$ 350,000	\$ 52,900	\$ 402,900	1.62
2005	\$ 3,350,268	\$ 1,918,348	\$ 1,431,920	\$ 375,000	\$ 36,625	\$ 411,625	3.48
2006	\$ 3,881,436	\$ 2,011,828	\$ 1,869,608	\$ 400,000	\$ 19,000	\$ 419,000	4.46
2007	\$ 4,121,758	\$ 1,999,237	\$ 2,122,521	\$ -	\$ -	\$ -	N/A
2008	\$ 3,988,284	\$ 2,271,883	\$ 1,716,401	\$ -	\$ -	\$ -	N/A
2009	\$ 3,615,955	\$ 2,648,132	\$ 967,823	\$ -	\$ -	\$ -	N/A

Notes:

¹ Excludes depreciation.

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

City of El Dorado
Demographic and Economic Statistics
Last Ten Years

Fiscal Year	Population ¹	Personal Income	Per Capita Personal Income ²	Unemployment Rate % ³
2000	12,816	\$ 235,429,920	\$ 18,370	2.9%
2001	12,715	\$ 237,630,635	\$ 18,689	3.2%
2002	12,684	\$ 241,186,260	\$ 19,015	5.9%
2003	12,707	\$ 245,816,915	\$ 19,345	5.4%
2004	12,689	\$ 249,744,898	\$ 19,682	5.2%
2005	12,659	\$ 253,483,816	\$ 20,024	4.8%
2006	12,718	\$ 258,633,248	\$ 20,336	4.7%
2007	12,596	\$ 246,875,790	\$ 19,410	3.9%
2008	12,591	\$ 253,806,483	\$ 20,177	4.1%
2009	12,568	\$ 260,233,008	\$ 20,706	7.2%

Sources:

- ¹ Population estimates, with the exception of the most recent year, are taken from the Kansas Division of the Budget. The most recent year was estimated based on the average growth rate of the previous 5 years.
- ² Estimate based on Claritas software information obtained through Wichita State University's Economics Department. The software utilizes census data and estimates rates of change in median household income, first for large areas, then for progressively smaller areas. Per capita personal income is derived from the resulting income distributions.
- ³ Bureau of Labor Statistics. Rate is for Butler county, as unemployment rate information is not available for El Dorado.

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

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
USD #490	994	1	16.70%	575	1	9.20%
El Dorado Frontier Refining ²	432	2	7.26%	392	3	6.27%
El Dorado Correctional Facility	429	3	7.21%	550	2	8.80%
Butler Community College	417	4	7.01%	310	5	4.96%
Butler County Government	370	5	6.22%	320	4	5.12%
SBA Memorial Hospital	282	6	4.74%	215	7	3.44%
C-Tech ³	215	7	3.61%	90	10	1.44%
Pioneer Balloon	200	8	3.36%	215	6	3.44%
Wal-Mart	172	9	2.89%	138	8	2.21%
City of El Dorado	137	10	2.30%	---	---	---
Lakepoint Nursing & Rehab	---	---	---	95	9	1.52%
Total	3,648		61.30%	2,900		46.40%
Total Employment ¹	5,951			6,250		

Source: City of El Dorado Survey of Employers

- Notes:
- ¹ 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.
 - ² Formerly Texaco Refining & Marketing; then Equilon Enterprises
 - ³ Formerly Blackburn Construction

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

Function/Program	Full-Time Employees as of December 31						
	2003	2004	2005	2006	2007	2008	2009
General Government							
Administration	5	2	3	1	1	1	1
Airport	0	0	0	0	0	1	1
Engineering	6	4	5	4	4	4	4
Legal/Judicial	3	3	3	2	4	3	3
Public Safety							
Police	29	27	28	25	26	28	28
Fire	13	14	12	16	14	17	17
Building/Zoning	1	1	1	2	3	2	2
Public Works							
Public Works	3	5	4	4	3	6	7
Major Street Improvements	11	11	8	8	9	10	9
Culture/Recreation							
Park Maintenance	3	2	3	2	2	1	2
Recreation	2	3	2	3	3	4	6
Health & Sanitation							
Health & Sanitation	2	2	2	2	2	2	2
Cemetery	2	1	1	2	2	2	2
Water							
Water	15	15	16	15	15	18	18
Sewer							
Sewer	7	6	5	6	7	5	5
Refuse							
Refuse	11	14	14	12	20	17	16
Stormwater							
Stormwater	0	0	0	0	0	0	2
Data Processing							
Data Processing	8	7	6	11	10	11	12
Total	121	117	113	115	125	132	137

Source: City Budget Office

Notes: The City began to report information when it implemented GASB Statement 34 in fiscal year 2003.

