

CITY OF DODGE CITY, KANSAS

**BASIC FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
YEAR ENDED DECEMBER 31, 2016**

CITY OF DODGE CITY, KANSAS

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OTHER AUDIT

Dodge City Public Library

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
JAMES R. SHIRLEY, CPA
LU ANN WETMORE, CPA
ROBERT C. NEIDHART, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Special Events Center Special Revenue Fund, which represent one percent, one percent, and twenty one percent, respectively, of the assets, fund balances, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Special Events Center Special Revenue Fund, is based solely on the report of the other auditors. We did not audit the financial statements of the Dodge City Housing Authority, which represent seventy one percent, eighty six percent, and fifty six percent, respectively, of the assets, fund balances, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dodge City Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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, 2016, 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 22, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF DODGE CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2016

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, 2016. It should be read in conjunction with the City's basic financial statements, listed in the table of contents.

USING THIS ANNUAL REPORT

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

The Statement of Net Position and the Statement of Activities

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

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

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

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

USING THIS ANNUAL REPORT (CONTINUED)

- 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.

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:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and other assets	\$ 44,590,382	\$ 43,840,330	\$ 5,388,484	\$ 6,378,234	\$ 49,978,866	\$ 50,218,564
Capital assets	<u>109,926,657</u>	<u>110,998,209</u>	<u>68,939,827</u>	<u>64,684,812</u>	<u>178,866,484</u>	<u>175,683,021</u>
Total assets	<u>154,517,039</u>	<u>154,838,539</u>	<u>71,063,046</u>	<u>71,063,046</u>	<u>228,845,350</u>	<u>225,901,585</u>
Deferred outflows of Resources	<u>2,106,652</u>	<u>409,000</u>	<u>119,095</u>	<u>14,249</u>	<u>2,225,747</u>	<u>423,249</u>
Long-term liabilities	74,213,311	69,017,871	37,550,019	37,066,314	111,763,330	106,084,185
Other liabilities	<u>14,887,204</u>	<u>12,598,558</u>	<u>2,401,189</u>	<u>2,383,344</u>	<u>17,288,393</u>	<u>14,981,902</u>
Total liabilities	<u>89,100,515</u>	<u>81,616,429</u>	<u>39,951,208</u>	<u>39,449,658</u>	<u>129,051,723</u>	<u>106,527,769</u>
Deferred inflows of resources	<u>11,955,704</u>	<u>9,071,190</u>	<u>294,676</u>	<u>346,984</u>	<u>12,250,380</u>	<u>9,418,174</u>
Net Position:						
Invested in capital assets net of related debt	47,461,600	47,149,259	31,389,808	27,618,496	78,851,408	74,767,755
Restricted	19,315,112	16,368,962	-	-	19,315,112	16,368,962
Unrestricted	<u>(11,209,240)</u>	<u>1,041,699</u>	<u>2,811,714</u>	<u>3,662,157</u>	<u>(8,397,526)</u>	<u>4,703,856</u>
Total net position	<u>\$ 55,567,472</u>	<u>\$ 64,559,920</u>	<u>\$ 34,201,522</u>	<u>\$ 31,280,653</u>	<u>\$ 89,768,994</u>	<u>\$ 95,840,573</u>

For the years ended December 31, 2016 and 2015, net position changed as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Beginning net position	\$ 64,559,920	\$ 65,031,158	\$ 31,280,653	\$ 32,221,566	\$ 95,840,573	\$ 97,252,724
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>(8,992,448)</u>	<u>11,218,005</u>	<u>2,920,869</u>	<u>353,850</u>	<u>(6,071,579)</u>	<u>11,571,855</u>
Ending net position	<u>\$ 55,567,472</u>	<u>\$ 64,559,920</u>	<u>\$ 34,201,522</u>	<u>\$ 31,280,653</u>	<u>\$ 89,768,994</u>	<u>\$ 95,840,573</u>

Governmental current assets increased slightly from 2015 to 2016 because the general fund balance increased slightly and bond proceeds funds not spent increased due to bonds issued at year end. The cash balance in the General Fund continues to remain strong because of a concerted effort to focus on increasing the cash balance to a level described in the financial policies. Capital assets decreased slightly because of normal depreciation on capital infrastructure and capital assets. Long term liabilities increased in the Government activities because of the issuance of the General Obligation Bonds issued in the amount of \$7,705,000 during the course of 2016 for street improvement projects. Other debt was paid based on maturity of the bonds. The other liabilities increased because of the changes of the net pension liability required by GASB 68. This requirement started in 2015. The information is generated by KPERS and there was significant changes in the net pension liability and the Unrestricted Net Position from 2015 to 2016. Deferred inflows of resources increased because there was refunding Sales Tax Revenue Bond in 2016 and it resulted in a deferred gain on refunding.

THE CITY AS A WHOLE (CONTINUED)

Government-Wide Statements – Overview (continued)

Current assets decreased in the business-type activities from 2015 to 2016 because of the repayment on the KDH&E Water Loan for the construction of the water reclamation facility which decreased cash assets. Drainage assets and equipment in the Sanitation and Water and Wastewater Funds were added that resulted in an increase in the Capital Assets.

