

CITY OF DODGE CITY, KANSAS

**BASIC FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2015**

CITY OF DODGE CITY, KANSAS

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OTHER AUDIT

Dodge City Public Library

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Commissioners
Dodge City, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dodge City, Kansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Dodge City Housing Authority and the Special Events Center Special Revenue Fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dodge City Housing Authority and Special Events Center Special Revenue Fund, is based on the reports of the other auditors.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dodge City, Kansas, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Sales Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dodge City, Kansas' basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Kennedy McKee & Company LLP

August 12, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF DODGE CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Dodge City's financial performance provides an overview of the City's financial activities for the year ended December 31, 2015. It should be read in conjunction with the City's basic financial statements, listed in the table of contents.

USING THIS ANNUAL REPORT

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

The Statement of Net Position and the Statement of Activities

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

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

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

- Governmental activities—Many of the City's basic services are reported here, including general government, public safety, public works, culture and recreation and community services. Property taxes, sales tax, franchise fees, service charges and fees, other types of governmental revenues and taxes, and federal and state grants finance most of these activities.
- Business-type-activities—The City charges a fee to residents to cover the cost of utility services it provides. These services are water/wastewater, solid waste, and drainage utilities.
- Component units—The City includes three separate legal entities in its report: the Dodge City Public Library, the Dodge City-Ford County Development Corporation, and the Dodge City Housing Authority. Although legally separate, these component units are important because of their relationship with the City.

USING THIS ANNUAL REPORT (CONTINUED)

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements

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

THE CITY AS A WHOLE

Government-Wide Statements – Overview

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

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 43,840,330	\$ 36,665,668	\$ 6,378,234	\$ 7,534,732	\$ 50,218,564	\$ 44,200,400
Capital assets	<u>110,998,209</u>	<u>101,617,739</u>	<u>64,684,812</u>	<u>66,157,681</u>	<u>175,683,021</u>	<u>167,775,420</u>
Total assets	<u>154,838,539</u>	<u>138,283,407</u>	<u>71,063,046</u>	<u>73,692,413</u>	<u>225,901,585</u>	<u>211,975,820</u>
Deferred outflows of Resources	<u>409,000</u>	<u>-</u>	<u>14,249</u>	<u>-</u>	<u>423,249</u>	<u>-</u>
Long-term liabilities	69,017,871	62,436,932	37,066,314	39,154,773	106,084,185	101,591,705
Other liabilities	<u>12,598,558</u>	<u>2,918,562</u>	<u>2,383,344</u>	<u>2,017,502</u>	<u>14,981,902</u>	<u>4,936,064</u>
Total liabilities	<u>81,616,429</u>	<u>65,355,494</u>	<u>39,449,658</u>	<u>41,172,275</u>	<u>121,066,087</u>	<u>106,527,769</u>
Deferred inflows of resources	<u>9,071,190</u>	<u>7,896,755</u>	<u>346,984</u>	<u>298,572</u>	<u>9,418,174</u>	<u>8,195,327</u>
Net Position:						
Invested in capital assets net of related debt	47,149,259	43,680,855	27,618,496	27,002,905	74,767,755	70,683,760
Restricted	16,368,962	19,010,716	-	-	16,368,962	19,010,716
Unrestricted	<u>1,041,699</u>	<u>2,339,587</u>	<u>3,662,157</u>	<u>5,218,661</u>	<u>4,703,856</u>	<u>7,558,248</u>
Total net position	<u>\$ 64,559,920</u>	<u>\$ 65,031,158</u>	<u>\$ 31,280,653</u>	<u>\$ 32,221,566</u>	<u>\$ 95,840,573</u>	<u>\$ 97,252,724</u>

For the years ended December 31, 2015 and 2014, net position changed as follows:

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Beginning net position	\$ 65,031,158	\$ 70,204,710	\$ 32,221,566	\$ 32,112,996	\$ 97,252,724	\$ 102,317,706
Change in accounting Principle	(10,395,567)	-	(874,951)	-	(11,270,518)	-
Prior period adjustment	(1,293,676)	-	(419,812)	-	(1,713,488)	-
Increase (decrease) in net position	<u>11,218,005</u>	<u>(5,173,552)</u>	<u>353,850</u>	<u>108,570</u>	<u>11,571,855</u>	<u>(5,064,982)</u>
Ending net position	<u>\$ 64,559,920</u>	<u>\$ 65,031,158</u>	<u>\$ 31,280,653</u>	<u>\$ 32,221,566</u>	<u>\$ 95,840,573</u>	<u>\$ 97,252,724</u>

Governmental current assets increased from 2014 to 2015 because bond proceeds were deposited in two project funds; the water park project fund and the star bond project fund. Both of these project funds had unspent cash at year end resulting in the increase in current assets. The cash balance in the General Fund continues to remain strong because of a concerted effort to focus on increasing the cash balance to a level described in the financial policies. Capital assets increased significantly because of the addition of the Depot building onto the City's capital assets. In the past this building and assets were carried on the Depot Theater Company's books. In 2015, an agreement was signed between the Depot Theater Company and the City of Dodge City which resulted in the City taking over the operations of the depot building and also adding the assets to the City's financial statements. Other changes in capital assets resulted from normal depreciation on capital infrastructure and capital assets. Long term liabilities increased in the Government activities because of the issuance of the Revenue Bond for the Water Park in the amount of \$10,000,000. Other debt was paid based on maturity of the bonds. The other liabilities increased because of the addition of the net pension liability required by GASB 68.

THE CITY AS A WHOLE (CONTINUED)

Government-Wide Statements – Overview (continued)

Current assets decreased in the business-type activities from 2014 to 2015 because of the repayment on the KDH&E Water Loan for the construction of the water reclamation facility which decreased cash assets. The capital assets decreased because the depreciation expense exceeded the addition of capital assets.

	Governmental activities		Business-type activities		Total primary government	
	2015	2014	2015	2014	2015	2014
Revenue:						
Program revenue:						
Charges for services	\$ 4,443,984	\$ 3,982,576	\$ 11,207,163	\$ 11,011,315	\$ 15,651,147	\$ 14,993,891
Operating grants	13,218,855	2,860,320	825,769	826,597	14,044,624	3,686,917
Capital grants	1,100,261	1,964,185	-	-	1,100,261	1,964,185
General revenue:						
Property taxes, levied						
for general purposes	6,552,208	6,768,975	-	-	6,552,208	6,768,975
Property taxes and special assessments levied						
for debt service	2,574,871	2,468,438	-	-	2,574,871	2,468,438
Sales taxes	10,775,139	11,195,087	-	-	10,775,139	11,195,087
Franchise taxes	1,719,096	1,871,660	-	-	1,719,096	1,871,660
Expanded lottery tax	594,813	604,335	-	-	594,813	604,335
Grants and contributions	143,518	117,680	-	-	143,518	117,680
Contributed capital	6,692,351	189	15,065	57,073	6,707,416	57,262
Investment earnings	34,010	92,556	69,728	68,167	103,738	160,723
Transfers	(144,869)	(188,909)	(1,118,050)	(1,065,540)	(1,262,919)	(1,254,449)
Miscellaneous	403,707	233,104	-	-	403,707	233,104
Total revenue	48,107,944	31,970,196	10,999,675	10,897,612	59,107,619	42,867,808
Program expenses:						
General government	3,088,177	3,684,889	-	-	3,088,177	3,684,889
Public safety	8,100,675	8,262,534	-	-	8,100,675	8,262,534
Public works	2,963,345	3,425,434	-	-	2,963,345	3,425,434
Culture and recreation	11,276,551	9,804,166	-	-	11,276,551	9,804,166
Community services	2,055,699	1,631,388	-	-	2,055,699	1,631,388
Indirect depreciation	6,676,520	7,810,930	-	-	6,676,520	7,810,930
Interest on long-term debt	2,728,972	2,524,407	-	-	2,728,972	2,524,407
Water/Wastewater	-	-	8,796,812	8,828,454	8,796,812	8,828,454
Solid waste	-	-	1,734,425	1,706,985	1,734,425	1,706,985
Drainage	-	-	114,588	253,603	114,588	253,603
Total expenses	36,889,939	37,143,748	10,645,825	10,789,042	47,535,764	47,932,790
Increase (decrease) in net assets	\$ 11,218,005	\$ (5,173,552)	\$ 353,850	\$ 108,570	\$ 11,571,855	\$ (5,064,982)

THE CITY AS A WHOLE (CONTINUED)

Government-Wide Statements – Overview (continued)

The charges for services increased slightly from 2014 to 2015. The charges for services in all areas of general government; public safety, public works, culture and recreation and community services all increased slightly from 2014. Operating grants and capital grants in 2015 included: the award of historic grants for the depot and other historic places; expanded public transportation program and busses; and the STAR bond project proceeds. The franchise taxes decreased by 8.15% because the gas and electric are variable depending mostly on the weather. The telephone franchise fee continues to decrease. The sales tax decreased 3.75% and the expanded lottery tax decreased 1.58%. There was an increase in contributed capital of \$6,692,162. This was explained in the previous section talking about the increase in assets, because of the addition of the depot assets per an agreement with the Depot Theater Company. The most notable changes in the program expenses were the culture and recreation expenses. This area increased in the sales tax projects funds due to increased expenses at the Special Events Center. Over all the expenses in the Governmental activities decreased. The Business-type activities, the program revenue increased slightly and the expenses decreased slightly resulting in an increase in the changes of net assets.

Governmental Activities

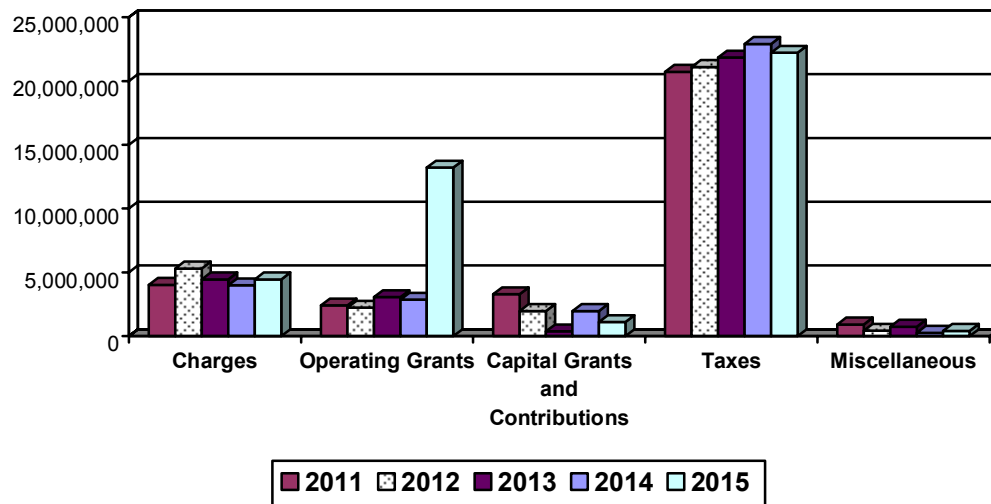
The most significant governmental activities are general government, public safety, public works, culture and recreation and community services. The main sources of revenue are property taxes, sales tax, franchise fees, charges for services, other governmental revenue and taxes, and operating grants and contributions. Total governmental revenues for the year were \$48,107,944, and total expenses were \$36,889,939. The percentage increase in revenue was 50.48% (because of contributed capital, while the total decrease in expense was .68%.

THE CITY AS A WHOLE (CONTINUED)

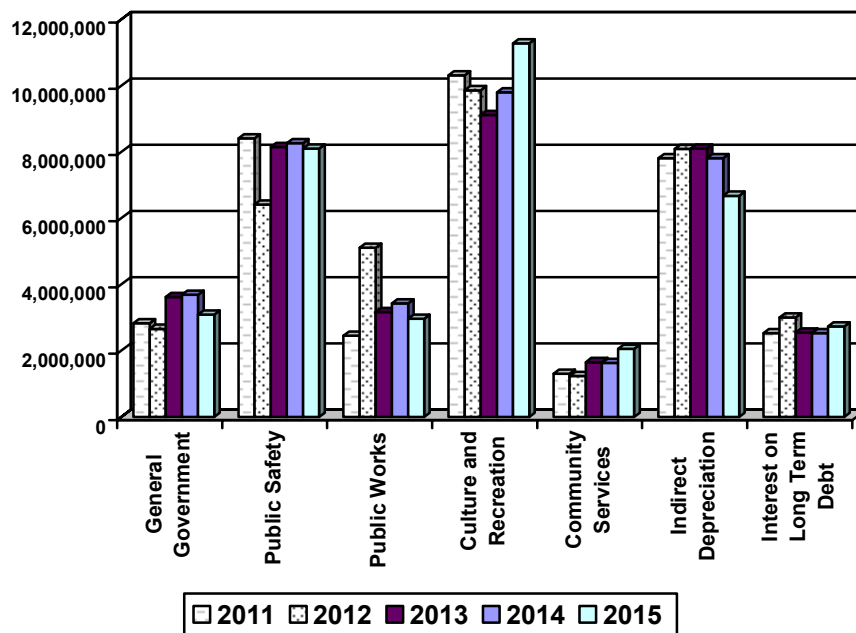
Governmental Activities (continued)

The following charts reflect a comparison among all the governmental sources of revenue and expense categories for the years ended December 31, 2015, 2014, 2013, 2012, and 2011 based on the information included in the government-wide financial statements.

Governmental Activities - Revenues



Governmental Activities - Expenses



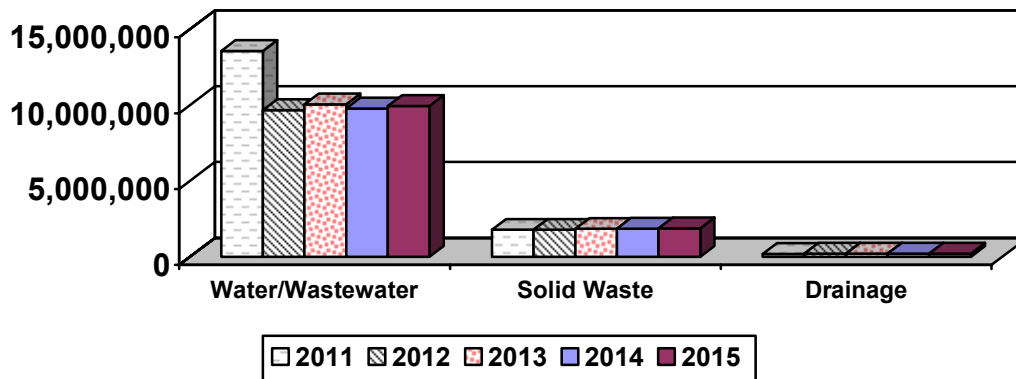
THE CITY AS A WHOLE (CONTINUED)

Business-Type Activities

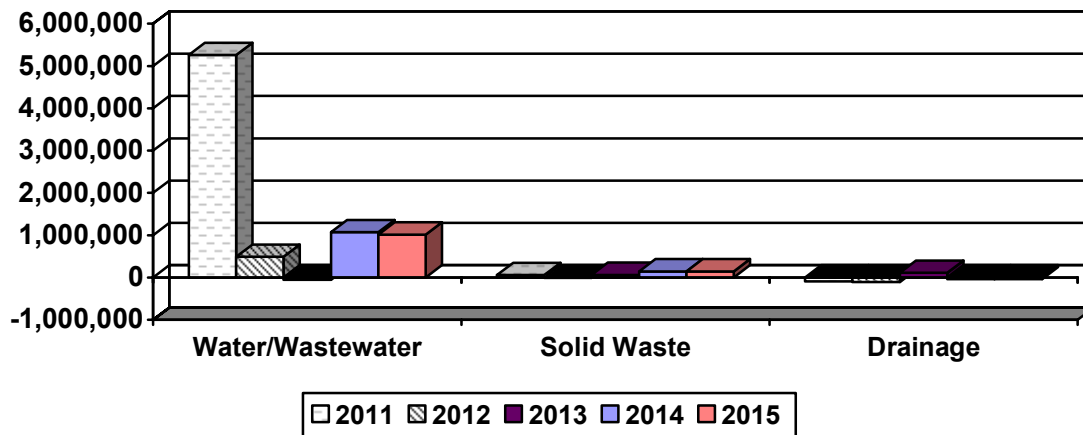
The business-type activities of the City are the water/wastewater, solid waste, and drainage utilities. These activities derive most of their revenue from charges for services. Total business-type program revenues are \$12,032,932 and operating expenses are \$10,645,825.

The charts below compare program revenues and changes in net assets for the years ended December 31, 2015, 2014, 2013, 2012, and 2011 based on the information included in the government-wide financial statements.

Business-Type Activities - Program Revenues



**Business Type Activities -
Change in Net Assets before Transfers**



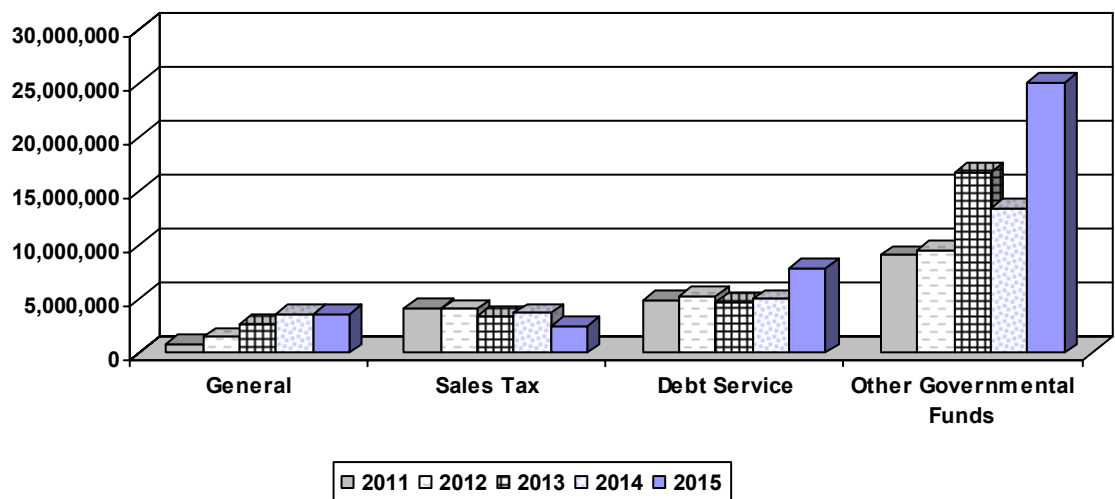
THE CITY'S FUND BALANCES

Governmental Activities

As the City completed the year, the governmental funds reported a combined fund balance of \$33,782,448, as reflected in the Balance Sheet - Governmental Funds. This balance represents an increase of \$8,090,617 (31.50%) from last year's ending balance. This increase in fund balance is primarily due to the addition of two project funds; the water park project fund and the star bond project fund. A concerted effort has been made to increase the fund balances, with the exception of project funds, to a level that would cover future replacement costs as well as a target of 15-25% of current budgeted expenses in the general fund to be able to fund operations at all times, especially if an emergency situation would exist.

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

Governmental Fund Balances



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

The percentage of revenue that funded the General Fund in 2015 is sales tax at 36.91%, property tax at 34.66%, franchise fees at 13.65%, licenses, charges and rentals at 6.85%, fines at 7.68% with other revenues representing the remainder of the funding. General Fund revenue was down from 2014, with a 2.91% decrease.