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

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

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

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

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

Function/Program	2003	2004	2005	2006	2007	2008	2009
Municipal Court							
Citations Issued	4,532	4,655	3,067	3,271	3,230	3,687	3,616
Warrants Issued	308	411	322	332	230	292	170
Warrants Served	195	185	146	159	139	198	127
Airport							
Fuel Sales (gallons)	30,568	34,130	26,146	23,691	18,869	17,101	24,380
Fire							
Total Number of Incidents	798	781	969	1,154	1,267	1,285	1,380
Fire Calls	165	156	183	227	144	129	158
Rescue & Emergency Medical Calls	218	247	321	517	665	752	768
Hazardous Materials Calls	94	83	167	48	73	65	107
Inspections	1,101	1,353	1,049	1,165	1,079	1,145	1,104
Hydrants Tested	214	276	291	648	0	406	567
Police							
Criminal Violations Reported	1,755	1,785	1,902	1,636	1,578	1,668	1,516
Traffic Accidents	540	527	486	634	490	481	387
DUI Arrests	81	79	69	54	57	94	89
Building & Zoning							
New Residential Construction Permits	18	24	22	30	29	22	15
New Commercial Construction Permits	8	11	5	7	5	4	6
Street Operations							
Streets Swept (Curb Miles)	5,762	3,968	2,246	2,925	3,673	4,406	3,744
Animal Control							
Animal Licenses	1,695	1,617	1,628	1,436	1,543	1,480	1,500
Animal Control Calls	876	727	916	843	1,051	984	979
Animal Citations	178	121	98	130	188	196	163
Cemetery							
Burials	166	143	154	147	151	138	135
Parks and Recreation							
Youth Soccer Participants	259	237	297	312	276	259	218
Swimming Pool Attendance	16,265	17,464	17,877	17,052	12,223	15,567	18,569
Youth Baseball/Softball Participants	721	735	715	628	595	369	324
Youth Basketball Participants	373	282	248	150	138	145	114
Youth Volleyball Participants	108	144	148	170	196	222	295
Adult Softball Teams	50	46	41	39	33	27	21
Adult Flag Football Teams	7	8	6	5	8	5	8
Adult Basketball Teams	18	9	10	7	5	7	5
Adult Volleyball Teams	0	0	55	44	35	29	26
Water							
New Meters	62	38	46	41	54	32	19
Treated Water Pumped (millions of gallons)	1303	1295	1236	1286	1,194	1,159	1,153
Water Distribution Service Calls	461	503	530	307	326	303	289
Water Leaks Repaired	141	133	137	108	92	100	33
Sewer							
Sewer Maintenance Service Calls	460	492	315	341	420	506	326
Refuse							
Refuse Collected (tons)	7085	6720	6722	6717	6,896	6,852	6,478
Recycling Material (tons)	1358	1275	1295	1288	1,303	1,553	1,286
Yardwaste Collected (tons)	3700	4500	4000	4000	4,200	4,500	4,600

Source: Various City Departments

Note: The City began to report information when it implemented GASB Statement 34 in fiscal year 2003.

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

Function/Program	2003	2004	2005	2006	2007	2008	2009
Square Miles of the City	7.70	7.70	7.70	7.70	8.00	8.10	8.10
Fire							
Stations	1	1	1	1	1	1	1
Paid Firefighters	13	13	17	17	17	17	17
Police							
Stations	1	1	1	1	1	1	1
Police Officers	28	28	28	28	28	28	28
Street Operations							
Miles of Paved City Streets	77.86	77.91	79.80	79.80	79.86	79.98	79.98
Miles of Unpaved City Streets	2.44	2.39	2.89	2.89	2.89	2.89	2.89
Traffic Operations							
Traffic Signals	12	13	13	13	13	13	13
Parks and Recreation							
Swimming Pools	1	1	1	1	1	1	1
Activity Center	1	1	1	1	1	1	1
Ball Diamonds	9	9	9	9	9	9	9
Soccer Fields	6	6	6	6	6	6	6
Water							
Water Mains (miles)	101.084	101.689	103.643	103.643	103.993	104.340	104.629
Elevated Storage Capacity (millions of gallons)	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
Water Storage Space -El Dorado Reservoir (MGD)	22.20	22.20	22.20	22.20	22.20	22.20	22.20
Sewer							
Sanitary Sewers (miles)	51.821	52.428	52.880	52.930	53.100	53.360	53.414

Source: Various City Departments

Notes: The City began to report information when it implemented GASB Statement 34 in fiscal year 2003.

Indicators are not available for the general government & administration functions.