	Governmental activities		Business-type activities		Total primary government	
	2016	2015	2016	2015	2016	2015
Revenue:						
Program revenue:						
Charges for services	\$ 6,020,765	\$ 4,443,984	\$ 11,435,317	\$ 11,207,163	\$ 17,456,082	\$ 15,651,1471
Operating grants	2,353,944	13,218,855	825,969	825,769	3,179,913	14,044,624
Capital grants	971,889	1,100,261	-	-	971,889	1,100,261
General revenue:						
Property taxes, levied						
for general purposes	6,927,145	6,552,208	-	-	6,927,145	6,552,208
Property taxes and special assessments levied						
for debt service	2,738,645	2,574,871	-	-	2,738,645	2,574,871
Sales taxes	10,770,296	10,775,139	-	-	10,770,296	10,775,139
Franchise taxes	1,678,943	1,719,096	-	-	1,678,943	1,719,096
Expanded lottery tax	600,720	594,813	-	-	600,720	594,813
Grants and contributions	115,500	143,518	-	-	115,500	143,518
Contributed capital	(1,877,571)	6,692,351	1,877,571	15,065	-	6,707,416
Investment earnings	133,530	34,010	79,256	69,728	212,786	103,738
Transfers	(267,883)	(144,869)	(1,114,770)	(1,118,050)	(1,382,653)	(1,262,919)
Miscellaneous	312,638	403,707	-	-	312,638	403,707
Total revenue	<u>30,497,059</u>	<u>48,107,944</u>	<u>13,103,343</u>	<u>10,999,675</u>	<u>43,600,402</u>	<u>59,107,619</u>
Program expenses:						
General government	3,416,906	3,088,177	-	-	3,416,906	3,088,177
Public safety	8,489,300	8,100,675	-	-	8,489,300	8,100,675
Public works	3,454,079	2,963,345	-	-	3,454,079	2,963,345
Culture and recreation	14,701,507	11,276,551	-	-	14,701,507	11,276,551
Community services	1,803,668	2,055,699	-	-	1,803,668	2,055,699
Indirect depreciation	5,652,586	6,676,520	-	-	5,652,586	6,676,520
Interest on long-term debt	1,971,461	2,728,972	-	-	1,971,461	2,728,972
Water/Wastewater	-	-	8,225,420	8,796,812	8,225,420	8,796,812
Solid waste	-	-	1,760,846	1,734,425	1,760,846	1,734,425
Drainage	-	-	196,208	114,588	196,208	114,588
Total expenses	<u>39,489,507</u>	<u>36,889,939</u>	<u>10,182,474</u>	<u>10,645,825</u>	<u>49,671,681</u>	<u>47,535,764</u>
Increase (decrease) in net assets	<u>\$ (8,992,448)</u>	<u>\$ 11,218,005</u>	<u>\$ 842,057</u>	<u>\$ 353,850</u>	<u>\$ (6,071,579)</u>	<u>\$ 11,571,855</u>

THE CITY AS A WHOLE (CONTINUED)

Government-Wide Statements – Overview (continued)

The charges for services increased 35% from 2015 to 2016. The main reasons for these increases were: increase in building permits because of a spring storm; the City operated the tournaments at the sports facilities which resulted in increased program revenue in the area of culture and recreation; and the addition of a water park in the community resulting in increased admission and program fees in the culture and recreation. The charges for services in the areas of general government, public safety, and community services increased slightly from 2015. The charges for services in the area of culture and recreation increased significantly. Operating grants and capital grants in 2016 included the award of historic grants for the ATS&F depot, expanded public transportation program, airport improvements and public safety equipment. The franchise taxes decreased by 2.3% because the gas and electric are variable depending mostly on the weather and the telephone franchise fee continues to decrease. The sales tax remained relatively flat and the expanded lottery tax increased .99%. The contributed capital in the primary government was negative and was offset by the same amount in the business-type activities because of the addition of drainage facilities that were paid for from general government funds. The most notable changes in the program expenses were the culture and recreation expenses. This area increased in the sales tax projects funds due to increased expenses because of the addition of a water park and the operation of tournaments at the various sporting complexes. The expenses in the general government, public safety and public works increase modestly. The indirect depreciation decreased by 15% as assets start to become fully depreciated. The interest on long-term debt decreased because of the refinancing of the 2009 Sales Tax Revenue Bonds. The Business-type activities, the program revenue increased slightly. The contributed capital increased in the business-type activities as stated above by the addition of drainage facilities. The business type expenses decreased slightly overall.

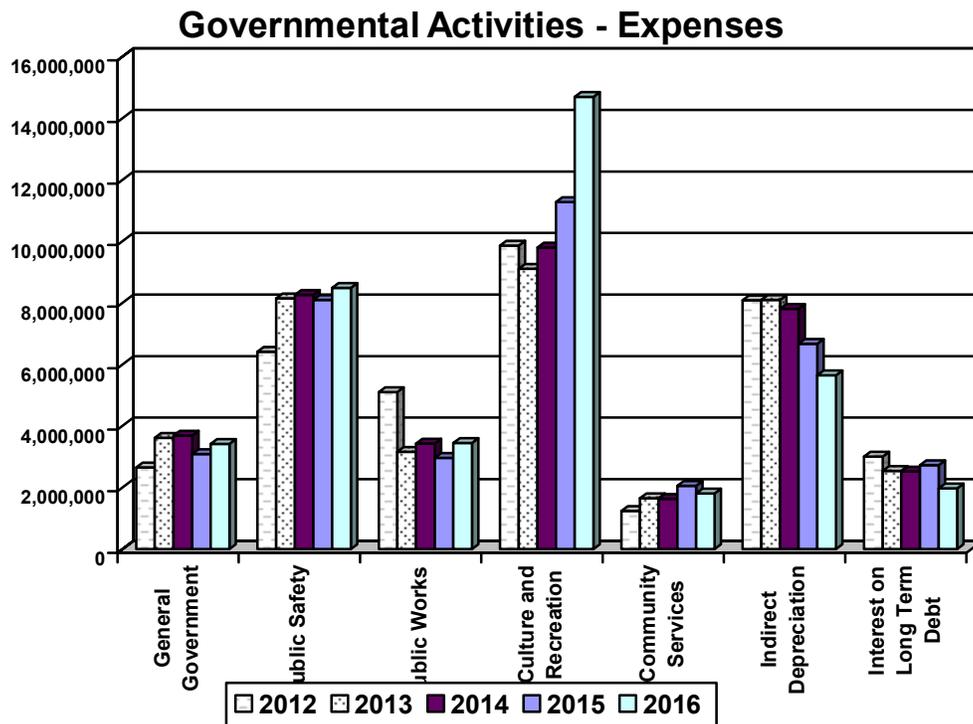
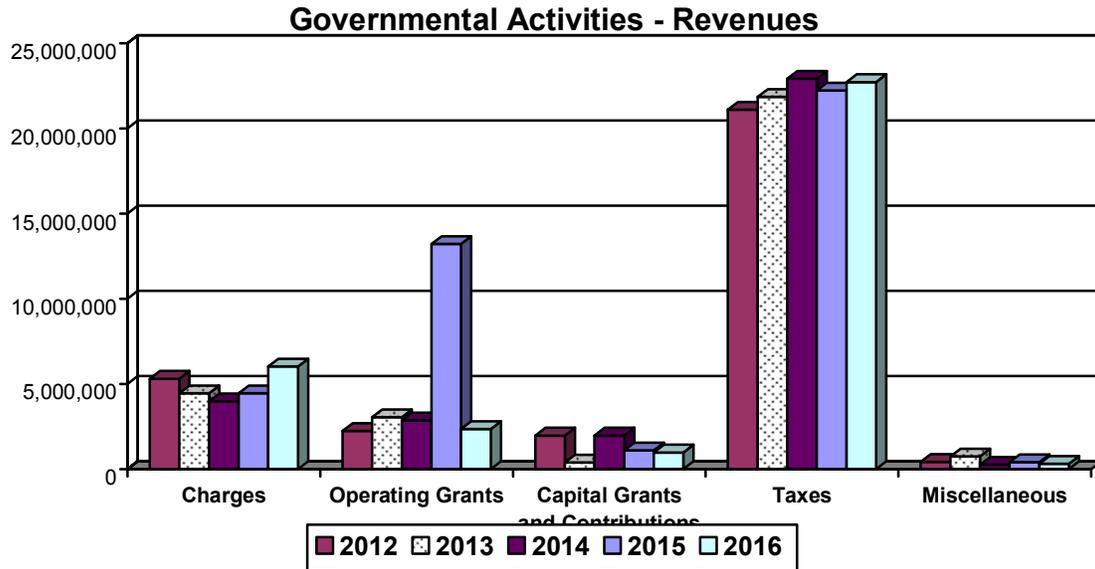
Governmental Activities