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

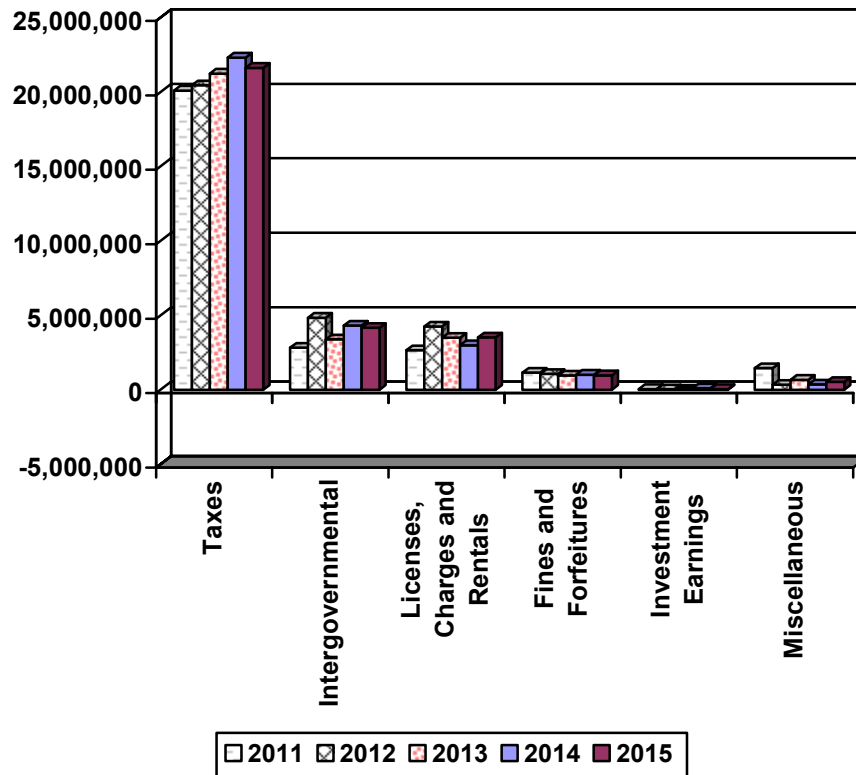
Year	% of Property Tax Collected compared to the amount Levied	% of Property Tax Collected plus Delinquent amount compared to the amount Levied
2011	101.71%	104.46%
2012	96.56%	99.34%
2013	96.64%	106.50%
2014	100.97%	103.97%
2015	100.01%	109.03%

THE CITY'S FUND BALANCES (CONTINUED)

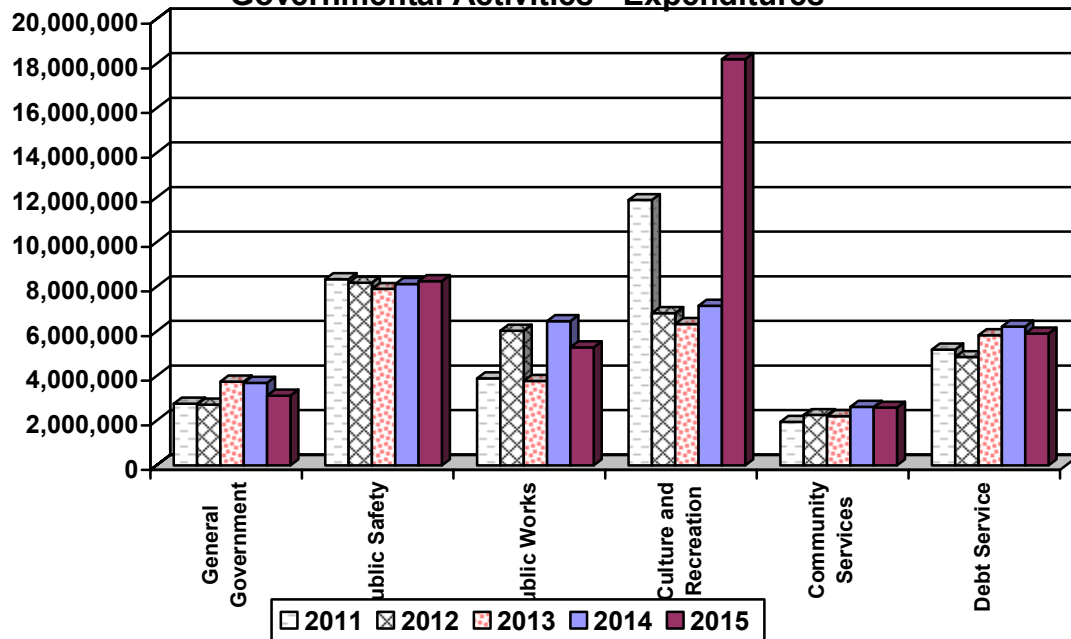
Governmental Activities (continued)

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

Governmental Activities - Revenues



Governmental Activities - Expenditures



BUDGETARY HIGHLIGHTS

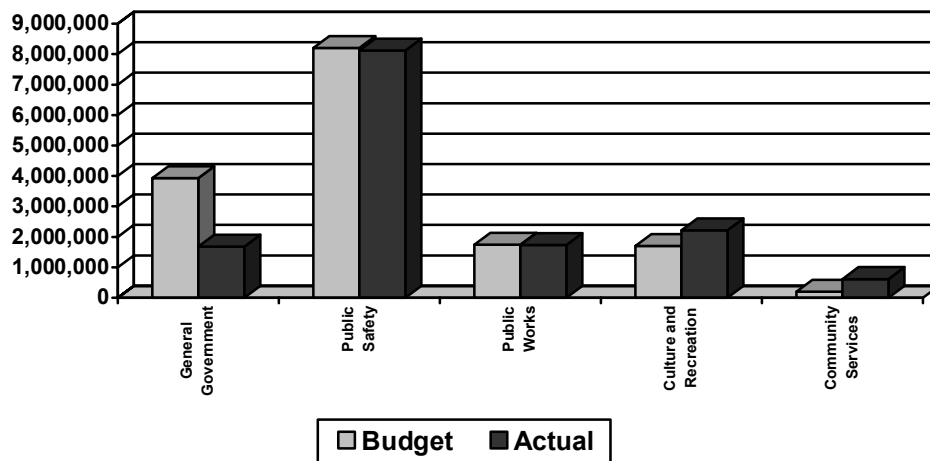
The governmental funds included in the published budget are the General Fund, Special Liability, Library, Library Employee Benefits, Sales Tax, Convention and Visitors, Special Streets and Highways, Special Park and Recreation, Special Alcohol and Drug, Alcohol and Drug Safety Action, All 4 Fun, GO Bond and Interest Funds, and Development and Growth. Budgeted business-type funds are as follows: Water/Wastewater, Solid Waste and Drainage Utility Funds. The internal service fund is the Vehicle Maintenance Fund.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. Budgets were amended for the following funds:

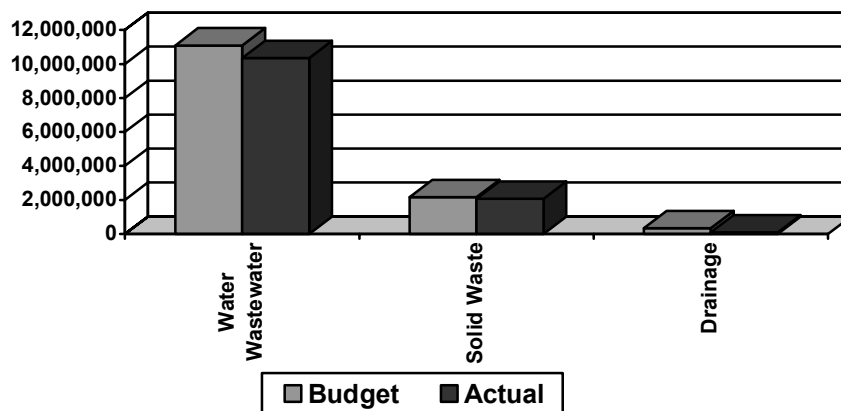
	Original budget	Amended budget
Sales Tax Fund – Special Projects	\$ 5,452,080	\$ 7,300,156
Special Streets and Highways	704,230	1,035,000
Drainage	225,835	331,000
Transportation	321,360	355,125

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

General Fund Comparison to Budget 2015



Enterprise Funds Comparison to Budget 2015



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City has invested \$176 million in capital assets (net of depreciation). Approximately 63.87% of this investment is related to governmental activities and includes infrastructure, buildings, equipment and land. Governmental capital assets increased by approximately 9.23%, while capital assets held for business-type activities decreased 2.23% from the previous year. Capital assets held by the City at the end of the current and previous year is summarized as follows:

Capital Assets (Net of Depreciation, in Thousands)						
	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,993	\$ 5,582	\$ 1,527	\$ 1,527	\$ 7,520	\$ 7,109
Buildings and improvements	50,211	45,003	23,824	23,439	74,035	68,442
Machinery and equipment	10,595	11,473	749	825	11,344	12,298
Infrastructure	33,997	35,247	35,611	36,495	69,608	71,742
Water rights	-	-	2,974	3,037	2,974	3,037
Construction in progress	10,202	4,313	-	835	10,202	5,148
Totals	<u>\$ 110,998</u>	<u>\$ 101,618</u>	<u>\$ 64,685</u>	<u>\$ 66,158</u>	<u>\$ 175,683</u>	<u>\$ 167,776</u>

The City of Dodge City has a five-year capital improvement program, which includes the street program, and a five year municipal equipment replacement program. In each program, capital improvements are completed annually, equipment is scheduled for replacement, and street improvements are completed annually. The additions to the capital assets in the governmental funds are a result of improvements scheduled during the year. Vehicles were replaced according to the schedule in the Police, Fire, Parks, Golf Course, Public Transportation, Inspection and Athletic Field Maintenance. Other capital improvements in the Governmental funds include the airport parking lot and street reconstruction projects: 14th Avenue from Country Acres to Ross, Trail Street from 2nd Ave to 14th Ave., Marsha Lane from Fairway Drive to Robin Road, and other smaller resurfacing and reconstruction projects. The addition of the Depot building and furnishings contributed to the capital additions in the Governmental funds. The capital improvements in the Business-type activities include: Fairway Drive drainage project, Wright Street drainage improvement project, 14th Ave. retaining wall and the screening building at the Wastewater Treatment Plant.

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

Long-Term Liabilities

At the end of the current year, the City had long-term liabilities related to governmental activities of \$68,174,318. This includes \$20,646,400 in general obligation bonds, \$548,041 in capital lease obligations, \$90,000 in notes payable, \$869,877 in compensated absences, and \$46,020,000 in revenue bonds.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities (continued)

The total amount of debt related to business-type activities at the end of the current year was \$37,192,926.

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

Long-Term Obligations

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
General obligation bonds	\$ 20,646,400	\$ 22,941,800	\$ 16,483,600	\$ 17,838,200	\$ 37,130,000	\$ 40,780,000
Capital lease obligations	548,041	742,706	-	-	548,041	742,706
Notes payable	90,000	190,000	-	-	90,000	190,000
Compensated absences	869,877	887,177	126,611	122,413	996,488	1,009,590
Revenue bonds	46,020,000	37,070,000	-	-	46,020,000	37,070,000
Other obligations	-	-	20,582,715	21,316,574	20,582,715	21,316,574
Totals	<u>\$ 68,174,318</u>	<u>\$ 61,831,683</u>	<u>\$ 37,192,926</u>	<u>\$ 39,277,187</u>	<u>\$ 105,367,244</u>	<u>\$ 101,108,870</u>

RELEVANT CURRENT ECONOMIC FACTORS, DECISIONS AND CONDITIONS

Expenses, such as employee costs, utilities, and commodities continue to increase. The use type taxes including the sales tax, transient guest tax and expanded lottery tax, decreased from the prior year by 2.93%. Other revenue sources have remained stable. The City continues to maintain quality services. The General Fund fund balance remained relatively the same from 2014.

The City of Dodge City has received a STAR Bond designation from the State of Kansas. The ideal outcome of this designation is to assist in attracting retail development to Dodge City. This entails a retail district as well as the historic downtown district. The City continues to work on the Main Street project which may increase the viability of the downtown district. Included in this district is a regional outdoor waterpark. Construction of this water park was completed and opened in May, 2016. In addition, the construction of a new motel and restoration of an historic building for a restaurant and banquet facilities began in early 2016. A Ford automobile dealership was updated and expanded and is included in this district. Landscaping, parking lots and the addition to the historic Boot Hill Museum will complete the Historic District STAR bond area. The City continues to work on several housing projects to improve the number and quality of the housing stock in Dodge City and authorizes incentives when necessary. Because of wind farm development in Ford County and existing business growth, the community continues to see modest growth.

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

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

Dodge City/Ford County Development Corporation
311 W. Spruce
Dodge City, KS 67801

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

BASIC FINANCIAL STATEMENTS

CITY OF DODGE CITY, KANSAS

STATEMENT OF NET POSITION

December 31, 2015

	Primary government			Component units
	Governmental activities	Business-type activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 10,775,005	\$ 4,489,068	\$ 15,264,073	\$ 1,217,488
Investments	-	-	-	584,589
Property taxes receivable	7,765,281	-	7,765,281	-
Receivables, net	1,574,140	645,280	2,219,420	101,832
Due from other governments	236,330	-	236,330	-
Inventories	112,833	507,592	620,425	321,129
Notes receivable	-	-	-	173,194
Prepaid expense	-	-	-	9,433
Restricted cash and investments	23,376,741	736,294	24,113,035	-
Capital assets, net	110,998,209	64,684,812	175,683,021	8,993,473
Other noncurrent assets	-	-	-	17,368
Total assets	154,838,539	71,063,046	225,901,585	11,418,506
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension	409,000	14,249	423,249	31,646
<u>LIABILITIES</u>				
Accounts payable	1,302,889	347,308	1,650,197	79,882
Salaries and benefits payable	291,233	47,242	338,475	-
Accrued interest payable	411,447	371,970	783,417	556,611
Other accrued liabilities	-	711,446	711,446	3,822
Deferred revenue	-	-	-	151,135
Compensated absences payable	872,549	126,611	999,160	117,384
Net pension liability	9,720,440	778,767	10,499,207	837,135
Noncurrent liabilities:				
Due within one year	4,133,384	2,442,790	6,576,174	-
Due in more than one year	64,884,487	34,623,524	99,508,011	762,000
Total liabilities	81,616,429	39,449,658	121,066,087	2,507,969
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Property taxes	7,765,281	-	7,765,281	-
Deferred gain on refunding	133,190	272,224	405,414	-
Contractual obligations	448,799	-	448,799	-
Pension	723,920	74,760	798,680	79,210
Total deferred inflows of resources	9,071,190	346,984	9,418,174	79,210
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	47,149,259	27,618,496	74,767,755	8,231,473
Restricted (expendable):				
Debt service	6,065,113	-	6,065,113	-
Construction	3,118,723	-	3,118,723	-
Projects	7,185,126	-	7,185,126	-
Prospects and housing	-	-	-	16,743
Unrestricted	1,041,699	3,662,157	4,703,856	614,757
Total net position	\$ 64,559,920	\$ 31,280,653	\$ 95,840,573	\$ 8,862,973

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

CITY OF DODGE CITY, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2015

Functions/programs	Expenses	Program revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
General government	\$ 3,088,177	\$ 211,813	\$ 10,766,642	\$ 11,655
Public safety	8,100,675	1,238,640	12,306	13,429
Public works	2,963,345	224,901	1,131,208	716,886
Culture and recreation	11,276,551	2,628,914	197,968	167,747
Community services	2,055,699	139,716	1,110,731	190,544
Indirect depreciation	6,676,520	-	-	-
Interest on long-term debt	2,728,972	-	-	-
Total governmental activities	36,889,939	4,443,984	13,218,855	1,100,261
Business-type activities:				
Water/wastewater	8,796,812	9,124,346	825,769	-
Solid waste	1,734,425	1,867,900	-	-
Drainage	114,588	214,917	-	-
Total business-type activities	10,645,825	11,207,163	825,769	-
Total primary government	\$ 47,535,764	\$ 15,651,147	\$ 14,044,624	\$ 1,100,261
Component units	\$ 3,990,793	\$ 995,360	\$ 1,291,637	\$ 22,800

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes and special assessments, levied for debt service

Sales taxes

Franchise taxes

Expanded lottery taxes

Grants and contributions not restricted to specific programs

Contributed capital, net

Investment earnings

Transfers

Miscellaneous

Total general revenues, special items, and transfers

Change in net assets

Net position - beginning

Prior period adjustments

Net position - ending

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

Changes in net position			
Primary government			
Governmental activities	Business-type activities	Total	Component units
\$ 7,901,933	\$ -	\$ 7,901,933	\$ -
(6,836,300)	-	(6,836,300)	-
(890,350)	-	(890,350)	-
(8,281,922)	-	(8,281,922)	-
(614,708)	-	(614,708)	-
(6,676,520)	-	(6,676,520)	-
(2,728,972)	-	(2,728,972)	-
(18,126,839)	-	(18,126,839)	-
-	1,153,303	1,153,303	-
-	133,475	133,475	-
-	100,329	100,329	-
-	1,387,107	1,387,107	-
(18,126,839)	1,387,107	(16,739,732)	-
-	-	-	(1,680,996)
6,552,208	-	6,552,208	-
2,574,871	-	2,574,871	-
10,775,139	-	10,775,139	-
1,719,096	-	1,719,096	-
594,813	-	594,813	-
143,518	-	143,518	-
6,692,351	15,065	6,707,416	-
34,010	69,728	103,738	4,059
(144,869)	(1,118,050)	(1,262,919)	1,262,919
403,707	-	403,707	8,622
29,344,844	(1,033,257)	28,311,587	1,275,600
11,218,005	353,850	11,571,855	(405,396)
54,635,591	31,346,615	85,982,206	9,268,369
(1,293,676)	(419,812)	(1,713,488)	-
<u>\$ 64,559,920</u>	<u>\$ 31,280,653</u>	<u>\$ 95,840,573</u>	<u>\$ 8,862,973</u>

CITY OF DODGE CITY, KANSAS
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2015

	<u>General</u>	<u>Sales tax</u>
<u>ASSETS</u>		
Cash and investments	\$ 3,107,817	\$ -
Property taxes receivable	4,017,799	-
Sales taxes receivable	392,750	392,750
Due from other governments	-	-
Other receivables	431,332	4,812
Due from other funds	370,563	-
Inventories	38,978	-
Restricted cash and investments	-	2,158,944
Total assets	\$ 8,359,239	\$ 2,556,506
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 510,128	\$ 2,577
Payroll liabilities	258,534	4,064
Due to other funds	-	-
Total liabilities	768,662	6,641
Deferred inflows of resources:		
Property tax	4,017,799	-
Contractual obligations	-	-
Revolving loans	-	-
Total deferred inflows of resources:	4,017,799	-
Fund balances:		
Nonspendable:		
Endowment	-	-
Inventory	38,978	-
Long-term receivables	-	-
Restricted:		
Debt service	-	-
Capital projects	-	-
Grants	-	-
Committed:		
Projects	-	2,549,865
Assigned:		
Encumbrances	1,000	-
Other capital expenditures	-	-
Community service and promotion	-	-
Other purposes	-	-
Designated for subsequent year's expenditures	2,338,502	-
Unassigned	1,194,298	-
Total fund balances	3,572,778	2,549,865
Total liabilities, deferred inflows of resources and fund balances	\$ 8,359,239	\$ 2,556,506

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

Water park project fund	Star bond project fund	Other governmental funds	Total governmental funds
\$ -	\$ -	\$ 12,634,885	\$ 15,742,702
-	-	3,747,482	7,765,281
-	-	-	785,500
-	-	283,179	283,179
-	-	305,648	741,792
-	-	-	370,563
-	-	56,304	95,282
2,602,885	6,231,793	7,391,935	18,385,557
<u>\$ 2,602,885</u>	<u>\$ 6,231,793</u>	<u>\$ 24,419,433</u>	<u>\$ 44,169,856</u>
\$ 423,991	\$ -	\$ 345,757	\$ 1,282,453
-	-	26,145	288,743
-	-	370,563	370,563
<u>423,991</u>	<u>-</u>	<u>742,465</u>	<u>1,941,759</u>
-	-	3,747,482	7,765,281
-	-	448,799	448,799
-	-	231,569	231,569
<u>-</u>	<u>-</u>	<u>4,427,850</u>	<u>8,445,649</u>
-	-	100,000	100,000
-	-	-	38,978
-	-	305,178	305,178
-	-	6,065,113	6,065,113
2,178,894	6,231,793	1,326,822	9,737,509
-	-	50,816	50,816
-	-	-	2,549,865
-	-	161,621	162,621
-	-	6,800,336	6,800,336
-	-	187,902	187,902
-	-	1,479,348	1,479,348
-	-	3,183,467	5,521,969
-	-	(411,485)	782,813
<u>2,178,894</u>	<u>6,231,793</u>	<u>19,249,118</u>	<u>33,782,448</u>
<u>\$ 2,602,885</u>	<u>\$ 6,231,793</u>	<u>\$ 24,419,433</u>	<u>\$ 44,169,856</u>

CITY OF DODGE CITY, KANSAS

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

December 31, 2015

Total fund balances on the balance sheet	\$ 33,782,448
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Amounts reported for governmental activities in the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements.	110,998,209
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Certain liabilities are not required to be accrued in the fund financial statements.	(411,447)
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Only the current portion of compensated absences is shown as an expenditure in the fund financial statements.	(872,549)
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Economic development revolving loans are considered deferred revenue in the fund financial statements.	231,569
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Long-term liabilities, including bonds payable and deferred gain on refunding, are not due and payable in the current period and therefore are not reported in the fund financial statements.	(69,151,061)
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Net pension liability, including deferred outflows and inflows, is not due and payable in the current period and therefore is not reported in the fund financial statements.	(10,035,360)
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Internal service funds are used by management to charge the costs of certain activities, such as vehicle maintenance, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	18,109
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Rounding.	<u>2</u>
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Net position of governmental activities	<u><u>\$ 64,559,920</u></u>
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CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2015