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 \$30,497,059, and total expenses were \$39,489,507. The STAR Bond projects and the Sales Tax Project Fund had funds available that were not yet spent in 2015. Several of those projects were completed in 2016 and thus the funds were spent.

THE CITY AS A WHOLE (CONTINUED)

Governmental Activities (continued)

The following charts reflect a comparison among all the governmental sources of revenue and expense categories for the years ended December 31, 2016, 2015, 2014, 2013, and 2012 based on the information included in the government-wide financial statements.

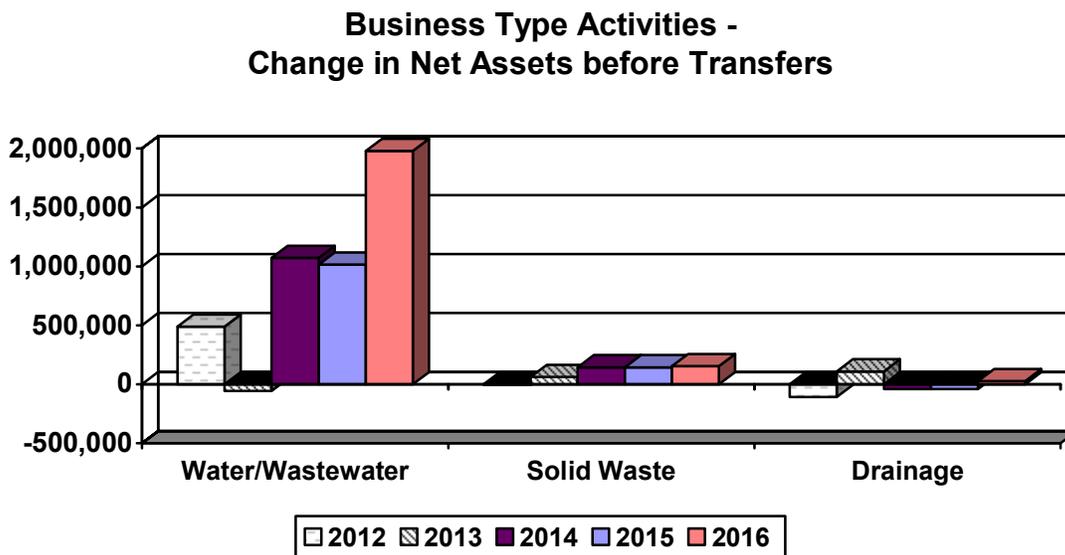
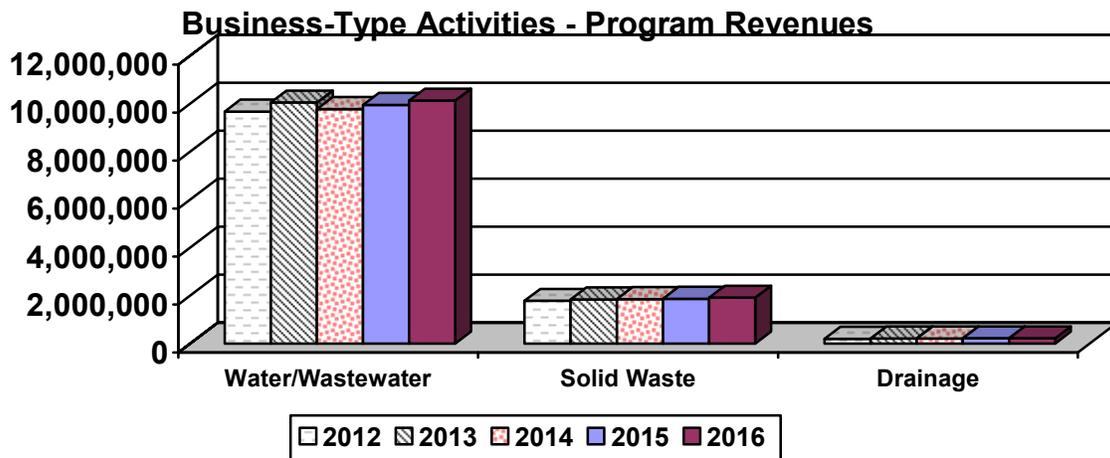


THE CITY AS A WHOLE (CONTINUED)

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 \$12,261,286 and operating expenses are \$10,182,474.

The charts below compare program revenues and changes in net assets for the years ended December 31, 2016, 2015, 2014, 2013, and 2012 based on the information included in the government-wide financial statements.



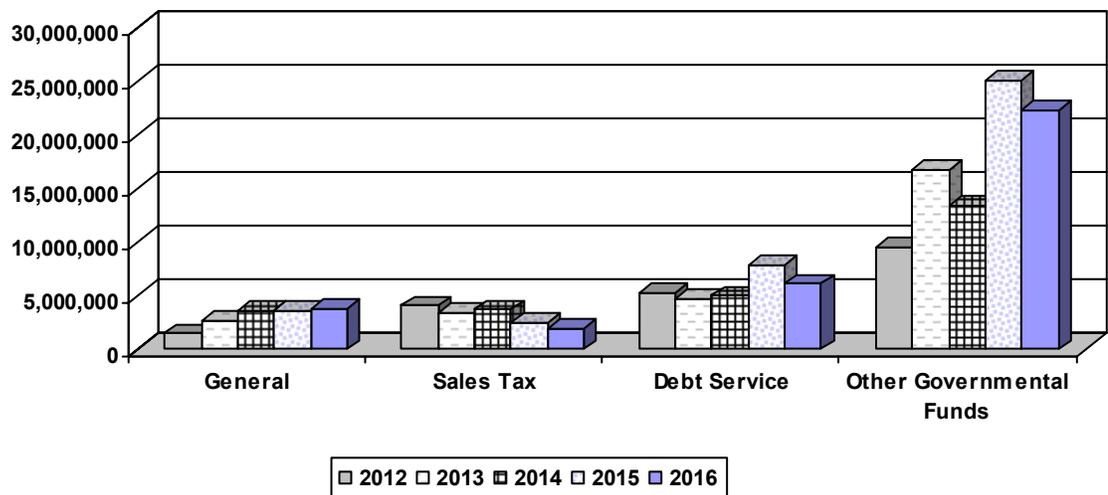
THE CITY'S FUND BALANCES

Governmental Activities

As the City completed the year, the governmental funds reported a combined fund balance of \$34,185,101, as reflected in the Balance Sheet - Governmental Funds. This balance represents an increase of \$402,654 (1.20%) from last year's ending balance. A concerted effort has been made to increase the fund balances, with the exception of project funds, to a level that would cover future replacement costs as well as a target of 15-25% of current budgeted expenses in the general fund to be able to fund operations at all times, especially if an emergency situation would exist. That has been accomplished in the general fund.

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

Governmental Fund Balances



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

The percentage of revenue that funded the General Fund in 2016 is sales tax at 34.73%, property tax at 28.79%, franchise fees at 12.56%, licenses, charges and rentals at 8.53%, fines at 5.94% with other revenues representing the remainder of the funding. General Fund revenue increased from 2015 by 3.18%.

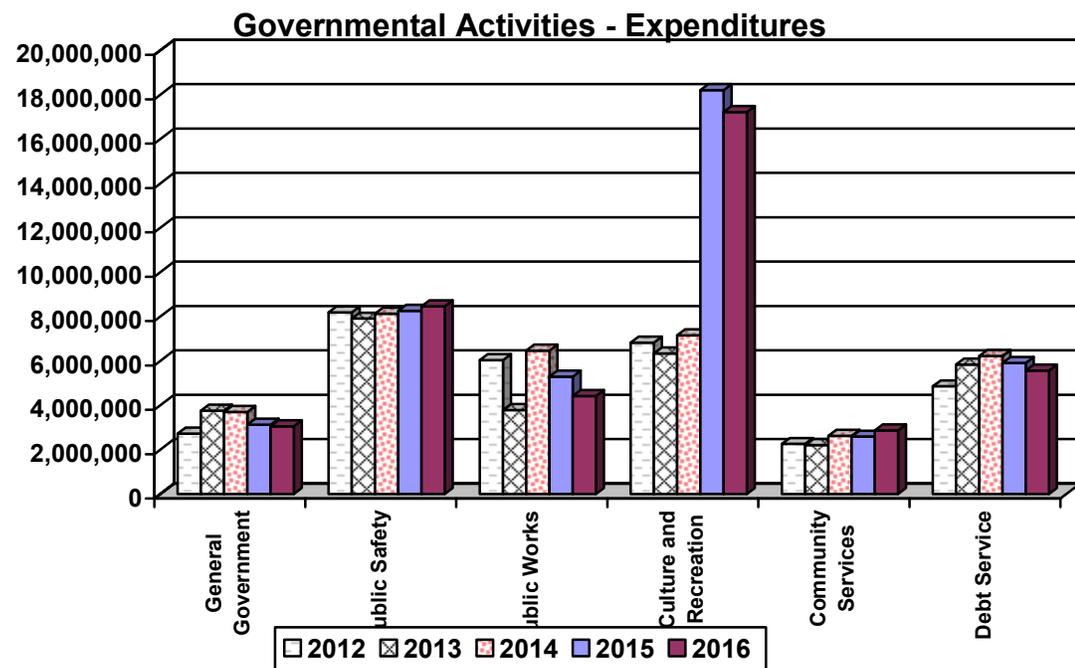
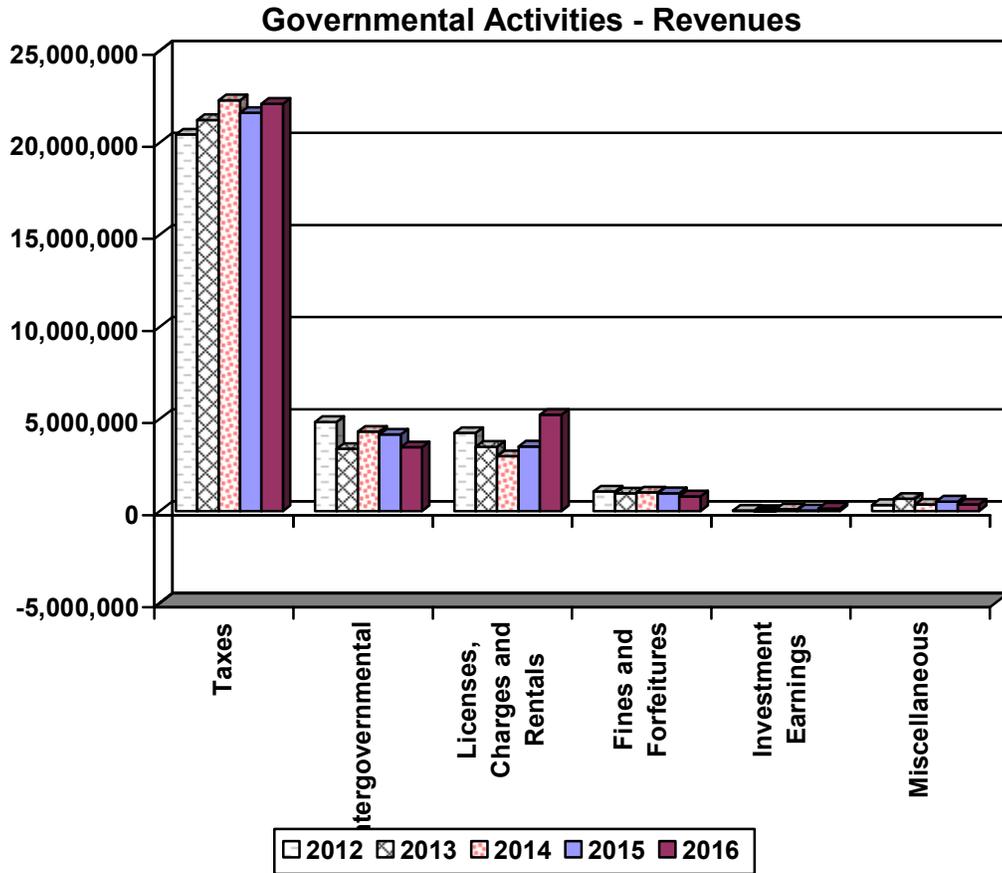
Property tax collections remain very stable. The chart below lists the percentage of property tax collected compared to the amount that was levied.