	<u>General</u>	<u>Sales tax</u>
Revenue:		
Taxes	\$ 10,732,085	\$ 5,827,505
Intergovernmental	128,707	-
Licenses, fees and permits	269,069	-
Charges for services	592,792	-
Insurance recovery	-	-
Rentals	202,264	11,612
Fines and forfeitures	966,740	-
Investment earnings	7,527	2,345
Contribution from property owners	-	-
Miscellaneous	60,025	-
	<u>12,959,209</u>	<u>5,841,462</u>
Total revenue		
Expenditures:		
General government	1,664,133	-
Public safety	8,016,165	-
Public works	1,611,596	-
Culture and recreation	2,092,316	798,447
Community services	566,048	-
Debt service:		
Principal	-	-
Interest and commissions	-	-
	<u>13,950,258</u>	<u>798,447</u>
Total expenditures		
Excess (deficiency) of revenue over expenditures	<u>(991,049)</u>	<u>5,043,015</u>
Other financing sources (uses):		
Debt issue proceeds	-	-
Transfers in	1,418,050	-
Transfers out	(443,262)	(6,202,286)
Transfers to component units	-	-
Total other financing sources and uses	<u>974,788</u>	<u>(6,202,286)</u>
Net change in fund balances	(16,261)	(1,159,271)
Fund balances, beginning of year	<u>3,589,039</u>	<u>3,709,136</u>
Fund balances, end of year	<u>\$ 3,572,778</u>	<u>\$ 2,549,865</u>

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

Water park project fund	Star bond project fund	Other governmental funds	Total governmental funds
\$ -	\$ -	\$ 5,061,724	\$ 21,621,314
-	-	4,026,785	4,155,492
-	-	-	269,069
-	-	2,401,506	2,994,298
-	-	26,762	26,762
-	-	-	213,876
-	-	-	966,740
-	-	24,138	34,010
-	10,663,750	-	10,663,750
-	77,131	379,847	517,003
-	10,740,881	11,920,762	41,462,314
-	-	1,459,958	3,124,091
-	-	235,677	8,251,842
-	-	3,684,592	5,296,188
7,821,106	3,627,010	3,865,104	18,203,983
-	-	2,021,466	2,587,514
-	-	-	-
-	-	3,185,400	3,185,400
-	-	2,727,299	2,727,299
7,821,106	3,627,010	17,179,496	43,376,317
(7,821,106)	7,113,871	(5,258,734)	(1,914,003)
-	-	10,149,489	10,149,489
10,000,000	-	8,160,834	19,578,884
-	(882,078)	(10,933,208)	(18,460,834)
-	-	(1,262,919)	(1,262,919)
10,000,000	(882,078)	6,114,196	10,004,620
2,178,894	6,231,793	855,462	8,090,617
-	-	18,393,656	25,691,831
\$ 2,178,894	\$ 6,231,793	\$ 19,249,118	\$ 33,782,448

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2015

Net change in fund balances, total governmental funds	\$ 8,090,617
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Capital assets:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.	(494,725)
Contributed capital for donated assets is a revenue in the statement of activities.	10,039,099
Long-term liabilities:	
Long-term liabilities are reported in the statement of net assets. This is the amount by which repayments exceeded proceeds.	(6,864,089)
Amortization of deferred amounts.	96,567
Accrued interest is an expense in the statement of activities.	(1,622)
Capital lease payments are recorded as expenditures in the fund financial statements.	31,436
Other:	
Principal received on economic development revolving loans provides current financial resources to governmental funds, and loans made are included in expenditures. This is the amount by which principal repayments exceeded loans made.	(54,534)
Only the current portion of compensated absences is shown as an expenditure in the fund financial statements.	14,973
Change in net pension liability, including deferred outflows and inflows.	360,207
Internal service funds are used by management to charge the cost of certain activities, such vehicle maintenance, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	76
Change in net position of governmental activities	<u>\$ 11,218,005</u>

CITY OF DODGE CITY, KANSAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS

December 31, 2015

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,424,059	\$ 739,162
Receivables, net	536,538	97,080
Inventories	507,592	-
Total current assets	4,468,189	836,242
Noncurrent assets:		
Restricted cash and cash equivalents	736,294	-
Capital assets:		
Land	1,508,692	18,200
Buildings and improvements	37,027,764	64,804
Furniture and equipment	3,928,433	2,610,160
Utility systems	49,578,356	-
Water rights	3,542,614	-
Less accumulated depreciation and amortization	(31,710,004)	(2,583,862)
Total noncurrent assets	64,612,149	109,302
Total assets	69,080,338	945,544
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension	8,437	5,391
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	280,240	66,806
Payroll liabilities	27,704	18,094
Accrued interest payable	371,970	-
GO bonds payable	388,750	-
Revenue bonds payable	1,020,000	-
Loan payable	1,034,040	-
Total current liabilities	3,122,704	84,900
Noncurrent liabilities:		
GO bonds payable	5,714,850	-
Revenue bonds payable	9,360,000	-
Loan payable	19,548,674	-
Deferred gain on bond refunding	272,224	-
Bond premium	711,446	-
Compensated absences payable	53,268	71,588
Net pension liability	461,133	294,620
Total noncurrent liabilities	36,121,595	366,208
Total liabilities	39,244,299	451,108

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 325,847	\$ 4,489,068	\$ 23,487
11,662	645,280	-
-	507,592	17,551
337,509	5,641,940	41,038
-	736,294	-
-	1,526,892	-
-	37,092,568	-
4,865	6,543,458	66,470
1,236,495	50,814,851	-
-	3,542,614	-
(541,705)	(34,835,571)	(65,208)
699,655	65,421,106	1,262
1,037,164	71,063,046	42,300
421	14,249	-
262	347,308	20,439
1,444	47,242	2,490
-	371,970	-
-	388,750	-
-	1,020,000	-
-	1,034,040	-
1,706	3,209,310	22,929
-	5,714,850	-
-	9,360,000	-
-	19,548,674	-
-	272,224	-
-	711,446	-
1,755	126,611	12,613
23,014	778,767	-
24,769	36,512,572	12,613
26,475	39,721,882	35,542

CITY OF DODGE CITY, KANSAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS (CONTINUED)

December 31, 2015

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Pension	\$ 44,268	\$ 28,284
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	26,809,540	109,301
Restricted (expendable):		
Debt service	-	-
Unrestricted	2,990,668	362,242
Total net position	\$ 29,800,208	\$ 471,543

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

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 2,208	\$ 74,760	\$ -
699,655	27,618,496	1,262
-	-	-
309,247	3,662,157	5,496
\$ 1,008,902	\$ 31,280,653	\$ 6,758

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2015

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Operating revenue:		
Charges for services	\$ 9,124,346	\$ 1,867,900
Operating expenses:		
Personal services	1,307,369	861,679
Contractual services	3,807,607	485,888
Repairs and maintenance	205,294	98,719
Other supplies and expenses	451,465	197,904
Capital outlay	167,885	6,851
Other expense	10,582	7,261
Depreciation	1,709,993	76,123
Total operating expense	7,660,195	1,734,425
Operating income (loss)	1,464,151	133,475
Nonoperating revenue (expense):		
Operating grants	825,769	-
Interest and investment revenue	68,697	752
Interest expense	(1,136,617)	-
Total nonoperating revenue (expense)	(242,151)	752
Income (loss) before other revenue, expenses and transfers	1,222,000	134,227
Other revenue, expenses and transfers:		
Contributed capital, net	15,065	-
Transfers out	(897,570)	(182,680)
Change in net assets	339,495	(48,453)
Total net position beginning of year	29,880,525	519,996
Prior period adjustments	(419,812)	-
Total net position end of year	\$ 29,800,208	\$ 471,543

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

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
<u>\$ 214,917</u>	<u>\$ 11,207,163</u>	<u>\$ 390,675</u>
66,543	2,235,591	116,272
2,940	4,296,435	5,391
-	304,013	62,240
308	649,677	205,971
2,029	176,765	-
490	18,333	-
<u>42,278</u>	<u>1,828,394</u>	<u>914</u>
<u>114,588</u>	<u>9,509,208</u>	<u>390,788</u>
<u>100,329</u>	<u>1,697,955</u>	<u>(113)</u>
-	825,769	-
279	69,728	-
<u>-</u>	<u>(1,136,617)</u>	<u>-</u>
<u>279</u>	<u>(241,120)</u>	<u>-</u>
100,608	1,456,835	(113)
-	15,065	700
<u>(37,800)</u>	<u>(1,118,050)</u>	<u>-</u>
62,808	353,850	587
946,094	31,346,615	6,171
<u>-</u>	<u>(419,812)</u>	<u>-</u>
<u><u>\$ 1,008,902</u></u>	<u><u>\$ 31,280,653</u></u>	<u><u>\$ 6,758</u></u>

CITY OF DODGE CITY, KANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

Year ended December 31, 2015

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Cash flows from operating activities:		
Receipts from customers	\$ 9,085,122	\$ 1,869,928
Payments for goods and services	(4,938,175)	(767,685)
Payments to employees	(1,345,782)	(854,292)
Net cash provided (used) by operating activities	2,801,165	247,951
Cash flows from noncapital financing activities:		
Operating grants	825,769	-
Operating subsidies to other funds	(897,570)	(182,680)
Net cash provided (used) by noncapital financing activities	(71,801)	(182,680)
Cash flows from capital and related financing activities:		
Purchases of capital assets	(207,145)	(23,502)
Principal paid on capital debt	(2,088,459)	-
Interest paid on capital debt	(1,252,770)	-
Net cash provided (used) by capital and related financing activities	(3,548,374)	(23,502)
Cash flows from investing activities:		
Interest and dividends	68,697	752
Net increase (decrease) in cash and cash equivalents	(750,313)	42,521
Balances, beginning of year	4,910,666	696,641
Balances, end of year	\$ 4,160,353	\$ 739,162
Cash and cash equivalents	\$ 3,424,059	\$ 739,162
Restricted cash and cash equivalents	736,294	-
Total balance, end of year	\$ 4,160,353	\$ 739,162

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 215,404	\$ 11,170,454	\$ 390,675
(9,988)	(5,715,848)	(270,123)
(64,937)	(2,265,011)	(115,134)
140,479	3,189,595	5,418
-	825,769	-
(37,800)	(1,118,050)	-
(37,800)	(292,281)	-
(109,813)	(340,460)	-
-	(2,088,459)	-
-	(1,252,770)	-
(109,813)	(3,681,689)	-
279	69,728	-
(6,855)	(714,647)	5,418
332,702	5,940,009	18,069
<u>\$ 325,847</u>	<u>\$ 5,225,362</u>	<u>\$ 23,487</u>
\$ 325,847	\$ 4,489,068	\$ 23,487
-	736,294	-
<u>\$ 325,847</u>	<u>\$ 5,225,362</u>	<u>\$ 23,487</u>

CITY OF DODGE CITY, KANSAS

STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS

Year ended December 31, 2015

	Business-type activities Enterprise funds	
	<u>Water/ wastewater</u>	<u>Solid waste</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,464,151	\$ 133,475
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,709,993	76,123
Change in assets and liabilities:		
Receivables, net	(39,224)	2,028
Inventories	58,748	-
Pension deferred outflows	(8,437)	(5,391)
Accounts and other payables	(362,320)	43,688
Net pension liability	32,116	30,221
Pension deferred inflows	(53,862)	(32,193)
Net cash provided (used) by operating activities	<u>\$ 2,801,165</u>	<u>\$ 247,951</u>
Noncash transaction:		
Contributed capital	<u>\$ 15,065</u>	<u>\$ -</u>

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

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 100,329	\$ 1,697,955	\$ (113)
42,278	1,828,394	914
487	(36,709)	-
-	58,748	(1,687)
(421)	(14,249)	-
(4,488)	(323,120)	6,304
4,355	66,692	-
(2,061)	(88,116)	-
<u>\$ 140,479</u>	<u>\$ 3,189,595</u>	<u>\$ 5,418</u>
<u>\$ -</u>	<u>\$ 15,065</u>	<u>\$ -</u>

CITY OF DODGE CITY, KANSAS

STATEMENT OF NET POSITION MAJOR COMPONENT UNITS

December 31, 2015

	Dodge City Public Library	Dodge City- Ford County Development Corporation	Dodge City Housing Authority	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 708,128	\$ 324,476	\$ 184,884	\$ 1,217,488
Investments	-	-	584,589	584,589
Accounts receivable, net	-	-	57,945	57,945
Grants receivable, net	-	43,887	-	43,887
Inventory	-	281,011	40,118	321,129
Notes receivable	-	113,992	59,202	173,194
Prepaid expense	-	-	9,433	9,433
Other noncurrent assets	-	17,368	-	17,368
Capital assets, net	880,620	1,063,131	7,049,722	8,993,473
Total assets	1,588,748	1,843,865	7,985,893	11,418,506
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension	18,636	-	13,010	31,646
<u>LIABILITIES</u>				
Accounts payable	21,104	-	58,778	79,882
Accrued interest payable	-	556,611	-	556,611
Compensated absences payable	78,210	24,928	14,246	117,384
Deposits and deferred revenue	-	90,978	60,157	151,135
Other accrued liabilities	-	-	3,822	3,822
Net pension liability	513,715	-	323,420	837,135
Long-term liabilities:				
Due in more than one year	-	762,000	-	762,000
Total liabilities	613,029	1,434,517	460,423	2,507,969
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension	48,162	-	31,048	79,210
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	880,620	301,131	7,049,722	8,231,473
Restricted:				
Temporarily restricted	-	16,743	-	16,743
Unrestricted	65,573	91,474	457,710	614,757
Total net position	\$ 946,193	\$ 409,348	\$ 7,507,432	\$ 8,862,973

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

CITY OF DODGE CITY, KANSAS

STATEMENT OF ACTIVITIES MAJOR COMPONENT UNITS

Year ended December 31, 2015

	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Dodge City Public Library				
Culture and recreation	\$ 1,260,194	\$ 30,040	\$ 52,725	\$ -
Depreciation	93,745	-	-	-
Total Dodge City Public Library	1,353,939	30,040	52,725	-
Dodge City-Ford County Development Corporation				
Community services	599,555	181,285	541,158	9,000
Depreciation	3,014	-	-	-
Total Dodge City-Ford County Development Corporation	602,569	181,285	541,158	9,000
Dodge City Housing Authority				
Operations	1,515,898	784,035	697,754	13,800
Depreciation	518,387	-	-	-
Total Dodge City Housing Authority	2,034,285	784,035	697,754	13,800
Total component units	\$ 3,990,793	\$ 995,360	\$ 1,291,637	\$ 22,800

General revenues:
Investment earnings
Transfer from primary government
Miscellaneous

Total general revenues

Change in net assets
Net position - beginning

Net position - ending

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

Changes in net position			
Dodge City Public Library	Dodge City- Ford County Development Corporation	Dodge City Housing Authority	Totals
\$ (1,177,429)	\$ -	\$ -	\$ (1,177,429)
(93,745)	-	-	(93,745)
(1,271,174)	-	-	(1,271,174)
-	131,888	-	131,888
-	(3,014)	-	(3,014)
-	128,874	-	128,874
-	-	(20,309)	(20,309)
-	-	(518,387)	(518,387)
-	-	(538,696)	(538,696)
(1,271,174)	128,874	(538,696)	(1,680,996)
841	209	3,009	4,059
1,262,919	-	-	1,262,919
3,728	-	4,894	8,622
1,267,488	209	7,903	1,275,600
(3,686)	129,083	(530,793)	(405,396)
949,879	280,265	8,038,225	9,268,369
\$ 946,193	\$ 409,348	\$ 7,507,432	\$ 8,862,973

CITY OF DODGE CITY, KANSAS

BUDGETARY COMPARISON STATEMENT GENERAL FUND

Year ended December 31, 2015

	Budgeted amounts		Actual amounts	Variance with
	Original	Final	(budgetary basis)	final budget
				positive
				(negative)
Budgetary fund balance, beginning of year	\$ 1,861,921	\$ 1,861,921	\$ 2,553,626	\$ 691,705
Resources (inflows):				
Taxes	10,710,136	10,710,136	10,760,397	50,261
Intergovernmental	120,300	120,300	128,707	8,407
Licenses, fees and permits	220,650	220,650	269,069	48,419
Charges for services	720,700	720,700	592,792	(127,908)
Rentals	65,000	65,000	202,264	137,264
Fines and forfeitures	1,037,000	1,037,000	1,084,650	47,650
Investment earnings	20,000	20,000	7,527	(12,473)
Miscellaneous	5,000	5,000	48,764	43,764
Transfers from other funds	1,418,050	1,418,050	1,418,050	-
Amounts available for appropriation	16,178,757	16,178,757	17,065,846	887,089
Charges to appropriations (outflows):				
General government	3,931,135	3,931,135	1,680,351	2,250,784
Public safety	8,201,690	8,201,690	8,115,568	86,122
Public works	1,740,570	1,740,570	1,735,578	4,992
Culture and recreation	1,697,235	1,697,235	2,213,736	(516,501)
Community services	201,865	201,865	611,893	(410,028)
Transfers to other funds	406,262	406,262	-	406,262
Total charges to appropriations	16,178,757	16,178,757	14,357,126	1,821,631
Budgetary fund balance, end of year	\$ -	\$ -	\$ 2,708,720	\$ 2,708,720

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

CITY OF DODGE CITY, KANSAS

BUDGETARY COMPARISON STATEMENT SALES TAX FUND

Year ended December 31, 2015

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 3,530,109	\$ 3,530,109	\$ 3,299,397	\$ (230,712)
Resources (inflows):				
Taxes	5,850,000	5,947,000	5,833,698	(113,302)
Charges for services	23,500	25,000	-	(25,000)
Rentals	-	-	11,612	11,612
Investment earnings	5,000	5,000	2,345	(2,655)
Miscellaneous	-	-	(4,517)	(4,517)
Amounts available for appropriation	<u>9,408,609</u>	<u>9,507,109</u>	<u>9,142,535</u>	<u>(364,574)</u>
Charges to appropriations (outflows):				
Culture and recreation	2,537,080	3,259,060	787,946	2,471,114
Transfers to other funds	<u>2,915,000</u>	<u>4,041,096</u>	<u>6,202,286</u>	<u>(2,161,190)</u>
Total charges to appropriations	<u>5,452,080</u>	<u>7,300,156</u>	<u>6,990,232</u>	<u>309,924</u>
Budgetary fund balance, end of year	<u>\$ 3,956,529</u>	<u>\$ 2,206,953</u>	<u>\$ 2,152,303</u>	<u>\$ (54,650)</u>

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

CITY OF DODGE CITY, KANSAS

BUDGETARY COMPARISON STATEMENT BUDGET TO GAAP RECONCILIATION

Year ended December 31, 2015

	General fund	Sales tax fund
Sources/inflows of resources:		
Actual amounts available for appropriation from the budgetary comparison statement	\$ 17,065,846	\$ 9,142,535
Differences, budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource, but is not a current-year revenue for financial reporting purposes.	(2,553,626)	(3,299,397)
Current year sales tax and other receivable amounts are not a budgetary resource, but they are revenues for financial reporting purposes.	824,082	397,562
Prior year sales tax and other receivable amounts are a budgetary resource, but they are not revenues for financial reporting purposes.	(959,043)	(399,238)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(1,418,050)	-
Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	<u>\$ 12,959,209</u>	<u>\$ 5,841,462</u>
Uses/outflows of resources:		
Actual amounts of charges to appropriations from the budgetary comparison statement	\$ 14,357,126	\$ 6,990,232
Differences, budget to GAAP:		
Current year encumbrances are included as a budgetary outflow.	(1,000)	-
Prior year encumbrances are not included as a budgetary outflow.	41,776	10,500
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes.	-	(6,202,286)
Certain transfers were reclassified to expenditures for budgetary purposes.	(443,262)	-
Inventory purchases are included as a budgetary outflow, but are reported as expense when the inventory is sold for financial reporting purposes.	(4,384)	-
Rounding	2	1
Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	<u>\$ 13,950,258</u>	<u>\$ 798,447</u>

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

NOTES TO FINANCIAL STATEMENTS

CITY OF DODGE CITY, KANSAS
NOTES TO FINANCIAL STATEMENTS

December 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial reporting entity

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

Component units. In conformity with generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity as discretely presented component units.

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

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Financial reporting entity (continued)

Dodge City Housing Authority: The members of the governing board of the Housing Authority are appointed by the City Commission. Although the City does not have the authority to approve or modify the Housing Authority's operational and capital budgets, and the Housing Authority has the authority to issue bonded debt, the City is fiscally responsible for the Housing Authority since it was created as an agent of the City. The Housing Authority uses the accrual basis of accounting and consists of one enterprise fund. The Housing Authority has a fiscal year ending September 30, and the financial data included in the discrete presentation are as of and for the year ended September 30, 2015.