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

THE CITY'S FUND BALANCES (CONTINUED)

Governmental Activities (continued)

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



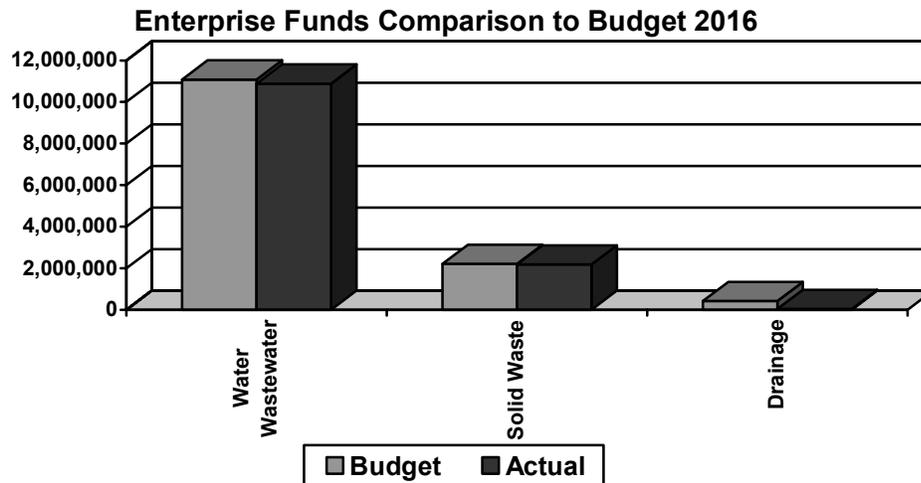
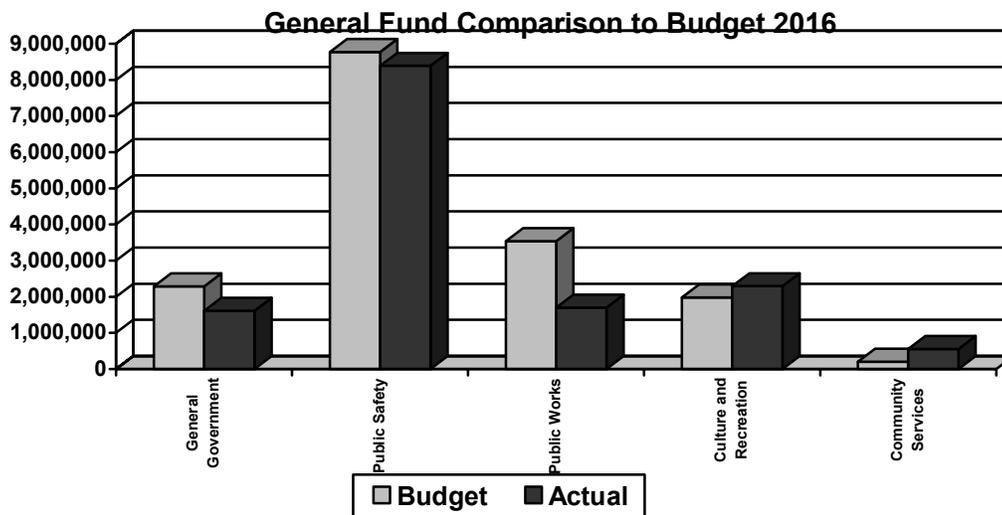
BUDGETARY HIGHLIGHTS

The governmental funds included in the published budget are the General Fund, Special Liability, Library, Library Employee Benefits, Sales Tax, Convention and Visitors, Special Streets and Highways, Special Park and Recreation, Special Alcohol and Drug, Alcohol and Drug Safety Action, 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	\$ 6,584,647	\$ 7,288,647
Convention and Visitors	1,494,937	1,659,937
Debt Service	3,128,250	3,137,250
Capital Improvement	388,600	640,000
Transportation	389,840	429,840

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



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City has invested \$179 million in capital assets (net of depreciation). Approximately 61.46% of this investment is related to governmental activities and includes infrastructure, buildings, equipment and land. Governmental capital assets decreased by approximately .97%, while capital assets held for business-type activities increased 6.58% 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 5,993	\$ 5,993	\$ 1,527	\$ 1,527	\$ 7,520	\$ 7,520
Buildings and improvements	62,150	50,211	23,277	23,824	85,427	74,035
Machinery and equipment	9,343	10,595	929	749	10,272	11,344
Infrastructure	29,146	33,997	36,534	35,611	65,680	69,608
Water rights	-	-	2,912	2,974	2,912	2,974
Construction in progress	<u>3,295</u>	<u>10,202</u>	<u>3,760</u>	<u>-</u>	<u>7,055</u>	<u>10,202</u>
Totals	<u>\$ 109,927</u>	<u>\$ 110,998</u>	<u>\$ 68,939</u>	<u>\$ 64,685</u>	<u>\$ 178,866</u>	<u>\$ 175,683</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, Parks, Golf Course, Public Works, Engineering and Athletic Field Maintenance. Other capital improvements in the Governmental funds include body cameras for the police department, a Fire Department Training Facility that was converted from the old swimming pool and pool house, the extension of Gunsmoke Trail (bike/pedestrian path), and street reconstruction projects. The streets improvement projects include 4th Avenue Drive into the Water Park, 14th and Soule Intersection, and other smaller resurfacing and reconstruction projects. The addition of Long Branch Lagoon (Water Park) contributed to the capital additions in the Governmental funds. The capital improvements in the Business-type activities include: 14th and Soule Intersection water and drainage extensions; a Sanitation truck and the relocation of the drainage facility near the Arkansas River.

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 \$73,237,295. This includes \$26,045,150 in general obligation bonds, \$1,126,137 in capital lease obligations, \$861,008 in compensated absences, and \$45,205,000 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 \$37,684,102.

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

Long-Term Obligations

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 26,045,150	\$ 20,646,400	\$ 15,074,850	\$ 16,483,600	\$ 41,120,000	\$ 37,130,000
Capital lease obligations	1,126,137	548,041	-	-	1,126,137	548,041
Notes payable	-	90,000	-	-	-	90,000
Compensated absences	861,008	869,877	134,083	126,611	995,091	996,488
Revenue bonds	45,205,000	46,020,000	-	-	45,205,000	46,020,000
Other obligations	-	-	22,475,169	20,582,715	22,475,169	20,582,715
Totals	<u>\$ 73,237,295</u>	<u>\$ 68,174,318</u>	<u>\$ 37,684,102</u>	<u>\$ 37,192,926</u>	<u>\$ 110,921,397</u>	<u>\$ 105,367,244</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 increased by 6.74%.

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 hotel began in 2016 and will open in the fall of 2017. The restoration of an historic building for a restaurant and banquet facilities began in early 2016 and was completed and opened late 2016. A Ford automobile dealership was updated and expanded and is included in this district. Landscaping, parking lots and the addition to the historic Boot Hill Museum will complete the Historic District STAR bond area. The City continues to work on several housing projects to improve the number and quality of the housing stock in Dodge City and authorizes incentives when necessary. The City currently operates a wastewater treatment plant south of town that services a beef packing plant as well as a large portion of the City. This plant produces methane gas that is currently being burned off. The technology has advanced greatly in the last few years and the City will begin construction for a bio gas plant that will capture this gas and convert it into a renewable energy that can be piped into a major gas line that is close in proximity to the treatment plant and sell the gas as well as renewable energy credits. This has the potential of being a new revenue source. Because of wind farm development in Ford County, existing business growth and the addition to a majority of the schools, the community continues to see modest growth.

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

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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

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

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

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

BASIC FINANCIAL STATEMENTS

CITY OF DODGE CITY, KANSAS

STATEMENT OF NET POSITION

December 31, 2016

	Primary government			Component units
	Governmental activities	Business-type activities	Total	
ASSETS				
Cash and cash equivalents	\$ 12,553,111	\$ 4,113,283	\$ 16,666,394	\$ 1,430,090
Investments	-	-	-	588,044
Property taxes receivable	7,738,908	-	7,738,908	-
Receivables, net	1,405,916	563,229	1,969,145	181,498
Due from other governments	252,095	-	252,095	-
Inventories	138,187	535,772	673,959	186,870
Notes receivable	-	-	-	173,194
Prepaid expense	-	-	-	10,045
Restricted cash and investments	22,502,165	176,200	22,678,365	-
Capital assets, net	109,926,657	68,939,827	178,866,484	8,997,822
Other noncurrent assets	-	-	-	12,341
Total assets	154,517,039	74,328,311	228,845,350	11,579,904
DEFERRED OUTFLOWS OF RESOURCES				
Pension	2,106,652	119,095	2,225,747	123,886
LIABILITIES				
Accounts payable	1,662,969	339,434	2,002,403	109,734
Salaries and benefits payable	370,778	64,829	435,607	-
Accrued interest payable	432,914	344,152	777,066	556,611
Other accrued liabilities	-	646,136	646,136	7,282
Deferred revenue	-	-	-	150,651
Compensated absences payable	860,108	134,083	994,191	117,102
Net pension liability	11,560,435	872,555	12,432,990	963,168
Noncurrent liabilities:				
Due within one year	4,264,282	2,384,197	6,648,479	-
Due in more than one year	69,949,029	35,165,822	105,114,851	762,000
Total liabilities	89,100,515	39,951,208	129,051,723	2,666,548
DEFERRED INFLOWS OF RESOURCES				
Property taxes	7,738,908	-	7,738,908	-
Deferred gain on refunding	2,278,178	245,876	2,524,054	-
Contractual obligations	512,484	-	512,484	-
Pension	619,253	48,800	668,053	28,307
Insurance proceeds	806,881	-	806,881	41,863
Total deferred inflows of resources	11,955,704	294,676	12,250,380	70,170
NET POSITION				
Invested in capital assets, net of related debt	47,461,600	31,389,808	78,851,408	8,235,822
Restricted (expendable):				
Debt service	6,100,037	-	6,100,037	-
Construction	6,282,019	-	6,282,019	-
Projects	6,933,056	-	6,933,056	-
Prospects and housing	-	-	-	16,743
Unrestricted	(11,209,240)	2,811,714	(8,397,526)	714,507
Total net position	\$ 55,567,472	\$ 34,201,522	\$ 89,768,994	\$ 8,967,072

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

CITY OF DODGE CITY, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2016

Functions/programs	Expenses	Program revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
General government	\$ 3,416,906	\$ 404,219	\$ 5,399	\$ 17,411
Public safety	8,489,300	1,307,832	3,657	44,272
Public works	3,454,079	216,006	1,211,682	734,206
Culture and recreation	14,701,507	3,905,799	124,100	-
Community services	1,803,668	186,909	1,009,106	176,000
Indirect depreciation	5,652,586	-	-	-
Interest on long-term debt	1,971,461	-	-	-
Total governmental activities	<u>39,489,507</u>	<u>6,020,765</u>	<u>2,353,944</u>	<u>971,889</u>
Business-type activities:				
Water/wastewater	8,225,420	9,303,010	825,969	-
Solid waste	1,760,846	1,911,726	-	-
Drainage	196,208	220,581	-	-
Total business-type activities	<u>10,182,474</u>	<u>11,435,317</u>	<u>825,969</u>	<u>-</u>
Total primary government	<u>\$ 49,671,981</u>	<u>\$ 17,456,082</u>	<u>\$ 3,179,913</u>	<u>\$ 971,889</u>
Component units	<u>\$ 4,170,243</u>	<u>\$ 1,005,326</u>	<u>\$ 1,301,525</u>	<u>\$ 585,871</u>