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

Administrative Offices:

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

Dodge City - Ford County Development Corporation
311 W. Spruce
Dodge City, Kansas 67801

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

2. Basic financial statements - government-wide statements

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

3. Basic financial statements - fund financial statements

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

The following funds are used by the City:

a. Governmental Funds:

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

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

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

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

a. Governmental Funds (continued):

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

b. Proprietary Funds:

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

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

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

c. Fiduciary Funds:

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

4. Measurement focus and basis of accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Measurement focus and basis of accounting (continued)

Basis of Accounting (continued)

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

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

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

5. Encumbrances

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

6. Budgetary control

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

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- d. 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. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. Budgets were amended for the following funds:

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Budgetary control (continued)

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
Sales Tax Fund – Special Projects	\$ 5,452,080	\$ 7,300,156
Special Streets and Highways	704,230	1,035,000
Drainage	225,835	331,000
Transportation	321,360	355,125

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

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

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

Special Revenue:

- Building
- Sales Tax Organizations
- Sales Tax Depreciation and Replacement
- Special Law Enforcement Trust
- Economic Development Revolving
- Hoover Trust
- Roof Insurance Repairs
- Medical Insurance Reserve
- Capital Equipment Reserve
- Underage Alcohol Abuse
- DARE
- Fire CPR Training
- Meadowlark House
- Model for Change
- Special Events Center
- SMPC Trust
- Municipal Band
- Sales Tax Event
- Rural Housing Incentive District
- Transient Guest Tax 2%
- Depot

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Pension plan

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

8. Section 125 plan

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

9. Health savings account

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

10. Use of estimates

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

11. Financial statement amounts

a. Pooled cash

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

b. Investments and restricted cash

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Financial statement amounts (continued)

c. Cash and cash equivalents

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

d. Receivables

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

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

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

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

e. Inventories

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

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Financial statement amounts (continued)

f. Capital assets

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

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

12. Deferred outflows of resources

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

13. Deferred inflows of resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an increase in net position that applies to the future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the City's various statements of net position for actual pension plan investment earnings in excess of the expected amounts included in determining pension expense. This deferred inflow of resources is attributed to pension expense over a total of 5 years, including the current year. The City has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. In addition, the City has a deferred gain on refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunded or refunding debt. The City also has contractual obligations reported in the government-wide statement of net position. The contractual obligations will be met in the subsequent period.

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Compensated absences

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

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

15. Government-wide and proprietary fund net position

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

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

16. Governmental fund balances

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. Special assessments

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

18. Interfund activity

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

19. Other post employment benefits

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

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

B. COMPLIANCE WITH KANSAS LAW

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

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by budget. Budgeted and actual expenditures for the year ended December 31, 2015 are as follows:

B. COMPLIANCE WITH KANSAS LAW (CONTINUED)

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 16,178,757	\$ 14,357,126	\$ 1,821,631
Special Liability	847,200	597,912	249,288
Library	968,259	968,259	-
Library Employee Benefits	294,660	294,660	-
Sales Tax	7,300,156	6,990,232	309,924
Convention and Visitors	971,482	944,293	27,189
Special Streets and Highways	1,035,000	677,922	357,078
Special Park and Recreation	90,000	90,000	-
Special Alcohol and Drug	107,000	97,526	9,474
Alcohol and Drug Safety Action	10,669	2,282	8,387
All 4 Fun	100,000	2,949	97,051
Development & Growth	950,000	618,285	331,715
GO Bond and Interest	3,353,220	3,097,316	255,904
Water/Wastewater	11,089,943	10,344,226	745,717
Solid Waste	2,159,347	2,072,101	87,246
Drainage Utility	331,000	93,123	237,877
Vehicle Maintenance	355,125	390,324	(35,199)

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

GO bonds 2015	\$ 198,479
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Although certain special revenue federal grant funds overspent their cash balances, according to K.S.A. 12-1664, the City is not prohibited from financing the federal share of a local program from current funds if available. Funds in the category are as follows:

FAA Parking Lot	\$ 150,000
Minibus Grant 2015-16	14,713

C. DEPOSITS AND INVESTMENTS

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

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

C. DEPOSITS AND INVESTMENTS (CONTINUED)

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. Additionally, K.S.A. 10-131(a)(6) authorizes the City to invest proceeds of bonds in obligations of the Federal National Mortgage Association, Federal Home Loan Banks, or the Federal Home Loan Mortgage Corporation. State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. At year-end the carrying amount of the City's deposits, including certificates of deposit, was \$6,087,231 and the bank balance was \$7,924,949. Of the bank balance, \$1,494,000 was covered by FDIC insurance, and \$6,430,949 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the City's name.

Investments. As of December 31, 2015, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Kansas Municipal Investment Pool	\$21,507,356	(See below)	AAAf
Federal Home Loan Mortgage Corp.	1,355,771	03/18/17	AAA
Federal National Mortgage Assoc.	1,138,509	12/20/17	AAA
Federal Farm Credit Banks	229,632	03/12/18	AAA
Private Exporting Funding Corp.	1,335,478	03/15/19	AAA
Escrow Accounts – Dreyfus	1,535,504	N/A	AAA _m
Money Market Funds – UMB	<u>8,082,795</u>	N/A	AAA _m
	<u>\$35,185,045</u>		

At December 31, 2015, the City had invested \$21,507,356 in the State's Municipal Investment Pool. The Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

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

Credit quality risk. Investment quality ratings given above are per Standard & Poor's, and they are as of December 31, 2015.

Concentration of credit risk. Investment types and percents at cost are as follows: Kansas Municipal Investment Pool 61%, Government Securities 12%, Dreyfus escrow accounts 4%, and UMB money market funds 23%.

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

D. RECEIVABLES

Receivables at December 31, 2015 consist of the following:

	Governmental activities	Business-type activities	Total
Miscellaneous charges receivable	\$ 510,221	\$ 183,442	\$ 693,663
Water charges receivable	-	189,711	189,711
Wastewater charges receivable	-	166,155	166,155
Solid waste charges receivable	-	94,542	94,542
Drainage utility charges receivable	-	11,430	11,430
Loans receivable	231,570	-	231,570
Sales tax receivable	785,500	-	785,500
Expanded lottery tax receivable	46,849	-	46,849
Net receivables	<u>\$ 1,574,140</u>	<u>\$ 645,280</u>	<u>\$ 2,219,420</u>

E. LOANS RECEIVABLE

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

In 2006, the City issued \$70,000 and \$192,500 revolving loans to two local companies from funds paid in retirement of original Community Development Block Grant revolving loans. In 2007, \$35,000 was added to the \$70,000 loan. The loans at six percent are to be repaid over a period of eleven years. At December 31, 2015 the loan balances were \$64,950 and \$27,015, respectively.

In 2007, the City issued a \$90,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six percent is to be repaid over a period of nine years. At December 31, 2015, the loan balance was \$30,251.

In 2008, the City issued a \$75,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six percent is to be repaid over a period of seven years. At December 31, 2015 the loan balance was \$6,460.

In 2010, the City issued a \$30,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six percent is to be repaid over a period of seven years. At December 31, 2015 the loan balance was \$9,108.

In 2011, the City issued a \$21,200 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six percent is to be repaid over a period of seven years. At December 31, 2015 the loan balance was \$7,473.

In 2014, the City issued a \$100,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. The loan at six and one-half percent is to be repaid over a period of seven years. At December 31, 2015 the loan balance was \$86,313.

F. CAPITAL ASSETS

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

	Primary government			
	Beginning balance	Increases	Decreases	Ending balance
Governmental activities:				
Land	\$ 5,582,267	\$ 411,500	\$ 300	\$ 5,993,467
Buildings and improvements	56,470,187	8,355,029	95,146	64,730,070
Machinery and equipment	23,911,409	2,356,780	273,705	25,994,484
Infrastructure	221,964,197	5,427,216	-	227,391,413
Construction in progress	4,312,505	10,257,783	4,367,840	10,202,448
Total capital assets at historical cost	312,240,565	26,808,308	4,736,991	334,311,882
Less accumulated depreciation for:				
Buildings and improvements	11,467,228	3,201,588	149,591	14,519,225
Machinery and equipment	12,437,808	3,167,470	205,142	15,400,138
Infrastructure	186,717,790	6,676,520	-	193,394,310
Total accumulated depreciation	210,622,826	13,045,578	354,733	223,313,673
Governmental activities capital assets, net	<u>\$ 101,617,739</u>	<u>\$ 13,762,730</u>	<u>\$ 4,382,258</u>	<u>\$ 110,998,209</u>

	Primary government			
	Beginning balance	Increases	Decreases	Ending balance
Business-type activities:				
Land	\$ 1,526,892	\$ -	\$ -	\$ 1,526,892
Buildings and improvements	36,169,088	923,480	-	37,092,568
Machinery and equipment	6,444,507	156,781	57,830	6,543,458
Infrastructure	50,705,038	109,813	-	50,814,851
Water rights	3,542,614	-	-	3,542,614
Construction in progress	834,550	88,930	923,480	-
Total capital assets at historical cost	99,222,689	1,279,004	981,310	99,520,383
Less accumulated depreciation/ amortization for:				
Buildings and improvements	12,729,785	538,504	-	13,268,289
Machinery and equipment	5,620,344	232,910	57,958	5,795,296
Infrastructure	14,208,759	995,081	-	15,203,840
Water rights	506,120	62,026	-	568,146
Total accumulated depreciation	33,065,008	1,828,521	57,958	34,835,571
Business-type activities capital assets, net	<u>\$ 66,157,681</u>	<u>\$ (549,517)</u>	<u>\$ 923,352</u>	<u>\$ 64,684,812</u>

Depreciation and amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 51,733
Public safety	257,938
Public works	263,576
Culture and recreation	2,396,663
Community services	51,488
Indirect depreciation	6,676,520
Internal service	914
Total governmental activities	<u>\$ 9,698,832</u>

F. CAPITAL ASSETS (CONTINUED)

Business-type activities:	
Water wastewater	\$ 1,709,993
Solid waste	76,123
Drainage	<u>42,278</u>
Total business-type activities	<u>\$ 1,828,394</u>

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

<u>Dodge City Public Library</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Culture and recreation:				
Land	\$ 338,171	\$ -	\$ -	\$ 338,171
Buildings and improvements	1,965,741	-	-	1,965,741
Furniture and equipment	<u>625,736</u>	<u>4,433</u>	<u>29,264</u>	<u>600,905</u>
Total capital assets at historical cost	<u>2,929,648</u>	<u>4,433</u>	<u>29,264</u>	<u>2,904,817</u>
Less accumulated depreciation for:				
Buildings and improvements	1,461,554	69,107	-	1,530,661
Furniture and equipment	<u>497,772</u>	<u>24,638</u>	<u>28,874</u>	<u>493,536</u>
Total accumulated depreciation	<u>1,959,326</u>	<u>93,745</u>	<u>28,874</u>	<u>2,024,197</u>
Governmental activities capital assets, net	<u>\$ 970,322</u>	<u>\$ (89,312)</u>	<u>\$ 390</u>	<u>\$ 880,620</u>

<u>Development Corporation</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Community services:				
Industrial park land and improvements	\$ 1,053,282	\$ -	\$ -	\$ 1,053,282
Furniture and equipment	<u>66,647</u>	<u>4,077</u>	<u>-</u>	<u>70,724</u>
	1,119,929	4,077	-	1,124,006
Less accumulated depreciation for furniture and equipment	<u>57,861</u>	<u>3,014</u>	<u>-</u>	<u>60,875</u>
Governmental activities capital assets, net	<u>\$ 1,062,068</u>	<u>\$ 1,063</u>	<u>\$ -</u>	<u>\$ 1,063,131</u>

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

<u>Housing Authority</u>	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Community services:				
Land	\$ 363,865	\$ -	\$ -	\$ 363,865
Buildings and equipment	15,464,571	1,563	-	15,466,134
Construction in progress	<u>303,881</u>	<u>13,800</u>	<u>-</u>	<u>317,681</u>
	16,132,317	15,363	-	16,147,680
Less accumulated depreciation for buildings and equipment	<u>8,579,571</u>	<u>518,387</u>	<u>-</u>	<u>9,097,958</u>
Governmental activities capital assets, net	<u>\$ 7,552,746</u>	<u>\$ (503,024)</u>	<u>\$ -</u>	<u>\$ 7,049,722</u>

G. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are used when one fund has an obligation to transfer funds to another. The following is a summary of interfund receivables and payables at December 31, 2015:

<u>Amount</u>	<u>Due to</u>	<u>Due from</u>
\$ 150,000	General Fund	Airport Parking Lot Grant
22,084	General Fund	Minibus Grant
<u>198,479</u>	General Fund	GO bonds 2015
<u>\$ 370,563</u>		

The General Fund made advances to grant funds that operate on a reimbursement basis that will be repaid when the reimbursement is received. The advance to the GO bond project fund was to cover costs incurred prior to the issuance of bonded indebtedness.

H. INTERFUND TRANSACTIONS

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

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

A summary of interfund transfers for 2015 is as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory authority</u>
Transfers:			
General	Capital Equipment	\$ 406,262	K.S.A. 68-141g
General	Municipal Band	37,000	K.S.A. 12-101a
Sales Tax	ST Depreciation and Replacement	345,000	Resolution No. 2009-09
Sales Tax	SEC Revenue Bond Fund	2,606,998	Resolution No. 2009-09
Sales Tax	Special Events Center Fund	1,157,956	Resolution No. 2009-09
Sales Tax	Sales Tax Organizations	710,000	Resolution No. 2009-09
Sales Tax	General	150,000	Resolution No. 2009-09
Sales Tax	Water Park Revenue Bond Fund	1,232,332	Resolution No. 2015-03
Sales Tax Organizations	Depot	250,000	K.S.A. Contract
Development and Growth	GO Bond and Interest	450,000	K.S.A. 12-1,118
Temporary Notes	GO Bond and Interest	16,208	Resolution No. 2012-38
GO Bond & Interest	Water Park Project Fund	10,000,000	Resolution No. 2015-03
Convention & Visitors	General	60,000	K.S.A. 12-825d
Water/wastewater	General	897,570	K.S.A. 12-825d
Solid Waste	General	182,680	K.S.A. 12-825d
Drainage	General	37,800	K.S.A. 12-825d
Special Parks & Rec.	General	90,000	K.S.A. 79-41a04
Convention & Visitors	Sales Tax Organizations	67,000	K.S.A. Contract
Star Bond Project	Development and Growth	<u>882,078</u>	Ordinance No. 3617
		<u>\$ 19,578,884</u>	

A summary of transfers to component units follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Library Fund	Dodge City Public Library	\$ 968,259
Library Employee Benefits Fund	Dodge City Public Library	<u>294,660</u>
		<u>\$1,262,919</u>

I. LONG-TERM LIABILITIES

Long-term obligations

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

	Debt outstanding January 1, 2015	Additions	Retirements and repayments	Debt outstanding December 31, 2015	Interest expense
<u>Governmental activities</u>					
To be paid with tax levies:					
General obligation bonds	\$ 22,941,800	\$ -	\$ 2,295,400	\$ 20,646,400	\$ 785,611
Capital lease obligations	742,706	-	194,665	548,041	17,137
Note payable	190,000	-	100,000	90,000	-
Compensated absences	887,177	63,582	80,882	869,877	-
To be paid with sales tax revenue:					
Revenue bonds	37,070,000	9,840,000	890,000	46,020,000	1,943,360
	<u>61,831,683</u>	<u>9,903,582</u>	<u>3,560,947</u>	<u>68,174,318</u>	<u>2,746,108</u>
<u>Business-type activities</u>					
To be paid with utility revenues:					
General obligation bonds	17,838,200	-	1,354,600	16,483,600	589,259
Loans	21,316,574	611,779	1,345,638	20,582,715	591,768
Compensated absences	122,413	7,637	3,439	126,611	-
	<u>39,277,187</u>	<u>619,416</u>	<u>2,703,677</u>	<u>37,192,926</u>	<u>1,181,027</u>
	<u>\$ 101,108,870</u>	<u>\$ 10,522,998</u>	<u>\$ 6,264,624</u>	<u>\$ 105,367,244</u>	<u>\$ 3,927,133</u>

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

Governmental activities

General obligation bonds:

General obligation bonds are serial bonds to be retired through calendar year 2032. At December 31, 2015 the bonds consist of the following:

	Interest Rates	Maturity dates	Bonds outstanding
Internal improvements, issued December 1, 2008 in the amount of \$1,155,000	3.25% to 4.25%	09-01-18	\$ 390,000
Internal improvements, issued October 7, 2009 in the amount of \$6,280,000	1.75% to 4.25%	09-01-29	3,510,000
Internal improvements, issued August 1, 2012 in the amount of \$14,105,050	2.00% to 4.00%	09-01-32	10,996,400
Internal improvements, Issued December 12, 2013 in the amount of \$6,235,000	2.00% to 4.00%	09-01-28	5,115,000
Internal improvements, Issued December 1, 2014 in the amount of \$675,000	2.00% to 3.25%	09-01-29	<u>635,000</u>
			<u>\$ 20,646,400</u>

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities (continued)

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

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2016	\$ 2,021,250	\$ 736,940	\$ 2,758,190
2017	1,957,100	665,690	2,622,790
2018	2,038,800	614,294	2,653,094
2019	1,969,650	547,569	2,517,219
2020	2,045,500	484,210	2,529,710
2021-2025	7,620,250	1,473,228	9,093,478
2026-2030	2,919,900	446,369	3,366,269
2031-2032	<u>73,950</u>	<u>25,666</u>	<u>99,616</u>
	<u>\$ 20,646,400</u>	<u>\$ 4,993,966</u>	<u>\$ 25,640,366</u>

The amount of long-term debt that can be incurred by the City is limited by K.S.A. 10-308. Total outstanding bonded indebtedness during a year can be no greater than 30% of the assessed value of taxable tangible property as certified to the county clerk on the preceding August 25. As of December 31, 2015, the amount of outstanding bonded indebtedness was equal to 14.58% of property assessments as of July 1, 2014.

Capital leases:

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

	<u>Interest rates</u>	<u>Maturity date</u>	<u>Outstanding balance</u>
Airport Hangar, dated April 5, 2013 in the amount of \$349,878	3.00%	04-05-23	\$ 287,922
Fire Truck, dated April 12, 2013 in the amount of \$427,172	2.00%	03-01-18	<u>260,119</u>
Totals			<u>\$ 548,041</u>

Assets recorded under capital leases were \$777,505 and corresponding accumulated depreciation at December 31, 2015 was \$170,055.

The following is a schedule of future minimum lease payments under capital leases, together with the net present value of the minimum lease payments as of December 31, 2015.

<u>Year ending December 31,</u>	<u>Amount</u>
2016	\$ 130,651
2017	130,655
2018	130,652
2019	41,016
2020	41,016
Thereafter	<u>123,048</u>
	<u>\$ 597,038</u>

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities (continued)

Capital leases (continued):

Total lease payments	\$ 597,038
Less: Amount representing interest	<u>48,997</u>
Present value of lease payments	<u>\$ 548,041</u>

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

Note payable:

The City entered into an agreement during 2006 to purchase \$500,000 of property and equipment, at zero percent interest, with title deeded to the City upon execution of the agreement. The agreement contains a reconveyance option commencing January 1, 2007 and expiring December 31, 2016. The City has the absolute and unconditional right to reconvey the property and equipment back to the seller during the option period. If the City elects to exercise the reconveyance option, it will provide written notice to the seller within 30 days. The seller will retain all payments received prior to the reconveyance and all payments due at the time of such reconveyance.