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

Net position - ending

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

Changes in net position			
Primary government			Component units
Governmental activities	Business-type activities	Total	
\$ (2,989,877)	\$ -	\$ (2,989,877)	\$ -
(7,133,539)	-	(7,133,539)	-
(1,292,185)	-	(1,292,185)	-
(10,671,608)	-	(10,671,608)	-
(431,653)	-	(431,653)	-
(5,652,586)	-	(5,652,586)	-
(1,971,461)	-	(1,971,461)	-
<u>(30,142,909)</u>	<u>-</u>	<u>(30,142,909)</u>	<u>-</u>
-	1,903,559	1,903,559	-
-	150,880	150,880	-
-	24,373	24,373	-
<u>-</u>	<u>2,078,812</u>	<u>2,078,812</u>	<u>-</u>
<u>(30,142,909)</u>	<u>2,078,812</u>	<u>(28,064,097)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,277,521)</u>
6,927,145	-	6,927,145	-
2,738,645	-	2,738,645	-
10,770,296	-	10,770,296	-
1,678,943	-	1,678,943	-
600,720	-	600,720	-
115,500	-	115,500	-
(1,877,571)	1,877,571	-	-
133,530	79,256	212,786	4,852
(249,385)	(1,114,770)	(1,364,155)	1,364,155
312,638	-	312,638	12,613
<u>21,150,461</u>	<u>842,057</u>	<u>21,992,518</u>	<u>1,381,620</u>
(8,992,448)	2,920,869	(6,071,579)	104,099
<u>64,559,920</u>	<u>31,280,653</u>	<u>95,840,573</u>	<u>8,862,973</u>
<u>\$ 55,567,472</u>	<u>\$ 34,201,522</u>	<u>\$ 89,768,994</u>	<u>\$ 8,967,072</u>

CITY OF DODGE CITY, KANSAS
BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2016

	General	Sales tax
<u>ASSETS</u>		
Cash and investments	\$ 3,451,687	\$ -
Property taxes receivable	4,044,852	-
Sales taxes receivable	393,058	393,058
Due from other governments	-	-
Other receivables	390,646	2,360
Due from other funds	305,629	-
Inventories	40,542	-
Restricted cash and investments	-	1,596,805
	\$ 8,626,414	\$ 1,992,223
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 440,063	\$ 71,102
Payroll liabilities	327,863	6,449
Due to other funds	-	-
Other noncurrent liabilities	-	-
	767,926	77,551
Deferred inflows of resources:		
Property tax	4,044,852	-
Contractual obligations	-	-
Revolving loans	-	-
	4,044,852	-
Fund balances:		
Nonspendable:		
Endowment	-	-
Inventory	40,542	-
Long-term receivables	-	-
Restricted:		
Debt service	-	-
Capital projects	-	-
Grants	-	-
Committed:		
Projects	-	1,914,672
Assigned:		
Encumbrances	3,500	-
Other capital expenditures	-	-
Community service and promotion	-	-
Other purposes	-	-
Designated for subsequent year's expenditures	2,150,561	-
Unassigned	1,619,033	-
	3,813,636	1,914,672
Total fund balances	3,813,636	1,914,672
Total liabilities, deferred inflows of resources and fund balances	\$ 8,626,414	\$ 1,992,223

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

Water park project fund	Other governmental funds	Total governmental funds
\$ -	\$ 10,830,243	\$ 14,281,930
-	3,694,056	7,738,908
-	-	786,116
-	301,595	301,595
-	177,294	570,300
-	-	305,629
-	72,938	113,480
150,000	18,994,884	20,741,689
<u>150,000</u>	<u>34,071,010</u>	<u>44,839,647</u>
<u>\$ 150,000</u>	<u>\$ 34,071,010</u>	<u>\$ 44,839,647</u>
\$ 150,000	\$ 973,385	\$ 1,634,550
-	33,227	367,539
-	305,629	305,629
-	-	-
<u>150,000</u>	<u>1,312,241</u>	<u>2,307,718</u>
-	3,694,056	7,738,908
-	512,484	512,484
-	95,436	95,436
<u>-</u>	<u>4,301,976</u>	<u>8,346,828</u>
-	100,000	100,000
-	-	40,542
-	351,487	351,487
-	6,100,037	6,100,037
-	12,737,698	12,737,698
-	99	99
-	-	1,914,672
-	306,658	310,158
-	3,937,062	3,937,062
-	147,388	147,388
-	1,211,364	1,211,364
-	4,012,817	6,163,378
-	(447,817)	1,171,216
<u>-</u>	<u>28,456,793</u>	<u>34,185,101</u>
<u>\$ 150,000</u>	<u>\$ 34,071,010</u>	<u>\$ 44,839,647</u>

CITY OF DODGE CITY, KANSAS

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

December 31, 2016

Total fund balances on the balance sheet	\$ 34,185,101
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.	109,926,657
Certain liabilities are not required to be accrued in the fund financial statements.	(432,914)
Only the current portion of compensated absences is shown as an expenditure in the fund financial statements.	(860,108)
Economic development revolving loans are considered deferred revenue in the fund financial statements.	95,436
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.	(76,491,489)
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.	(10,073,036)
Deferred insurance proceeds reported as deferred inflows of resources in the governmental activities statement of net position.	(806,881)
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.	<u>24,706</u>
Net position of governmental activities	<u><u>\$ 55,567,472</u></u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2016