The following is a schedule of future minimum payments as of December 31, 2015:

2016	<u>\$ 90,000</u>
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Revenue bonds:

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

	<u>Interest rates</u>	<u>Maturity dates</u>	<u>Bonds outstanding</u>
Series 2009 sales tax projects	4.10% to 5.00%	06-01-34	\$ 36,180,000
Series 2015 water park	2.00% to 4.00%	06-01-34	<u>9,840,000</u>
			<u>\$ 46,020,000</u>

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

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2016	\$ 1,310,000	\$ 1,989,590	\$ 3,299,590
2017	1,380,000	1,952,865	3,332,865
2018	1,460,000	1,912,571	3,372,571
2019	1,550,000	1,854,578	3,404,578
2020	1,660,000	1,790,115	3,450,115
2021-2025	10,055,000	7,776,345	17,831,345
2026-2030	13,635,000	5,244,357	18,879,357
2031-2035	<u>14,970,000</u>	<u>1,608,282</u>	<u>16,578,282</u>
	<u>\$ 46,020,000</u>	<u>\$ 24,128,703</u>	<u>\$ 70,148,703</u>

I. LONG-TERM LIABILITIES (CONTINUED)

Revenue bonds (continued):

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

Business-type activities

General obligation bonds:

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

	<u>Interest rates</u>	<u>Maturity dates</u>	<u>Bonds outstanding</u>
Series 2012-A waterworks and waterworks utility system refunding bonds	2.00% to 4.00%	9-01-24	\$ 10,380,000
Series 2012-B refunding and improvement bonds	2.00% to 4.00%	9-01-32	<u>6,103,600</u>
			<u>\$ 16,483,600</u>

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

	<u>Series 2012-A</u>	<u>Series 2012-B</u>	<u>Interest due</u>	<u>Total due</u>
2016	\$ 1,020,000	\$ 388,750	\$ 530,388	\$ 1,939,138
2017	1,060,000	402,900	466,853	1,929,753
2018	1,095,000	426,200	402,521	1,923,721
2019	1,120,000	440,350	354,884	1,915,234
2020	1,145,000	454,500	303,018	1,902,518
2021-2025	4,940,000	1,859,750	651,951	7,451,701
2026-2030	-	1,475,100	97,200	1,572,300
2031-2032	-	656,050	12,834	668,884
	<u>\$ 10,380,000</u>	<u>\$ 6,103,600</u>	<u>\$ 2,819,649</u>	<u>\$ 19,303,249</u>

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

I. LONG-TERM LIABILITIES (CONTINUED)

Loans:

The City approved a loan agreement effective September 22, 2009, with the State of Kansas Department of Health and Environment for a water reclamation facility in the amount of \$29,532,000. The interest rate is 2.83% per annum. The loan repayment schedule provides for semi-annual payments over a twenty year period. The loan balance at December 31, 2015 was \$20,582,715.

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

	Principal due	Interest due	Total due
2016	\$ 1,034,040	\$ 574,393	\$ 1,608,433
2017	1,062,672	545,762	1,608,434
2018	1,092,958	515,476	1,608,434
2019	1,124,108	484,326	1,608,434
2020	1,156,145	452,289	1,608,434
2021-2025	6,294,168	1,747,999	8,042,167
2026-2030	7,243,696	798,471	8,042,167
2031-2032	1,574,928	33,506	1,608,434
	<u>\$ 20,582,715</u>	<u>\$ 5,152,222</u>	<u>\$ 25,734,937</u>

Sales tax projects revenue bond disclosures

Insurance is carried through St. Paul Travelers Insurance Company on the Special Events Center in the amount of \$32,849,628 with an additional \$3,649,959 for personal property effective January 1, 2015 through January 1, 2016. The premium for this coverage was \$49,274 plus \$5,475 for personal property.

The balance sheet of the Series 2009 Sales Tax Revenue Bonds is on page sixty nine.

The statement of revenue, expenditures, and changes in fund balance of the Series 2009 Sales Tax Revenue Bonds Fund is on page seventy seven.

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

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

Waterworks and wastewater utility system refunding bond disclosures

Insurance is carried through St. Paul Travelers Insurance Company on the Wastewater Treatment Plant in the amount of \$5,638,284 and the Water Reclamation Facility in the amount of \$17,140,000 with an additional \$1,100,000 for personal property effective January 1, 2015 through January 1, 2016. The premium for this coverage was \$8,525 on the plant and \$25,710 on the facility plus \$1,650 for personal property.

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

I. LONG-TERM LIABILITIES (CONTINUED)

Waterworks and wastewater utility system refunding bond disclosures (continued)

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

The water and wastewater systems had 8,177 and 7,792 customers at the beginning of the year and 8,077 and 7,619 customers at the end of the year, respectively.

J. LONG-TERM DEBT - COMPONENT UNITS

Development Corporation - note payable

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

Accrued interest on the note plus the amount of the note payable has been limited to a prior year estimated fair value of the property. During 2015 no additional interest was accrued on the note. No appraisal of the property has been done in order to assess whether the accrued interest recorded plus the related debt accurately reflect the Organization's liability on this property.

K. CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2015, there were Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$127,904,028.

L. SPECIAL OBLIGATION BONDS

The City approved a designated zone of the City as a STAR bond project district. The District provides for the redevelopment of the Heritage Area and the Entertainment Area. On December 1, 2015, the City issued \$12,150,000 of sales tax special obligation revenue bonds. The repayment of these bonds will be from sales tax collected within the District. The City is not obligated in any manner for repayment of the bonds. Accordingly, the debt service transactions have been accounted for in an agency fund and the bonds are not reported as liabilities in the accompanying financial statements.

M. DEFINED BENEFIT PENSION PLAN

Plan Description. The Kansas Public Employees Retirement System (KPERS, or the System) is a body corporate and an instrumentality of the State of Kansas. KPERS is the administrator of a cost-sharing multiple-employer defined-benefit pension plan (Pension Plan) as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. KPERS financial statements are included in its Comprehensive Annual Financial Report which can be found on the System's website at www.kpers.org. KPERS provides pension benefits to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

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

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

Benefits: Benefits are established by statute and may only be changed by the General Assembly. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

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

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

M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions: Member contribution rates are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined based on the results of each annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and the school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0% of total payroll for the fiscal year ended December 31, 2015.

The actuarially determined employer contribution rates (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	<u>Actuarial employer rate</u>	<u>Statutory employer capped rate</u>
Local government employees	9.48	9.48
Police and Firemen	21.36	21.36

Member contribution rates as a percentage of eligible compensation in fiscal year 2015 are 5.00% or 6.00% for Public Employees, 7.15% for Police and Firemen.

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

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

To facilitate the separate (sub) actuarial valuations, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The allocation percentages for each group as of December 31, 2015, are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal years ended December 31, 2015. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

At December 31, 2015, the City's share proportion for the KPERS and KP&F Local employees groups were 0.374722% and 0.768325%, which were 0.001519% and .000798% increases from its proportion measured at December 31, 2014.

At December 31, 2015, the Library's share proportion for the Local employees group was 0.039124%, which was a 0.007338% increase from its proportion measured at December 31, 2014.

M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liabilities: At December 31, 2015, the City's net pension liability for KPERS and KP&F were \$4,920,265 and \$5,578,942 for its total proportionate share of the net pension liability for the Local groups.

At December 31, 2015, the Library's net pension liability was \$513,715 for its total proportionate share of the net pension liability for the Local group.

Pension Expense: For the year ended December 31, 2015, the City recognized pension expense for KPERS and KP&F of \$324,600 and \$579,919, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

For the year ended December 31, 2015, the Library recognized pension expense of \$36,145, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Actuarial Assumptions: The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset class	Long-term target allocation	Long-term expected real rate of return
Global equity	47.00%	6.30%
Fixed income	13.00	0.80
Yield driven	8.00	4.20
Real return	11.00	1.70
Real estate	11.00	5.40
Alternatives	8.00	9.40
Short-term investments	<u>2.00</u>	(0.50)
Total	<u>100.00%</u>	

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following tables present the net pension liability of the Pension Plan as of December 31, 2015, calculated using the discount rate of 8.00%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

	<u>Discount rate</u>	<u>City's proportionate share of KPERS net pension liability</u>
1% decrease	7.0%	\$ 6,984,578
Current discount rate	8.0%	4,920,265
1% increase	9.0%	3,170,134

	<u>Discount rate</u>	<u>City's proportionate share of KP&F net pension liability</u>
1% decrease	7.0%	\$ 8,101,601
Current discount rate	8.0%	5,578,943
1% increase	9.0%	3,448,160

	<u>Discount rate</u>	<u>Library's proportionate share of net pension liability</u>
1% decrease	7.0%	\$ 729,246
Current discount rate	8.0%	513,715
1% increase	9.0%	330,988

Deferred outflows of Resources and Deferred Inflows of Resources: At December 31, 2015, the City's total deferred outflows of resources are \$423,249 and total deferred inflows of resources are \$798,680. At December 31, 2015, the Library's total deferred outflows of resources are \$18,636 and total deferred inflows of resources are \$48,162. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five year period. The following provides the net deferred outflows/(deferred inflows) of resources as of December 31, 2015, that will be recognized in pension expense in future years:

	<u>City Local Groups</u>	<u>Library Local Group</u>
2016	\$ (206,094)	\$ (13,277)
2017	(206,094)	(13,277)
2018	(206,094)	(13,277)
2019	267,335	9,116
2020	(24,484)	1,189
	<u>\$ (375,431)</u>	<u>\$ (29,526)</u>

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

N. CHANGE IN ACCOUNTING PRINCIPLE

On January 1, 2015, the City changed its method of accounting to adopt Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. As a result, beginning unrestricted net position for Governmental Activities and Business Type Activities were decreased by \$10,395,567 and \$874,951, respectively, to record the net pension liability at January 1, 2015.

On January 1, 2015, the Library changed its method of accounting to adopt Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. As a result, beginning unrestricted net position was decreased by \$567,451 to record the net pension liability at January 1, 2015.

O. RISK MANAGEMENT

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

P. PRIOR PERIOD ADJUSTMENT

Under Governmental Accounting Standards Board Statement No. 65, bond issuance costs, other than insurance prepayments, are charged to expense in the period incurred in government-wide, proprietary fund, and fiduciary fund financial statements. The prior period adjustment was made to remove the unamortized bond issuances costs.

Q. CONTINGENCIES

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the City at December 31, 2015.

R. JOINT VENTURES

On January 1, 1993, the City of Dodge City, Kansas, entered into a joint venture with Ford County, Kansas, for the operation of a communications center. By joint resolution the Dodge City/Ford County Emergency Communications Board was created to operate the Dodge City/Ford County Communications Department. The Board consists of equal membership of City and County personnel. The department provides emergency communications for City and County agencies and is physically located in the Ford County Government Center. The budgeted operating expenditures are shared equally by the two governments. The joint venture assets of \$35,099 are fully depreciated.

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

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

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

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

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

S. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 12, 2016, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

CITY OF DODGE CITY, KANSAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

December 31, 2015

	Special revenue funds	Debt service funds	Capital projects funds	Total nonmajor governmental funds
<u>ASSETS</u>				
Cash and investments	\$ 12,171,773	\$ -	\$ 463,112	\$ 12,634,885
Property taxes receivable	1,657,058	1,746,733	343,691	3,747,482
Due from other governments	283,179	-	-	283,179
Other receivables	305,648	-	-	305,648
Inventories	56,304	-	-	56,304
Restricted cash and investments	-	6,065,113	1,326,822	7,391,935
Total assets	<u>\$14,473,962</u>	<u>\$ 7,811,846</u>	<u>\$ 2,133,625</u>	<u>\$ 24,419,433</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 256,094	\$ -	\$ 89,663	\$ 345,757
Payroll liabilities	25,253	-	892	26,145
Due to other funds	172,084	-	198,479	370,563
Total liabilities	<u>453,431</u>	<u>-</u>	<u>289,034</u>	<u>742,465</u>
Deferred inflows of resources:				
Property tax	1,657,058	1,746,733	343,691	3,747,482
Contractual obligations	448,799	-	-	448,799
Revolving loans	231,569	-	-	231,569
Total deferred inflows of resources	<u>2,337,426</u>	<u>1,746,733</u>	<u>343,691</u>	<u>4,427,850</u>
Fund balances:				
Nonspendable:				
Endowment	100,000	-	-	100,000
Long-term receivables	305,178	-	-	305,178
Restricted:				
Debt service	-	6,065,113	-	6,065,113
Capital projects	-	-	1,326,822	1,326,822
Grants	50,816	-	-	50,816
Assigned:				
Encumbrances	161,621	-	-	161,621
Other capital expenditures	6,427,779	-	372,557	6,800,336
Community service and promotion	187,902	-	-	187,902
Other purposes	1,479,348	-	-	1,479,348
Designed for subsequent year's expenditures	3,183,467	-	-	3,183,467
Unassigned	<u>(213,006)</u>	<u>-</u>	<u>(198,479)</u>	<u>(411,485)</u>
Total fund balances	<u>11,683,105</u>	<u>6,065,113</u>	<u>1,500,900</u>	<u>19,249,118</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$14,473,962</u>	<u>\$ 7,811,846</u>	<u>\$ 2,133,625</u>	<u>\$ 24,419,433</u>

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

December 31, 2015

	Special liability	Library	Library employee benefits	Building
<u>ASSETS</u>				
Cash and investments	\$ 241,679	\$ 39,410	\$ 17,013	\$ 30,426
Property taxes receivable	445,794	876,178	335,086	-
Due from other governments	-	-	-	-
Other receivables	-	-	-	6,000
Inventories	-	-	-	-
Total assets	<u>\$ 687,473</u>	<u>\$ 915,588</u>	<u>\$ 352,099</u>	<u>\$ 36,426</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 3,570	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>3,570</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property tax	445,794	876,178	335,086	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
Total deferred inflows of resources	<u>445,794</u>	<u>876,178</u>	<u>335,086</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	-	-	-
Community service and promotion	-	-	-	-
Other purposes	238,109	19,937	6,760	36,426
Designed for subsequent year's expenditures	-	19,473	10,253	-
Unassigned	-	-	-	-
Total fund balances	<u>238,109</u>	<u>39,410</u>	<u>17,013</u>	<u>36,426</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 687,473</u>	<u>\$ 915,588</u>	<u>\$ 352,099</u>	<u>\$ 36,426</u>

Convention and visitors	Special streets and highways	Special park and recreation	Special alcohol and drug	Alcohol and drug safety action
\$ 903,655	\$ 634,050	\$ 123,120	\$ 46	\$ 13,385
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 903,655</u>	<u>\$ 634,050</u>	<u>\$ 123,120</u>	<u>\$ 46</u>	<u>\$ 13,385</u>
\$ 18,482	\$ 13,217	\$ -	\$ -	\$ -
8,174	5,375	-	-	-
-	-	-	-	-
<u>26,656</u>	<u>18,592</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,009	154,612	-	-	-
-	-	-	-	-
43,415	-	-	-	-
-	256,252	-	45	8,587
826,575	204,594	123,120	1	4,798
-	-	-	-	-
<u>876,999</u>	<u>615,458</u>	<u>123,120</u>	<u>46</u>	<u>13,385</u>
<u>\$ 903,655</u>	<u>\$ 634,050</u>	<u>\$ 123,120</u>	<u>\$ 46</u>	<u>\$ 13,385</u>

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

December 31, 2015

	All 4 Fun	Development and growth	Sales tax organizations	Sales tax depreciation and replacement
<u>ASSETS</u>				
Cash and investments	\$ 457	\$ 1,278,821	\$ 201,589	\$ 4,991,184
Property taxes receivable	-	-	-	-
Due from other governments	-	46,849	-	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
Total assets	<u>\$ 457</u>	<u>\$ 1,325,670</u>	<u>\$ 201,589</u>	<u>\$ 4,991,184</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 235	\$ 500	\$ 126	\$ -
Payroll liabilities	-	-	1,809	-
Due to other funds	-	-	-	-
Total liabilities	<u>235</u>	<u>500</u>	<u>1,935</u>	<u>-</u>
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	1,054,705	-	4,991,184
Community service and promotion	-	-	87,470	-
Other purposes	-	-	-	-
Designed for subsequent year's expenditures	222	270,465	112,184	-
Unassigned	-	-	-	-
Total fund balances	<u>222</u>	<u>1,325,170</u>	<u>199,654</u>	<u>4,991,184</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 457</u>	<u>\$ 1,325,670</u>	<u>\$ 201,589</u>	<u>\$ 4,991,184</u>

I

<u>Sales tax event</u>	<u>Rural housing incentive district</u>	<u>Transient guest tax</u>	<u>Special law enforcement trust</u>	<u>Economic development revolving</u>
\$ 104,562	\$ 83,194	\$ 95,915	\$ 46,948	\$ 306,002
-	-	-	-	-
-	-	-	-	-
-	-	-	-	231,570
-	-	-	-	-
<u>\$ 104,562</u>	<u>\$ 83,194</u>	<u>\$ 95,915</u>	<u>\$ 46,948</u>	<u>\$ 537,572</u>
\$ -	\$ -	\$ -	\$ 1,925	\$ 825
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,925</u>	<u>825</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	231,569
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>231,569</u>
-	-	-	-	-
-	-	-	-	305,178
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
104,562	83,194	95,915	45,023	-
-	-	-	-	-
-	-	-	-	-
<u>104,562</u>	<u>83,194</u>	<u>95,915</u>	<u>45,023</u>	<u>305,178</u>
<u>\$ 104,562</u>	<u>\$ 83,194</u>	<u>\$ 95,915</u>	<u>\$ 46,948</u>	<u>\$ 537,572</u>

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

December 31, 2015

	Hoover trust	Roof insurance repairs	Medical insurance reserve	Capital equipment reserve
<u>ASSETS</u>				
Cash and investments	\$ 119,227	\$ 25,930	\$ 2,092,116	\$ 355,960
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	-	-	7,034	-
Inventories	-	-	-	-
Total assets	<u>\$ 119,227</u>	<u>\$ 25,930</u>	<u>\$ 2,099,150</u>	<u>\$ 355,960</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 38,662	\$ -
Payroll liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>38,662</u>	<u>-</u>
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	100,000	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	25,930	-	355,960
Community service and promotion	-	-	-	-
Other purposes	19,227	-	518,928	-
Designed for subsequent year's expenditures	-	-	1,541,560	-
Unassigned	-	-	-	-
Total fund balances	<u>119,227</u>	<u>25,930</u>	<u>2,060,488</u>	<u>355,960</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 119,227</u>	<u>\$ 25,930</u>	<u>\$ 2,099,150</u>	<u>\$ 355,960</u>

Fire CPR training	DARE	FAA parking lot	Mobility manager grant	Minibus grant 2015-16
\$ 2,340	\$ 14,848	\$ -	\$ 1,283	\$ -
-	-	-	-	-
-	-	150,000	-	86,330
-	(958)	-	-	-
-	-	-	-	-
<u>\$ 2,340</u>	<u>\$ 13,890</u>	<u>\$ 150,000</u>	<u>\$ 1,283</u>	<u>\$ 86,330</u>
\$ -	\$ 728	\$ -	\$ -	\$ 5,824
-	-	-	-	8,889
-	-	150,000	-	22,084
<u>-</u>	<u>728</u>	<u>150,000</u>	<u>-</u>	<u>36,797</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	1,283	49,533
-	-	-	-	-
-	-	-	-	-
2,340	-	-	-	-
-	13,162	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,340</u>	<u>13,162</u>	<u>-</u>	<u>1,283</u>	<u>49,533</u>
<u>\$ 2,340</u>	<u>\$ 13,890</u>	<u>\$ 150,000</u>	<u>\$ 1,283</u>	<u>\$ 86,330</u>

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

December 31, 2015

	Model for change	Special events center	SMPC trust	Municipal band
<u>ASSETS</u>				
Cash and investments	\$ 7,321	\$ 283,225	\$ 96,122	\$ 12,592
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	-	62,002	-	-
Inventories	-	56,304	-	-
Total assets	<u>\$ 7,321</u>	<u>\$ 401,531</u>	<u>\$ 96,122</u>	<u>\$ 12,592</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ 165,738	\$ -	\$ -
Payroll liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>165,738</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	448,799	-	-
Revolving loans	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>448,799</u>	<u>-</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	-	-	-
Community service and promotion	-	-	-	12,592
Other purposes	7,321	-	25,900	-
Designed for subsequent year's expenditures	-	-	70,222	-
Unassigned	-	(213,006)	-	-
Total fund balances	<u>7,321</u>	<u>(213,006)</u>	<u>96,122</u>	<u>12,592</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,321</u>	<u>\$ 401,531</u>	<u>\$ 96,122</u>	<u>\$ 12,592</u>

Depot	Total nonmajor special revenue funds
\$ 49,353	\$ 12,171,773
-	1,657,058
-	283,179
-	305,648
-	56,304
<u>\$ 49,353</u>	<u>\$ 14,473,962</u>

\$ 6,262	\$ 256,094
1,006	25,253
-	172,084
<u>7,268</u>	<u>453,431</u>

-	1,657,058
-	448,799
-	231,569
<u>-</u>	<u>2,337,426</u>

-	100,000
-	305,178
-	50,816
-	161,621
-	6,427,779
42,085	187,902
-	1,479,348
-	3,183,467
-	(213,006)
<u>42,085</u>	<u>11,683,105</u>
<u>\$ 49,353</u>	<u>\$ 14,473,962</u>

CITY OF DODGE CITY, KANSAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DEBT SERVICE FUNDS

December 31, 2015

	<u>GO bond and interest</u>	<u>Special events center revenue bonds</u>	<u>Water park revenue bonds</u>	<u>Total nonmajor debt service funds</u>
<u>ASSETS</u>				
Property taxes receivable	\$ 1,746,733	\$ -	\$ -	\$ 1,746,733
Restricted cash and investments	<u>470,218</u>	<u>4,586,268</u>	<u>1,008,627</u>	<u>6,065,113</u>
Total assets	<u>\$ 2,216,951</u>	<u>\$ 4,586,268</u>	<u>\$ 1,008,627</u>	<u>\$ 7,811,846</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Deferred revenue	\$ 1,746,733	\$ -	\$ -	\$ 1,746,733
Fund balances:				
Reserved for debt service	<u>470,218</u>	<u>4,586,268</u>	<u>1,008,627</u>	<u>6,065,113</u>
Total liabilities and fund balance	<u>\$ 2,216,951</u>	<u>\$ 4,586,268</u>	<u>\$ 1,008,627</u>	<u>\$ 7,811,846</u>

CITY OF DODGE CITY, KANSAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS CAPITAL PROJECTS FUNDS

December 31, 2015

	Capital improvement	GO bonds 2013	GO bonds 2015
<u>ASSETS</u>			
Cash and investments	\$ 463,112	\$ -	\$ -
Property taxes receivable	343,691	-	-
Restricted cash and investments	-	1,276,596	-
Total assets	\$ 806,803	\$ 1,276,596	\$ -
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 89,663	\$ -	\$ -
Payroll liabilities	892	-	-
Due to other funds	-	-	198,479
Total liabilities	90,555	-	198,479
Deferred inflows of resources:			
Property tax	343,691	-	-
Fund balances:			
Restricted for capital projects	-	1,276,596	-
Assigned to other capital expenditures	372,557	-	-
Unassigned	-	-	(198,479)
Total fund balances	372,557	1,276,596	(198,479)
Total liabilities, deferred inflows of resources and fund balances	\$ 806,803	\$ 1,276,596	\$ -

Special obligation bond project 2013	Special obligation bond project 2014	Total nonmajor capital projects funds
\$ -	\$ -	\$ 463,112
-	-	343,691
20,149	30,077	1,326,822
<u>\$ 20,149</u>	<u>\$ 30,077</u>	<u>\$ 2,133,625</u>

\$ -	\$ -	\$ 89,663
-	-	892
-	-	198,479
<u>-</u>	<u>-</u>	<u>289,034</u>
-	-	343,691
20,149	30,077	1,326,822
-	-	372,557
-	-	(198,479)
<u>20,149</u>	<u>30,077</u>	<u>1,500,900</u>
<u>\$ 20,149</u>	<u>\$ 30,077</u>	<u>\$ 2,133,625</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2015

	Special revenue funds	Debt service funds	Capital projects funds	Total nonmajor governmental funds
Revenue:				
Taxes	\$ 2,310,856	\$ 2,422,048	\$ 328,820	\$ 5,061,724
Intergovernmental	3,650,371	230,000	146,414	4,026,785
Charges for services	2,401,506	-	-	2,401,506
Insurance recovery	26,762	-	-	26,762
Investment earnings	10,307	13,822	9	24,138
Contribution from property owners	-	-	-	-
Miscellaneous	379,847	-	-	379,847
Total revenue	<u>8,779,649</u>	<u>2,665,870</u>	<u>475,243</u>	<u>11,920,762</u>
Expenditures:				
General government	1,260,463	-	199,495	1,459,958
Public safety	235,677	-	-	235,677
Public works	1,610,968	-	2,073,624	3,684,592
Culture and recreation	3,591,773	128,384	144,947	3,865,104
Community services	2,021,466	-	-	2,021,466
Debt service:				
Principal	-	3,185,400	-	3,185,400
Interest and commissions	-	2,727,299	-	2,727,299
Total expenditures	<u>8,720,347</u>	<u>6,041,083</u>	<u>2,418,066</u>	<u>17,179,496</u>
Excess (deficiency) of revenue over expenditures	<u>59,302</u>	<u>(3,375,213)</u>	<u>(1,942,823)</u>	<u>(5,258,734)</u>
Other financing sources (uses):				
Debt issue proceeds	-	10,149,489	-	10,149,489
Transfers in	3,855,296	4,289,330	16,208	8,160,834
Transfers out	(917,000)	(10,000,000)	(16,208)	(10,933,208)
Transfers to component units	(1,262,919)	-	-	(1,262,919)
Total other financing sources and uses	<u>1,675,377</u>	<u>4,438,819</u>	<u>-</u>	<u>6,114,196</u>
Net change in fund balances	<u>1,734,679</u>	<u>1,063,606</u>	<u>(1,942,823)</u>	<u>855,462</u>
Fund balances, beginning of year	<u>9,948,426</u>	<u>5,001,507</u>	<u>3,443,723</u>	<u>18,393,656</u>
Fund balances, end of year	<u>\$ 11,683,105</u>	<u>\$ 6,065,113</u>	<u>\$ 1,500,900</u>	<u>\$ 19,249,118</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2015

	Special liability	Library	Library employee benefits	Building
Revenue:				
Taxes	\$ 569,886	\$ 987,022	\$ 301,421	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Insurance recovery	-	-	-	-
Investment earnings	-	-	-	36
Miscellaneous	6,873	-	-	18,386
	<u>576,759</u>	<u>987,022</u>	<u>301,421</u>	<u>18,422</u>
Total revenue				
Expenditures:				
General government	597,913	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community services	-	-	-	-
	<u>597,913</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures				
Excess (deficiency) of revenue over expenditures	<u>(21,154)</u>	<u>987,022</u>	<u>301,421</u>	<u>18,422</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Transfers to component units	-	(968,259)	(294,660)	-
	<u>-</u>	<u>(968,259)</u>	<u>(294,660)</u>	<u>-</u>
Total other financing sources and uses				
Net change in fund balances	<u>(21,154)</u>	<u>18,763</u>	<u>6,761</u>	<u>18,422</u>
Fund balances, beginning of year	<u>259,263</u>	<u>20,647</u>	<u>10,252</u>	<u>18,004</u>
Fund balances, end of year	<u><u>\$ 238,109</u></u>	<u><u>\$ 39,410</u></u>	<u><u>\$ 17,013</u></u>	<u><u>\$ 36,426</u></u>

<u>Convention and visitors</u>	<u>Special streets and highways</u>	<u>Special park and recreation</u>	<u>Special alcohol and drug</u>	<u>Alcohol and drug safety action</u>
\$ -	\$ -	\$ -	\$ -	\$ -
899,112	939,659	97,572	97,572	-
54,611	-	-	-	885
-	-	-	-	-
-	-	-	-	-
24,047	10,780	-	-	-
<u>977,770</u>	<u>950,439</u>	<u>97,572</u>	<u>97,572</u>	<u>885</u>
-	-	-	-	-
-	-	-	-	2,282
-	919,907	-	-	-
-	-	-	-	-
810,284	-	-	97,526	-
<u>810,284</u>	<u>919,907</u>	<u>-</u>	<u>97,526</u>	<u>2,282</u>
167,486	30,532	97,572	46	(1,397)
-	-	-	-	-
(127,000)	-	(90,000)	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(127,000)	-	(90,000)	-	-
40,486	30,532	7,572	46	(1,397)
<u>836,513</u>	<u>584,926</u>	<u>115,548</u>	<u>-</u>	<u>14,782</u>
<u>\$ 876,999</u>	<u>\$ 615,458</u>	<u>\$ 123,120</u>	<u>\$ 46</u>	<u>\$ 13,385</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2015

	<u>All 4 Fun</u>	<u>Development and growth</u>	<u>Sales tax organizations</u>	<u>Sales tax depreciation and replacement</u>
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	594,813	90,000	-
Charges for services	-	-	-	-
Insurance recovery	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenue	-	594,813	90,000	-
Expenditures:				
General government	-	168,286	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	2,949	-	-	-
Community services	-	-	533,957	-
Total expenditures	2,949	168,286	533,957	-
Excess (deficiency) of revenue over expenditures	(2,949)	426,527	(443,957)	-
Other financing sources (uses):				
Transfers in	-	882,078	777,000	345,000
Transfers out	-	(450,000)	(250,000)	-
Transfers to component units	-	-	-	-
Total other financing sources and uses	-	432,078	527,000	345,000
Net change in fund balances	(2,949)	858,605	83,043	345,000
Fund balances, beginning of year	3,171	466,565	116,611	4,646,184
Fund balances, end of year	\$ 222	\$ 1,325,170	\$ 199,654	\$ 4,991,184

Sales tax event	Rural housing incentive district	Transient guest tax	Special law enforcement trust	Economic development revolving
\$ -	\$ 152,823	\$ 299,704	\$ -	\$ -
69,496	-	-	-	-
-	-	-	30,459	-
-	-	-	-	-
-	-	-	-	10,036
-	-	-	-	54,534
69,496	152,823	299,704	30,459	64,570
-	126,684	-	-	-
-	-	-	12,463	-
-	-	-	-	-
120,000	-	-	-	-
-	-	203,789	-	1,929
120,000	126,684	203,789	12,463	1,929
(50,504)	26,139	95,915	17,996	62,641
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(50,504)	26,139	95,915	17,996	62,641
155,066	57,055	-	27,027	242,537
\$ 104,562	\$ 83,194	\$ 95,915	\$ 45,023	\$ 305,178

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2015

	Hoover trust	Roof insurance repairs	Medical insurance reserve	Capital equipment reserve
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	137,656	-
Insurance recovery	-	-	-	-
Investment earnings	99	-	-	-
Miscellaneous	-	-	-	11,874
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue	99	-	137,656	11,874
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Expenditures:				
General government	-	148,515	137,350	62,274
Public safety	-	-	-	170,786
Public works	-	-	-	39,345
Culture and recreation	-	-	-	28,961
Community services	-	-	-	25,998
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	-	148,515	137,350	327,364
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenue over expenditures	99	(148,515)	306	(315,490)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other financing sources (uses):				
Transfers in	-	-	-	406,262
Transfers out	-	-	-	-
Transfers to component units	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources and uses	-	-	-	406,262
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net change in fund balances	99	(148,515)	306	90,772
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances, beginning of year	119,128	174,445	2,060,182	265,188
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances, end of year	<u>\$ 119,227</u>	<u>\$ 25,930</u>	<u>\$ 2,060,488</u>	<u>\$ 355,960</u>

<u>DARE</u>	<u>Fire CPR training</u>	<u>Wildlife hazard assessment</u>	<u>DJ-BX grant 2011</u>	<u>DJ-BX grant 2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	8,656	(100)	13,529
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
5,200	2,195	455	-	-
<u>5,200</u>	<u>2,195</u>	<u>9,111</u>	<u>(100)</u>	<u>13,529</u>
-	-	-	-	-
2,526	650	-	-	13,529
-	-	9,111	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,526</u>	<u>650</u>	<u>9,111</u>	<u>-</u>	<u>13,529</u>
-	-	-	-	-
2,674	1,545	-	(100)	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,674	1,545	-	(100)	-
10,488	795	-	100	-
<u>\$ 13,162</u>	<u>\$ 2,340</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2015

	Mobility manager grant	Minibus grant 2014-15	Minibus grant 2015-16	Public transportation buses grant
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	27,191	172,071	169,893	157,379
Charges for services	-	-	-	-
Insurance recovery	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	12,360	105,305	39,345
	<u>-</u>	<u>12,360</u>	<u>105,305</u>	<u>39,345</u>
Total revenue	<u>27,191</u>	<u>184,431</u>	<u>275,198</u>	<u>196,724</u>
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	35,640	184,576	225,665	196,724
Culture and recreation	-	-	-	-
Community services	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>35,640</u>	<u>184,576</u>	<u>225,665</u>	<u>196,724</u>
Excess (deficiency) of revenue over expenditures	<u>(8,449)</u>	<u>(145)</u>	<u>49,533</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Transfers to component units	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(8,449)</u>	<u>(145)</u>	<u>49,533</u>	<u>-</u>
Fund balances, beginning of year	<u>9,732</u>	<u>145</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 1,283</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,533</u></u>	<u><u>\$ -</u></u>

CDBG Boothill district grant	KHRC abandoned housing	Meadowlark house	Model for change	Special events center
\$ -	\$ -	\$ -	\$ -	\$ -
190,544	75,000	17,084	-	-
-	-	-	-	2,177,895
-	-	-	26,762	-
-	-	-	-	136
82,439	-	4,611	-	816
<u>272,983</u>	<u>75,000</u>	<u>21,695</u>	<u>26,762</u>	<u>2,178,847</u>
-	-	-	19,441	-
-	-	33,441	-	-
-	-	-	-	-
-	-	-	-	3,209,341
<u>272,983</u>	<u>75,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>272,983</u>	<u>75,000</u>	<u>33,441</u>	<u>19,441</u>	<u>3,209,341</u>
-	-	(11,746)	7,321	(1,030,494)
-	-	-	-	1,157,956
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,157,956
-	-	(11,746)	7,321	127,462
-	-	11,746	-	(340,468)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,321</u>	<u>\$ (213,006)</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2015

	SMPC trust	Municipal band	Depot	Total nonmajor special revenue funds
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ 2,310,856
Intergovernmental	30,900	-	-	3,650,371
Charges for services	-	-	-	2,401,506
Insurance recovery	-	-	-	26,762
Investment earnings	-	-	-	10,307
Miscellaneous	-	627	-	379,847
Total revenue	30,900	627	-	8,779,649
Expenditures:				
General government	-	-	-	1,260,463
Public safety	-	-	-	235,677
Public works	-	-	-	1,610,968
Culture and recreation	-	22,607	207,915	3,591,773
Community services	-	-	-	2,021,466
Total expenditures	-	22,607	207,915	8,720,347
Excess (deficiency) of revenue over expenditures	30,900	(21,980)	(207,915)	59,302
Other financing sources (uses):				
Transfers in	-	37,000	250,000	3,855,296
Transfers out	-	-	-	(917,000)
Transfers to component units	-	-	-	(1,262,919)
Total other financing sources and uses	-	37,000	250,000	1,675,377
Net change in fund balances	30,900	15,020	42,085	1,734,679
Fund balances, beginning of year	65,222	(2,428)	-	9,948,426
Fund balances, end of year	\$ 96,122	\$ 12,592	\$ 42,085	\$11,683,105

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2015

	GO bond and interest	Special events center revenue bonds	Water park revenue bonds	Total nonmajor debt service funds
Revenue:				
Taxes	\$ 2,422,048	\$ -	\$ -	\$ 2,422,048
Intergovernmental	230,000	-	-	230,000
Investment earnings	-	19,343	(5,521)	13,822
	<u>2,652,048</u>	<u>19,343</u>	<u>(5,521)</u>	<u>2,665,870</u>
Total revenue				
Expenditures:				
Current:				
Culture and recreation	-	-	128,384	128,384
Debt service:				
Principal	2,295,400	890,000	-	3,185,400
Interest and commissions	809,946	1,678,064	239,289	2,727,299
	<u>3,105,346</u>	<u>2,568,064</u>	<u>367,673</u>	<u>6,041,083</u>
Total expenditures				
Excess of expenditures over revenue	<u>(453,298)</u>	<u>(2,548,721)</u>	<u>(373,194)</u>	<u>(3,375,213)</u>
Other financing sources (uses):				
Debt issue proceeds	-	-	10,149,489	10,149,489
Transfers in	450,000	2,606,998	1,232,332	4,289,330
Transfers out	-	-	(10,000,000)	(10,000,000)
	<u>450,000</u>	<u>2,606,998</u>	<u>1,381,821</u>	<u>4,438,819</u>
Total other financing sources and uses				
Net change in fund balances	(3,298)	58,277	1,008,627	1,063,606
Fund balances, beginning of year	<u>473,516</u>	<u>4,527,991</u>	<u>-</u>	<u>5,001,507</u>
Fund balances, end of year	<u>\$ 470,218</u>	<u>\$ 4,586,268</u>	<u>\$ 1,008,627</u>	<u>\$ 6,065,113</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2015

	Capital improvement	Temp notes 2012 Candletree	GO bonds 2013	GO bonds 2015
Revenue:				
Taxes	\$ 328,820	\$ -	\$ -	\$ -
Intergovernmental	26,075	-	120,339	-
Investment earnings	-	-	-	-
Total revenue	<u>354,895</u>	<u>-</u>	<u>120,339</u>	<u>-</u>
Expenditures:				
General government	136,503	-	-	-
Public works	25,888	-	1,849,257	198,479
Culture and recreation	<u>144,947</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>307,338</u>	<u>-</u>	<u>1,849,257</u>	<u>198,479</u>
Excess (deficiency) of revenue over expenditures	<u>47,557</u>	<u>-</u>	<u>(1,728,918)</u>	<u>(198,479)</u>
Other financing sources (uses):				
Transfers in	-	-	16,208	-
Transfers out	<u>-</u>	<u>(16,208)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>(16,208)</u>	<u>16,208</u>	<u>-</u>
Net change in fund balances	47,557	(16,208)	(1,712,710)	(198,479)
Fund balances, beginning of year	<u>325,000</u>	<u>16,208</u>	<u>2,989,306</u>	<u>-</u>
Fund balances, end of year	<u>\$ 372,557</u>	<u>\$ -</u>	<u>\$ 1,276,596</u>	<u>\$ (198,479)</u>

Special obligation bond project 2013	Special obligation bond project 2014	Total nonmajor capital projects funds
\$ -	\$ -	\$ 328,820
-	-	146,414
4	5	9
4	5	475,243
32,906	30,086	199,495
-	-	2,073,624
-	-	144,947
32,906	30,086	2,418,066
(32,902)	(30,081)	(1,942,823)
-	-	16,208
-	-	(16,208)
-	-	-
(32,902)	(30,081)	(1,942,823)
53,051	60,158	3,443,723
\$ 20,149	\$ 30,077	\$ 1,500,900

CITY OF DODGE CITY, KANSAS

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

December 31, 2015

	<u>Community improvement district</u>	<u>Special obligation debt service 2011</u>	<u>Special obligation debt service 2013</u>	<u>Star bond debt service 2015</u>	<u>Total</u>
<u>ASSETS</u>					
Cash	<u>\$ 29,092</u>	<u>\$ 11,611</u>	<u>\$ 593</u>	<u>\$ 1,857,125</u>	<u>\$ 1,898,421</u>
<u>LIABILITIES</u>					
Due to bondholders	<u>\$ 29,092</u>	<u>\$ 11,611</u>	<u>\$ 593</u>	<u>\$ 1,857,125</u>	<u>\$ 1,898,421</u>

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

DODGE CITY PUBLIC LIBRARY

**FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2015**

DODGE CITY PUBLIC LIBRARY

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INDEPENDENT AUDITOR'S REPORT

The Library Board and Management
Dodge City Public Library
Dodge City, Kansas

We have audited the accompanying financial statements of the governmental activities and each major fund of the Dodge City Public Library, a component unit of the City of Dodge City, Kansas, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Dodge City Public Library as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note J to the financial statements, in 2015 the Library adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. As a result of the implementation, a restatement was made to the net position for the proportionate share of the Library's net pension liability at December 31, 2015. Our opinion is not modified with respect to this matter.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Kennedy McKee & Company, LLP

July 25, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

DODGE CITY PUBLIC LIBRARY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Dodge City Public Library's financial performance provides an overview of the Library's financial activities for the year ended December 31, 2015. It should be read in conjunction with the Library's basic financial statements, listed in the table of contents.

USING THIS ANNUAL REPORT

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

The Statement of Net Position and the Statement of Activities

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

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

In the Statement of Net Position and in the Statement of Activities, the information is reported as governmental activities supporting the culture and recreation function.

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenue, Expenditures, and Changes in Fund Balance. The expenses are listed first with revenues reported below. The result is a net increase (decrease) in net position. The reason for this kind of format is to highlight the relative financial burden of the function of the Library on its taxpayers. It also identifies how much the function draws from the general revenues and how much it is self-financing through fees and grants.

USING THIS ANNUAL REPORT (CONTINUED)

Fund Financial Statements

Our analysis of the Library's major funds follows in this discussion. The fund financial statements provide detailed information about the most significant funds – not the Library as a whole. Some funds are required to be established by state law or by contract. However, the Library Board may establish other funds to help control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. All of the Library's basic services are reported in governmental funds. The focus is on how money flows into and out of those funds and on the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Library's culture and recreation operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. A reconciliation between the governmental funds reported here and the overall governmental activities of the Statement of Net Position is provided.

THE LIBRARY AS A WHOLE

Government-Wide Statements – Overview

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

	Governmental activities	
	2015	
Current and other assets	\$ 708,128	\$ 623,992
Capital assets	880,620	970,322
Deferred outflows of resources	18,636	-
Total assets and deferred outflows	<u>\$ 1,607,384</u>	<u>\$ 1,594,314</u>
Accounts payable	\$ 21,104	\$ 4,922
Net pension liability	513,715	-
Compensated absences	78,210	72,062
Deferred inflows of resources	48,162	-
Total liabilities and deferred outflows	<u>661,191</u>	<u>76,984</u>
Net position		
Invested in capital assets		
net of related debt	880,620	970,322
Unrestricted	65,573	547,008
Total net position	<u>946,193</u>	<u>1,517,330</u>
Total liabilities, deferred outflows and net position	<u>\$ 1,607,384</u>	<u>\$ 1,594,314</u>

Total net position decreased \$571,137 from to 2015. Of the decrease, \$567,451 decreased unrestricted net position to record the pension liability at January 1, 2015.

THE LIBRARY AS A WHOLE (CONTINUED)

Government-wide Statements – Overview (continued)

Changes in net position are detailed in the following table.

	Governmental activities	
	2015	
Revenue:		
Program revenue:		
Charges for services	\$ 30,040	\$ 28,548
Operating grants	52,725	65,785
General revenue:		
Property taxes	1,262,919	1,254,449
Investment earnings	841	584
Other general revenue	<u>3,728</u>	<u>3,483</u>
Total revenue	<u>1,350,253</u>	<u>1,352,849</u>
Program expenses:		
Culture and recreation	1,260,194	1,214,330
Depreciation	<u>93,745</u>	<u>101,780</u>
Total expenses	<u>1,353,939</u>	<u>1,316,110</u>
Increase (decrease) in net position	<u>\$ (3,686)</u>	<u>\$ 36,739</u>

The decrease in governmental net position is due to recording changes in net pension liability and deferred inflows and outflows under GASB 68.

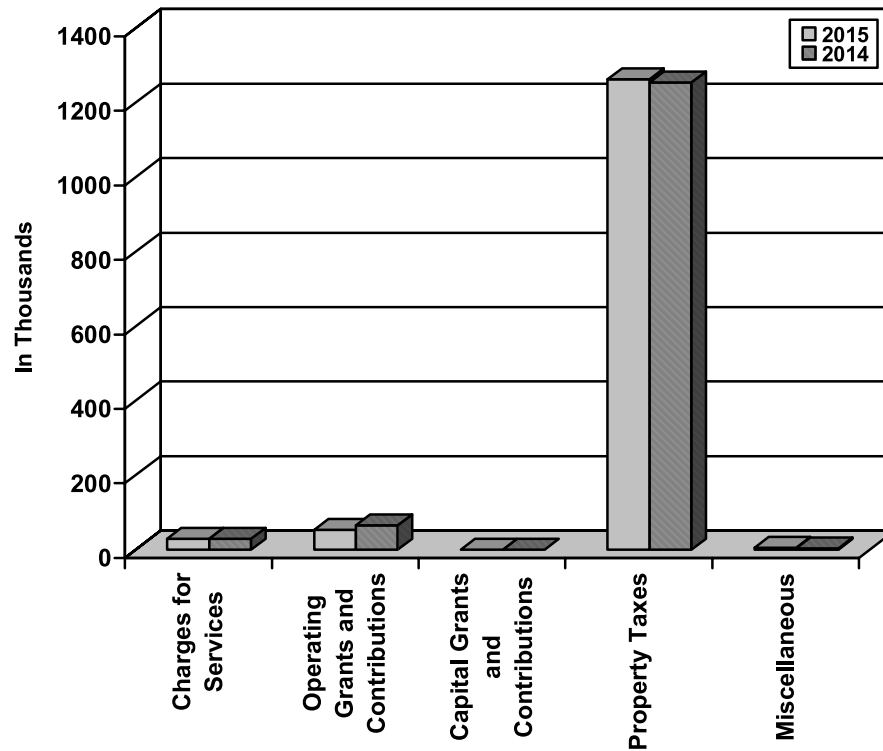
Governmental Activities

The governmental activities of the Library are culture and recreation services. The main sources of revenue are property taxes, operating and capital grants. Total governmental revenues this year were \$1,350,253 compared with \$1,352,849 last year. Total expenses this year were \$1,353,939 compared with \$1,316,110 last year. The following charts reflect a comparison among all the activities and sources of revenue for the years ended December 31, 2015 and based on the information included in the government-wide financial statements.

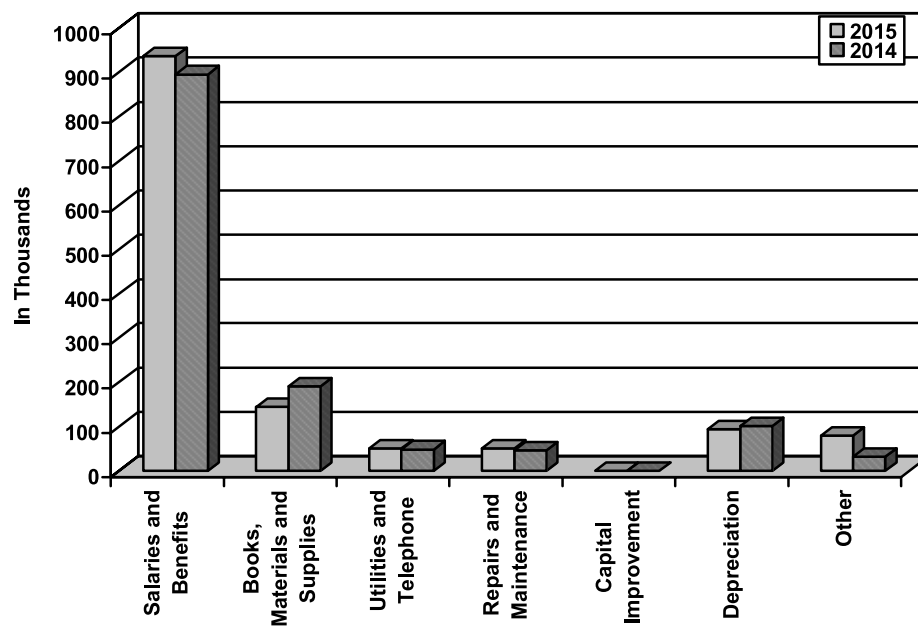
THE LIBRARY AS A WHOLE (CONTINUED)

Governmental Activities (continued)

Governmental Activities - Revenues



Governmental Activities - Expenses



THE LIBRARY'S FUND BALANCES

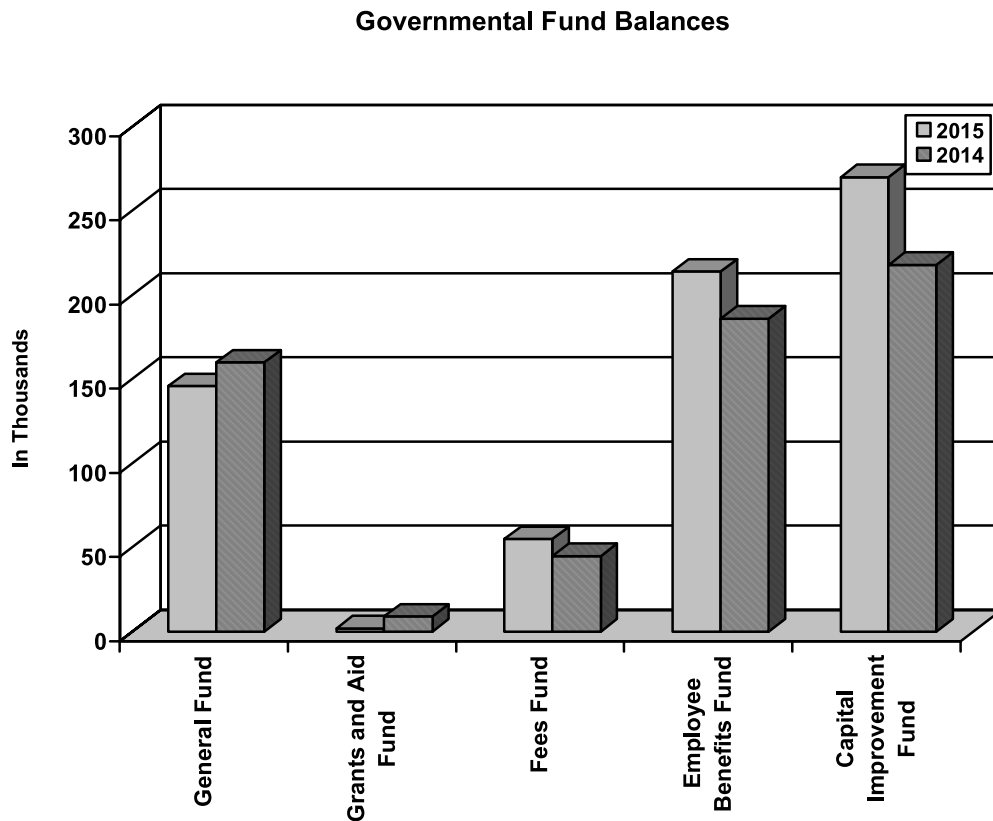
Governmental activities

The Library's combined fund balances as of the end of the current year for governmental funds were \$687,024, as reflected in the Balance Sheet - Governmental Funds. This balance represents an increase of \$67,954 (11%) from last year's ending balance. This is due to several fluctuations in revenue and expenditures which are shown below.

The City of Dodge City levies taxes to appropriate to the Library for general operations and for employee benefits which are recorded in the respective funds of the Library. In the fund financial statements, these appropriations are shown as transfers from the primary government.

The Grants and Aid Fund receives federal, state and private grants. The Fees Fund receives most of its revenue from user charges, donations and miscellaneous. The expenditures of these funds vary in proportion to their revenue.

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



THE LIBRARY'S FUND BALANCES (CONTINUED)

Following is an analysis of General Fund, Grants and Aid Fund, Fees Fund and Employee Benefits Fund revenue and expenditures compared to the previous year:

GENERAL FUND

	<u>2015</u>		<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Taxes from the City of Dodge City	\$ 968,259	\$ 948,174	\$ 20,085	2%
Investment earnings	609	415	194	47%
Total revenue	<u>968,868</u>	<u>948,589</u>	<u>20,279</u>	2%
Expenditures				
Culture and recreation				
Salaries and benefits	668,115	647,916	20,199	3%
Books and materials	73,616	71,005	2,611	4%
Supplies	15,138	41,033	(25,895)	-63%
Utilities and telephone	50,339	48,651	1,688	3%
Bonds and insurance	12,809	11,993	816	7%
Staff development	3,491	6,070	(2,579)	-42%
Repairs and maintenance	45,777	42,762	3,015	7%
Postage and freight	4,378	4,327	51	1%
Other contractual services	30,676	1,869	28,807	1541%
Capital improvements	3,027	6,783	(3,756)	-55%
Miscellaneous	86	212	(126)	-59%
Transfers out	<u>76,074</u>	<u>133,621</u>	<u>(57,547)</u>	-43%
Total expenditures	<u>983,526</u>	<u>1,016,242</u>	<u>(32,716)</u>	-3%
Change in fund balance	<u>\$ (14,658)</u>	<u>\$ (67,653)</u>	<u>\$ 52,995</u>	78%

GRANTS AND AID FUND

	<u>2015</u>		<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Intergovernmental	\$ 9,386	\$ 10,076	\$ (690)	-7%
Investment earnings	3	3	-	0%
Grants and donations	<u>35,750</u>	<u>44,000</u>	<u>(8,250)</u>	-19%
Total revenue	<u>45,139</u>	<u>54,079</u>	<u>(8,940)</u>	-17%
Expenditures				
Culture and recreation				
Salaries and benefits	-	3,326	(3,326)	-100%
Books and materials	<u>51,896</u>	<u>52,779</u>	<u>(883)</u>	-2%
Total expenditures	<u>51,896</u>	<u>56,105</u>	<u>(4,209)</u>	-8%
Change in fund balance	<u>\$ (6,757)</u>	<u>\$ (2,026)</u>	<u>\$ (4,731)</u>	-234%

THE LIBRARY'S FUND BALANCES (CONTINUED)

FEES FUND

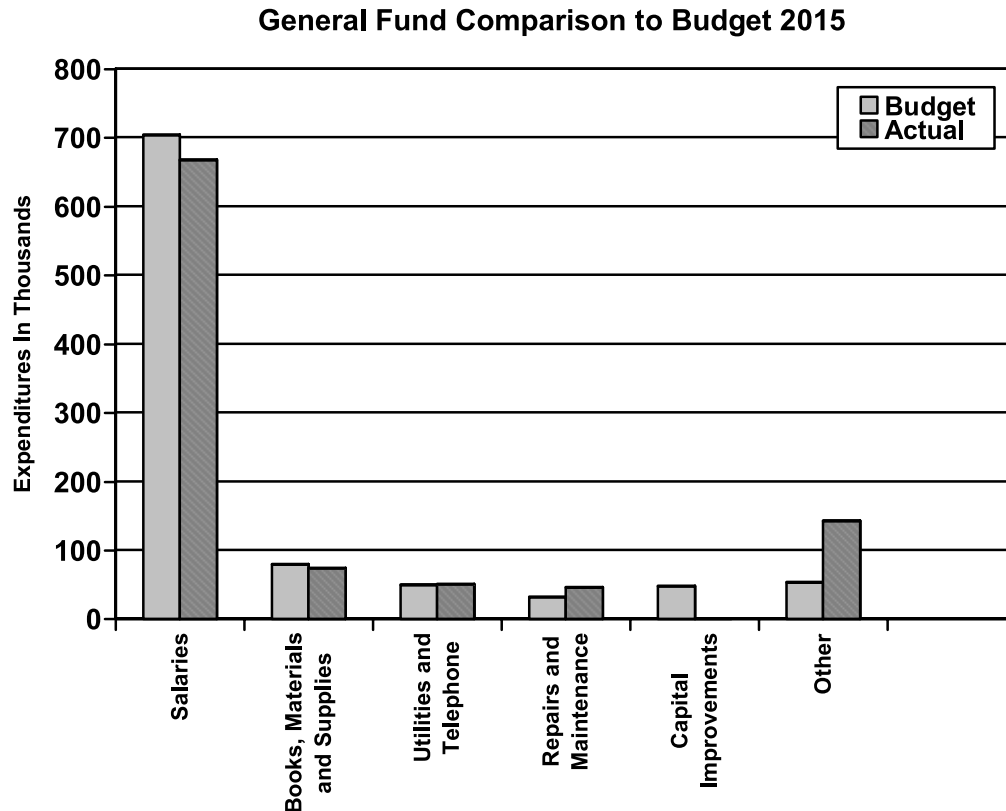
	<u>2015</u>		<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Charges for services	\$ 30,040	\$ 28,548	\$ 1,492	5%
Investment earnings	18	17	1	6%
Grants and donations	7,589	11,709	(4,120)	-35%
Miscellaneous	<u>3,707</u>	<u>3,483</u>	<u>224</u>	6%
Total revenue	<u>41,354</u>	<u>43,757</u>	<u>(2,403)</u>	-5%
Expenditures				
Culture and recreation				
Books and materials	18,745	18,853	(108)	1%
Supplies	7,344	8,797	(1,453)	-17%
Repairs and maintenance	4,400	4,400	-	0%
Other contractual services	142	84	58	69%
Special projects	701	11,528	(10,827)	-94%
Miscellaneous	<u>300</u>	<u>374</u>	<u>(74)</u>	-20%
Total expenditures	<u>31,632</u>	<u>44,036</u>	<u>(12,404)</u>	-28%
Change in fund balance	<u>\$ 9,722</u>	<u>\$ (279)</u>	<u>\$ 10,001</u>	3378%

EMPLOYEE BENEFITS FUND

	<u>2015</u>		<u>Increase (Decrease)</u>	<u>Percent</u>
Revenue				
Taxes from the City of Dodge City	\$ 294,660	\$ 306,275	\$ (11,615)	-4%
Transfers in	<u>18,551</u>	<u>68,357</u>	<u>(49,806)</u>	100%
Total revenue	313,211	374,632	(61,421)	-16%
Expenditures				
Culture and recreation				
Salaries and benefits	<u>285,586</u>	<u>246,031</u>	<u>39,555</u>	16%
Change in fund balance	<u>\$ 27,625</u>	<u>\$ 128,601</u>	<u>\$ (100,976)</u>	79%

BUDGETARY HIGHLIGHTS

The Library is not required to publish and adopt a budget in accordance with state budget laws. However, management utilizes internal budgets. The funds included in this budget are the General Fund, Grants and Aid Fund, Fees Fund and Employee Benefits Fund. The following chart shows expenditures by category compared with the internal budget for the General Fund.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Library has \$880,000 in capital assets (net of depreciation). This includes buildings and land purchased by the City of Dodge City, and furniture and equipment purchased by the Library. Net governmental capital assets have decreased by about 9%. Total depreciation expense was \$93,745 for the year. Capital assets held by the Library at the end of the current and previous years are summarized as follows:

Capital Assets (Net of Depreciation, in Thousands)		Governmental activities	
		2015	
Land		\$ 338	\$ 338
Buildings and improvements		435	504
Furniture and equipment		107	128
Totals		<u>\$ 880</u>	<u>\$ 970</u>

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

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

Long-Term Liabilities

At December 31, 2015 and , the Library had long-term liabilities related to governmental activities of \$591,125, and \$534,909, respectively. These liabilities consist entirely of compensated absences payable and net pension liability.

RELEVANT CURRENT ECONOMIC FACTORS, DECISIONS AND CONDITIONS

The overall goal of the Library continues to be one of providing resources and materials to meet the educational and recreational goals of its patrons. Available resources include books, movies, magazines, audio books, Blu-ray DVDs and Playaway Views, and other items. Programs are available for all ages on a variety of topics. Many resources and programs are also available in Spanish as well as English. The Library also offers over 30 computers and laptops for patron use in the building and a number of online resources.

In 2015 the library averaged 457 individuals per day entering the library, this was down from 481 the year before. These individuals checked out an average of 512 items per day compared to 512 a year ago. During the year patrons of all ages attended 292 programs. The Library started a small Somali collection and will continue to add to that collection. During 2014, the library was officially recognized as a Family Place Library. The online eBooks continue to grow in use and the children and their caregivers continue to enjoy and learn from the offerings from the Family Place Libraries program.

Plans for 2016 include continuing to add to the online resources as well as other collections. In addition the library staff and library board will look at other services and resources that can be made available to the public. They will also continue working with the Family Place Libraries program to provide these resources to preschoolers and their caregivers. The Library continues to be involved in the Digital Dodge City project and is involved in providing skills training to the community. In addition to this city wide project, the library is involved in several other city cooperatives. The Library Director is Immediate Past President of the Kansas Library Association and the Library is recognized throughout the state, and in some areas outside the state for the quality library service provided to the residents of Dodge City.

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide various interested parties with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cathy Reeves, Library Director, 1001 Second Avenue, Dodge City, Kansas 67801.

DODGE CITY PUBLIC LIBRARY

STATEMENT OF NET POSITION

December 31, 2015

ASSETS

Cash and cash equivalents	\$ 708,128
Capital assets, net of accumulated depreciation, where applicable:	
Land	338,171
Buildings and improvements	435,080
Furniture and equipment	107,369
Total capital assets, net	880,620
Deferred outflows of resources:	
Pension - changes in proportion	18,636
Total assets and deferred outflows of resources	\$ 1,607,384

LIABILITIES

Accounts payable	\$ 21,104
Net pension liability	513,715
Compensated absences	78,210
Total liabilities	613,029
Deferred inflows of resources:	
Pension - differences between expected and actual experience	14,542
Pension - differences between projected and actual earnings	19,997
Pension - changes in assumptions	7,180
Pension - changes in proportion	6,443
Total deferred inflows of resources	48,162
Total liabilities and deferred inflows of resources	661,191

NET POSITION

Invested in capital assets, net of related debt	880,620
Unrestricted	65,573
Total net position	946,193
Total liabilities, deferred inflows or resources and net position	\$ 1,607,384

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

DODGE CITY PUBLIC LIBRARY

STATEMENT OF ACTIVITIES

Year ended December 31, 2015

Expenses:

Culture and recreation:

Salaries and benefits	\$ 935,639
Books and materials	144,257
Supplies	22,482
Utilities and telephone	50,339
Bonds and insurance	12,809
Staff development	3,491
Repairs and maintenance	50,177
Postage and freight	4,378
Other contractual services	30,818
Special projects	701
Capital improvements	4,327
Miscellaneous	386
Depreciation expense	93,745
Loss on sale of assets	390

Total program expenses	<u>1,353,939</u>
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Program revenue:

Charges for services	30,040
Operating grants and contributions	<u>52,725</u>

Total program revenue	<u>82,765</u>
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Net program expense	<u>(1,271,174)</u>
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General revenue:

Property taxes	1,262,919
Investment earnings	841
Miscellaneous	<u>3,728</u>

Total general revenue	<u>1,267,488</u>
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Increase (decrease) in net position	(3,686)
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Net position, beginning of the year	<u>949,879</u>
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Net position, end of the year	<u><u>\$ 946,193</u></u>
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The accompanying notes are an integral part of the basic financial statements.

DODGE CITY PUBLIC LIBRARY

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2015

	General	Grants and aid	Fees	Employee benefits	Capital improvement	Total
<u>ASSETS</u>						
Cash and cash equivalents	\$ 224,199	\$ 2,270	\$ 54,844	\$ 214,029	\$ 212,786	\$ 708,128
Due from other funds	-	-	-	-	57,523	57,523
Total assets	<u>\$ 224,199</u>	<u>\$ 2,270</u>	<u>\$ 54,844</u>	<u>\$ 214,029</u>	<u>\$ 270,309</u>	<u>\$ 765,651</u>
<u>LIABILITIES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 21,104	-	-	-	-	\$ 21,104
Due to other funds	57,523	-	-	-	-	57,523
Total liabilities	<u>78,627</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78,627</u>
Fund balances:						
Restricted by grants	-	2,270	-	-	-	2,270
Assigned to:						
Designated for subsequent						
years expenditure	145,572	-	-	-	-	145,572
Employee benefits	-	-	-	214,029	-	214,029
Capital expenditures	-	-	-	-	270,309	270,309
Other purposes	-	-	54,844	-	-	54,844
Unassigned	-	-	-	-	-	-
Total fund balances	<u>145,572</u>	<u>2,270</u>	<u>54,844</u>	<u>214,029</u>	<u>270,309</u>	<u>687,024</u>
Total liabilities and fund balances	<u>\$ 224,199</u>	<u>\$ 2,270</u>	<u>\$ 54,844</u>	<u>\$ 214,029</u>	<u>\$ 270,309</u>	<u>\$ 765,651</u>

Reconciliation of the balance sheet of the
governmental funds to the statement of net position:

Total fund balances on the balance sheet	\$ 687,024
Amounts reported for governmental activities in the statement of net position is different because of the following:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	880,620
Deferred outflows of resources of pension in governmental activities are not financial resources and therefore are not reported in the funds.	18,636
Net pension liability of governmental activities is not due and payable in the current period and therefore is not reported in the funds.	(513,715)
Deferred inflows of resources of pension in governmental activities is not due and payable in current period and therefore is not reported in the funds.	(48,162)
Liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(78,210)
Net position of governmental activities	<u>\$ 946,193</u>

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

BASIC FINANCIAL STATEMENTS

DODGE CITY PUBLIC LIBRARY

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

Year ended December 31, 2015

	General	Grants and aid	Fees	Employee benefits	Capital improvement	Total
Revenue:						
Intergovernmental	\$ -	\$ 9,386	\$ -	\$ -	\$ -	\$ 9,386
Charges for services	-	-	30,040	-	-	30,040
Investment earnings	609	3	18	-	211	841
Grants and donations	-	35,750	7,589	-	21	43,360
Miscellaneous	-	-	3,707	-	-	3,707
Total revenue	609	45,139	41,354	-	232	87,334
Expenditures:						
Culture and recreation:						
Salaries and benefits	668,115	-	-	285,586	-	953,701
Books and materials	73,616	51,896	18,745	-	-	144,257
Supplies	15,138	-	7,344	-	-	22,482
Utilities and telephone	50,339	-	-	-	-	50,339
Bonds and insurance	12,809	-	-	-	-	12,809
Staff development	3,491	-	-	-	-	3,491
Repairs and maintenance	45,777	-	4,400	-	-	50,177
Postage and freight	4,378	-	-	-	-	4,378
Other contractual services	30,676	-	142	-	-	30,818
Special projects	-	-	701	-	-	701
Capital improvements	3,027	-	-	-	5,733	8,760
Miscellaneous	86	-	300	-	-	386
Total expenditures	907,452	51,896	31,632	285,586	5,733	1,282,299
Excess (deficiency) of revenue over expenditures	(906,843)	(6,757)	9,722	(285,586)	(5,501)	(1,194,965)
Other financing sources (uses):						
Transfers from primary government - City of Dodge City	968,259	-	-	294,660	-	1,262,919
Transfers in	-	-	-	18,551	57,523	76,074
Transfers out	(76,074)	-	-	-	-	(76,074)
Total other financing sources and uses	892,185	-	-	313,211	57,523	1,262,919
Excess (deficiency) of revenue and transfers in over expenditures and transfers out	(14,658)	(6,757)	9,722	27,625	52,022	67,954
Fund balances, beginning of year	160,230	9,027	45,122	186,404	218,287	619,070
Fund balances, end of year	<u>\$ 145,572</u>	<u>\$ 2,270</u>	<u>\$ 54,844</u>	<u>\$ 214,029</u>	<u>\$ 270,309</u>	<u>\$ 687,024</u>

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

Reconciliation of the statement of revenue, expenditures and changes
in fund balances of the governmental funds to the statement of activities:

Net change in fund balances, total governmental funds	\$ 67,954
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Amounts reported for governmental activities in the statement of activities are
different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense in the current period exceeds capital outlays.	(89,702)
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Pension payments and related items are reported as expenditures in governmental funds as payments are currently due. Statement of activities reports these transactions as liabilities and deferred inflows and outflows:

Change in net pension liability	(50,868)
Change in pension deferred net inflows	56,442
Change in pension deferred net outflows	18,636

Compensated absences are recorded as expenses in the statement of activities, however only the current year liability is shown as an expenditure in the governmental funds.	<u>(6,148)</u>
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Change in net position of governmental activities	<u><u>\$ (3,686)</u></u>
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DODGE CITY PUBLIC LIBRARY
NOTES TO FINANCIAL STATEMENTS

December 31, 2015

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Library's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the Library are discussed below.

1. Financial reporting entity

The Dodge City Public Library is a component unit of the City of Dodge City, Kansas. The members of the governing board of the Library are appointed by the City Commissioners. The Library is fiscally dependent on the City because the budget is approved by the City Commissioners. In addition, the Library is prohibited from issuing bonded debt without the approval of the City Commission. The financial data of the Library is discretely presented in the financial statements of the City.

2. Basic financial statements – government-wide statements

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Library's culture and recreation function is classified as a governmental activity. The Library has no business-type activities.

In the government-wide Statement of Net Position, the governmental activity is reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The Library first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of the Library's governmental function. The function is supported by general government revenues (property taxes and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function. Governmental charges for services include fees, fines, and rent charged to Library users. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflect capital-specific grants. All internal activity has been eliminated.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The net costs by governmental function are normally covered by general government revenues such as property taxes, intergovernmental revenues, and interest income.

The Library does not allocate indirect costs. The direct costs of General Fund services provided such as finance, personnel, purchasing, legal, technology management, etc. are included in the culture and recreation function category.

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

3. Basic financial statements – fund financial statements

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

The following funds are used by the Library:

Governmental Funds:

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

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

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

The emphasis in fund financial statements is on the major funds in the governmental activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The Library may electively add funds as major funds. The nonmajor funds are combined in one column in the fund financial statements. All funds of the Library are considered to be major funds.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Measurement focus and basis of accounting

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

Measurement Focus

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

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

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position. The Library has no proprietary funds.

Basis of Accounting

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

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Library considers revenues to be available if they are expected to be collected within 60 days of the end of the year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

5. Encumbrances

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERS) which is a cost-sharing multiple-employer state-wide pension plan. The Library's policy is to fund all pension costs accrued; such costs to be funded are determined annually by the system's actuary.

7. Section 125 plan

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

8. Use of estimates

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

9. Capital assets

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

Buildings and improvements	20-40 years
Furniture and equipment	5-10 years

10. Deferred outflows or resources

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

11. Deferred inflows or resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to the future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library reports changes in the pension differences between expected and actual experience, differences between projected and actual earnings, changes in assumptions and changes in proportion as deferred inflows of resources in governmental activities.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Compensated absences

The Library's policies regarding vacation permit a full-time employee to accumulate a maximum of 24 days, which is paid to the employee upon retirement or termination. A maximum accumulation of 90 days of sick leave is allowed. Upon retirement or termination, 25% of the accumulated sick leave is paid to the employee. Compensatory time is accumulated for salaried personnel up to a maximum of one half of regular weekly hours, which is paid to the employee upon retirement or termination. At year end there was no accrual for compensatory time. The liabilities for accrued vacation, sick leave and compensatory time, if any, have been reported in the government-wide financial statements. The liabilities are based on current salary costs and the vested portion of accumulated benefits.

13. Interfund activity

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

14. Government-wide net position

Government-wide net position is divided into three components:

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

15. Governmental fund balances

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Unassigned – All amounts not included in other spendable classifications.

16. Use of restricted resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Library's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Library's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications-committed and then assigned fund balances before using unassigned fund balances.

B. DEPOSITS AND INVESTMENTS

Policy. The Library has no formal deposit and investment policies; however it does follow state statutes. K.S.A. 9-1401 establishes the depositories which may be used by the Library. The statute requires banks eligible to hold the Library's funds to have a main or branch bank in the county in which the Library is located, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the Library's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka.

K.S.A. 12-1675 limits the Library'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. State statutes place no limit on the amount the Library may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits may not be returned to it. At year-end the carrying amount of the Library's deposits, including certificates of deposit, was \$708,052. The bank balance was \$713,544. Of the bank balance, \$561,933 was covered by FDIC insurance, and \$151,611 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Library's name.

C. CAPITAL ASSETS

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

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Land	\$ 338,171	\$ -	\$ -	\$ 338,171
Buildings and improvements	1,965,741	-	-	1,965,741
Furniture and equipment	<u>625,736</u>	<u>4,433</u>	<u>29,264</u>	<u>600,905</u>
Total capital assets at historical cost	<u>2,929,648</u>	<u>4,433</u>	<u>29,264</u>	<u>2,904,817</u>
Less accumulated depreciation for:				
Buildings and improvements	1,461,554	69,107	-	1,530,661
Furniture and equipment	<u>497,772</u>	<u>24,638</u>	<u>28,874</u>	<u>493,536</u>
Total accumulated depreciation	<u>1,959,326</u>	<u>93,745</u>	<u>28,874</u>	<u>2,024,197</u>
Governmental activities capital assets, net	<u>\$ 970,322</u>	<u>\$ (89,312)</u>	<u>\$ 390</u>	<u>\$ 880,620</u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
Culture and recreation	<u>\$ 93,745</u>

The City of Dodge City issued bonds to provide for the construction of the library facility. These bonds were obligations of the City of Dodge City and were reflected in the general long-term debt account group of the City. They were retired through the City's debt service fund by the levying of property taxes.

D. INTERFUND TRANSACTIONS

During the course of normal operations, the Library has numerous transactions between funds including expenditures and transfers of resources to provide services. The governmental funds financial statements generally reflect such transactions as transfers. A summary of interfund transactions for 2015 is as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
General	Capital Improvement	\$ 57,523
General	Employee Benefits	<u>18,551</u>
		<u>\$ 76,074</u>

E. OPERATING LEASE

The Library entered into an equipment lease agreement with Hasler on June 9, 2010. Items leased are a digital mailing system and a weigh platform. The contract is for 63 months and expires September 22, 2015. The rent is \$390 per quarter. Total rent expense for the year was \$780. There are no minimum lease payments remaining at December 31, 2015.

F. LONG-TERM LIABILITIES

The following is a summary of the Library's long-term liability transactions for the year ended December 31, 2015:

	Liabilities outstanding <u>January 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Liabilities outstanding <u>December 31, 2015</u>
Compensated absences	\$ <u>72,062</u>	\$ <u>-</u>	\$ <u>6,148</u>	\$ <u>78,210</u>

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

G. DEFINED BENEFIT PENSION PLAN

Plan Description. The Kansas Public Employees Retirement System (KPERS, or the System) is a body corporate and an instrumentality of the State of Kansas. KPERS is the administrator of a cost-sharing multiple-employer defined-benefit pension plan (Pension Plan) as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*. KPERS financial statements are included in its Comprehensive Annual Financial Report which can be found on the System's website at www.kpers.org. KPERS provides pension benefits to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

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

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

Benefits: Benefits are established by statute and may only be changed by the General Assembly. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

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

G. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

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

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

Contributions: Member contribution rates are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined based on the results of each annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and the school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.0% of total payroll for the fiscal year ended December 31, 2015.

The actuarially determined employer contribution rates (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	<u>Actuarial employer rate</u>	<u>Statutory employer capped rate</u>
Local government employees	9.48	9.48

Member contribution rates as a percentage of eligible compensation in fiscal year 2015 are 5.00% or 6.00% for Public Employees.

G. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

To facilitate the separate (sub) actuarial valuations, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The allocation percentages for each group as of December 31, 2015, are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal years ended December 31, 2015. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

At December 31, 2015, the Library's share proportion for the Local employees group was 0.039124%, which was a 0.001519% increase from its proportion measured at December 31, 2014.

Net Pension Liabilities: At December 31, 2015, the Library's net pension liability was \$513,715 for its total proportionate share of the net pension liability for the Local group.

Pension Expense: For the year ended December 31, 2015, the Library recognized pension expense of \$36,145, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Actuarial Assumptions: The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

G. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2015 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset class	Long-term target allocation	Long-term expected real rate of return
Global equity	47.00%	6.30%
Fixed income	13.00	0.80
Yield driven	8.00	4.20
Real return	11.00	1.70
Real estate	11.00	5.40
Alternatives	8.00	9.40
Short-term investments	<u>2.00</u>	(0.50)
Total	<u>100.00%</u>	

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

Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following tables present the net pension liability of the Pension Plan as of December 31, 2015, calculated using the discount rate of 8.00%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>Discount rate</u>	<u>Library's proportionate share of net pension liability</u>
1% decrease	7.0%	\$ 729,246
Current discount rate	8.0%	513,715
1% increase	9.0%	330,988

G. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Deferred outflows of Resources and Deferred Inflows of Resources: At December 31, 2015, total deferred outflows of resources are \$18,636 and total deferred inflows of resources are \$48,162. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five year period. The following provides the net deferred outflows/(deferred inflows) of resources as of December 31, 2015, that will be recognized in pension expense in future years:

	<u>Local Group</u>
Deferred outflows/(inflows) of resources:	
2016	\$(13,277)
2017	(13,277)
2018	(13,277)
2019	9,116
2020	<u>1,189</u>
Total	<u><u>\$(29,526)</u></u>

H. RISK MANAGEMENT

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

I. BUDGET TO GAAP RECONCILIATION

	<u>General</u>	<u>Grants and aid</u>	<u>Fees</u>	<u>Employee benefits</u>
Sources/inflows of resources:				
Actual amounts available for appropriation from the budgetary comparison schedule	\$ 1,129,098	\$ 54,166	\$ 86,476	\$ 499,615
Differences, budget to GAAP:				
The fund balance at the beginning of the year is a budgetary resource, but is not a current-year revenue for financial reporting purposes.	(160,230)	(9,027)	(45,122)	(186,404)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(968,259)</u>	<u>-</u>	<u>-</u>	<u>(313,211)</u>
Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	<u>\$ 609</u>	<u>\$ 45,139</u>	<u>\$ 41,354</u>	<u>\$ -</u>
Uses/outflows of resources:				
Actual amounts of charges to appropriations from the budgetary comparison schedule	\$ 983,527	\$ 51,896	\$ 31,632	\$ 285,586
Differences, budget to GAAP:				
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes.	<u>(76,075)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	<u>\$ 907,452</u>	<u>\$ 51,896</u>	<u>\$ 31,632</u>	<u>\$ 285,586</u>

J. CHANGE IN ACCOUNTING PRINCIPLE

On January 1, 2015, the Library changed its method of accounting to adopt Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions. As a result, beginning unrestricted net position was decreased by \$567,451 to record the net pension liability at January 1, 2015.

K. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 25, 2016, the date on which the financial statements were available to be used. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.

SUPPLEMENTARY INFORMATION

DODGE CITY PUBLIC LIBRARY

BUDGETARY COMPARISON SCHEDULE GENERAL FUND

Year ended December 31, 2015

	Budgeted amounts <u>Original and final</u>	Actual amounts (budgetary basis) <u></u>	Variance with final budget positive (negative) <u></u>
Budgetary fund balance, beginning of year	\$ -	\$ 160,230	\$ 160,230
Resources (inflows):			
Investment earnings	-	609	609
Transfer from primary government - City of Dodge City	<u>968,259</u>	<u>968,259</u>	<u>-</u>
Amounts available for appropriation	<u>968,259</u>	<u>1,129,098</u>	<u>160,839</u>
Charges to appropriations (outflows):			
Culture and recreation:			
Salaries	704,110	668,115	35,995
Books and materials	79,994	73,616	6,378
Supplies	19,855	15,138	4,717
Utilities and telephone	50,200	50,339	(139)
Bonds and insurance	13,925	12,809	1,116
Staff development	7,400	3,491	3,909
Repairs and maintenance	32,575	45,777	(13,202)
Postage and freight	5,900	4,378	1,522
Other contractual services	5,500	30,676	(25,176)
Capital improvements	47,650	3,027	44,623
Miscellaneous	1,150	86	1,064
Transfers to other funds	<u>-</u>	<u>76,074</u>	<u>(76,074)</u>
Total charges to appropriations	<u>968,259</u>	<u>983,526</u>	<u>(15,267)</u>
Budgetary fund balance, end of year	<u>\$ -</u>	<u>\$ 145,572</u>	<u>\$ 145,572</u>

DODGE CITY PUBLIC LIBRARY

BUDGETARY COMPARISON SCHEDULE GRANTS AND AID FUND

Year ended December 31, 2015

	Budgeted amounts <u>Original and final</u>	Actual amounts (budgetary basis) <u></u>	Variance with final budget positive (negative) <u></u>
Budgetary fund balance, beginning of year	\$ -	\$ 9,027	\$ 9,027
Resources (inflows):			
Intergovernmental	10,075	9,386	(689)
Investment earnings	-	3	3
Grants and donations	<u>27,000</u>	<u>35,750</u>	<u>8,750</u>
Amounts available for appropriation	37,075	54,166	17,091
Charges to appropriations (outflows):			
Culture and recreation:			
Books and materials	<u>37,075</u>	<u>51,896</u>	<u>(14,821)</u>
Budgetary fund balance, end of year	<u>\$ -</u>	<u>\$ 2,270</u>	<u>\$ 2,270</u>

DODGE CITY PUBLIC LIBRARY
BUDGETARY COMPARISON SCHEDULE
FEES FUND

Year ended December 31, 2015

	Budgeted amounts <u>Original and final</u>	Actual amounts (budgetary basis) <u></u>	Variance with final budget positive (negative) <u></u>
Budgetary fund balance, beginning of year	\$ -	\$ 45,122	\$ 45,122
Resources (inflows):			
Charges for services	31,300	30,040	(1,260)
Investment earnings	-	18	18
Donations	-	7,589	7,589
Miscellaneous	-	3,707	3,707
	<u>31,300</u>	<u>86,476</u>	<u>55,176</u>
Amounts available for appropriation	<u>31,300</u>	<u>86,476</u>	<u>55,176</u>
Charges to appropriations (outflows):			
Culture and recreation:			
Books and materials	16,055	18,745	(2,690)
Supplies	10,045	7,344	2,701
Repairs and maintenance	4,400	4,400	-
Other contractual services	350	142	208
Special projects	-	701	(701)
Miscellaneous	450	300	150
	<u>31,300</u>	<u>31,632</u>	<u>(332)</u>
Total charges to appropriations	<u>31,300</u>	<u>31,632</u>	<u>(332)</u>
Budgetary fund balance, end of year	<u>\$ -</u>	<u>\$ 54,844</u>	<u>\$ 54,844</u>

DODGE CITY PUBLIC LIBRARY

BUDGETARY COMPARISON SCHEDULE EMPLOYEE BENEFITS FUND

Year ended December 31, 2015

	Budgeted amounts <u>Original and final</u>	Actual amounts (budgetary basis) <u></u>	Variance with final budget positive (negative) <u></u>
Budgetary fund balance, beginning of year	\$ -	\$ 186,404	\$ 186,404
Resources (inflows):			
Transfer from primary government - City of Dodge City	294,660	294,660	-
Transfer from other funds	<u>-</u>	<u>18,551</u>	<u>18,551</u>
Amounts available for appropriation	294,660	499,615	204,955
Charges to appropriations (outflows):			
Culture and recreation:			
Employee benefits	<u>294,660</u>	<u>285,586</u>	<u>9,074</u>
Budgetary fund balance, end of year	<u>\$ -</u>	<u>\$ 214,029</u>	<u>\$ 214,029</u>