	General	Sales tax
Revenue:		
Taxes	\$ 10,948,996	\$ 5,830,667
Intergovernmental	133,724	-
Licenses, fees and permits	471,196	-
Charges for services	670,474	679,311
Insurance recovery	-	-
Rentals	213,557	31,258
Fines and forfeitures	794,817	-
Investment earnings	41,284	5,249
Miscellaneous	97,026	-
	13,371,074	6,546,485
Expenditures:		
General government	1,597,846	-
Public safety	8,251,365	-
Public works	1,557,905	-
Culture and recreation	2,163,142	2,089,792
Community services	522,132	-
Debt service:		
Principal	-	-
Interest and commissions	-	-
	14,092,390	2,089,792
Total expenditures	14,092,390	2,089,792
Excess (deficiency) of revenue over expenditures	(721,316)	4,456,693
Other financing sources (uses):		
Debt issue proceeds	-	-
Proceeds of refunding bonds	-	-
Payment to refunded bond escrow agent	-	-
Transfers in	1,414,770	-
Transfers out	(452,596)	(5,091,886)
Transfers to component units	-	-
Total other financing sources and uses	962,174	(5,091,886)
Net change in fund balances	240,858	(635,193)
Fund balances, beginning of year	3,572,778	2,549,865
Fund balances, end of year	\$ 3,813,636	\$ 1,914,672

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

Water park project fund	Other governmental funds	Total governmental funds
\$ -	\$ 5,335,366	\$ 22,115,029
-	3,326,124	3,459,848
-	-	471,196
-	3,160,153	4,509,938
-	868,587	868,587
-	-	244,815
-	-	794,817
-	86,997	133,530
-	254,827	351,853
<u>-</u>	<u>13,032,054</u>	<u>32,949,613</u>
-	1,449,757	3,047,603
-	213,466	8,464,831
-	2,859,350	4,417,255
5,678,081	7,289,645	17,220,660
-	2,340,272	2,862,404
-	-	-
-	3,616,250	3,616,250
-	1,949,994	1,949,994
<u>5,678,081</u>	<u>19,718,734</u>	<u>41,578,997</u>
<u>(5,678,081)</u>	<u>(6,686,680)</u>	<u>(8,629,384)</u>
-	8,637,702	8,637,702
-	36,484,304	36,484,304
-	(35,840,585)	(35,840,585)
3,499,187	14,167,769	19,081,726
-	(12,422,472)	(17,966,954)
-	(1,364,155)	(1,364,155)
<u>3,499,187</u>	<u>9,662,563</u>	<u>9,032,038</u>
(2,178,894)	2,975,883	402,654
<u>2,178,894</u>	<u>25,480,910</u>	<u>33,782,447</u>
<u>\$ -</u>	<u>\$ 28,456,793</u>	<u>\$ 34,185,101</u>

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, 2016

Net change in fund balances, total governmental funds	\$ 402,654
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.	901,123
Contributed capital for assets reported as a revenue (expense) in the statement of activities.	(1,877,571)
Long-term liabilities:	
Long-term liabilities are reported in the statement of net assets. This is the amount by which proceeds exceeded repayments.	(5,575,171)
Net reoffering premium relating to defeased bonds.	(2,740,732)
Bond issue costs are included in expenditures in the fund financial statements.	643,719
Amortization of deferred amounts.	197,966
Accrued interest is an expense in the statement of activities.	(21,467)
Capital lease payments are recorded as expenditures in the fund financial statements.	42,379
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.	(136,134)
Revenue from receivables not expected to be received within sixty days is not shown	1,564
Net change in inventory.	8,616
Only the current portion of compensated absences is shown as an expenditure in the fund financial statements.	(37,676)
Change in net pension liability, including deferred outflows and inflows.	(806,881)
Insurance proceeds reported as deferred inflows of resources.	5,163
Internal service funds are used by management to charge the cost of certain activities, such as vehicle maintenance, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	5,163
Change in net position of governmental activities	\$ (8,992,448)

CITY OF DODGE CITY, KANSAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

December 31, 2016

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 3,300,339	\$ 432,718
Receivables, net	440,609	109,331
Inventories	535,772	-
	4,276,720	542,049
Total current assets		
Noncurrent assets:		
Restricted cash and cash equivalents	176,200	-
Capital assets:		
Land	1,508,692	18,200
Buildings and improvements	36,999,606	64,804
Furniture and equipment	3,930,915	2,794,214
Utility systems	49,675,005	-
Water rights	3,542,614	-
Construction in progress	3,760,442	-
Less accumulated depreciation and amortization	(33,297,610)	(2,518,652)
	66,295,864	358,566
Total noncurrent assets		
	70,572,584	900,615
Total assets		
	70,572,584	900,615
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension	66,726	48,066
	66,726	48,066
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	295,712	43,302
Payroll liabilities	40,186	22,339
Accrued interest payable	344,152	-
GO bonds payable	402,900	-
Revenue bonds payable	1,060,000	-
Loan payable	921,297	-
	3,064,247	65,641
Total current liabilities		
	3,064,247	65,641

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 380,226	\$ 4,113,283	\$ 31,657
13,289	563,229	-
-	535,772	24,707
<u>393,515</u>	<u>5,212,284</u>	<u>56,364</u>
-	176,200	-
-	1,526,892	-
-	37,064,410	-
4,865	6,729,994	66,072
3,060,049	52,735,054	-
-	3,542,614	-
-	3,760,442	-
<u>(603,317)</u>	<u>(36,419,579)</u>	<u>(65,268)</u>
<u>2,461,597</u>	<u>69,116,027</u>	<u>804</u>
<u>2,855,112</u>	<u>74,328,311</u>	<u>57,168</u>
<u>4,303</u>	<u>119,095</u>	<u>-</u>
420	339,434	28,419
2,304	64,829	3,239
-	344,152	-
-	402,900	-
-	1,060,000	-
-	921,297	-
<u>2,724</u>	<u>3,132,612</u>	<u>31,658</u>

CITY OF DODGE CITY, KANSAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)**

December 31, 2016

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Noncurrent liabilities:		
GO bonds payable	5,311,950	-
Revenue bonds payable	8,300,000	-
Loan payable	21,553,872	-
Deferred gain on bond refunding	245,876	-
Bond premium	646,136	-
Compensated absences payable	58,771	71,818
Net pension liability	488,879	352,156
	36,605,484	423,974
Total noncurrent liabilities		
	39,669,731	489,615
	<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension	\$ 27,342	\$ 19,695
	<u>NET POSITION</u>	
Invested in capital assets, net of related debt	28,569,645	358,566
Unrestricted	2,372,592	80,805
Total net position	\$ 30,942,237	\$ 439,371

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
-	5,311,950	-
-	8,300,000	-
-	21,553,872	-
-	245,876	-
-	646,136	-
3,494	134,083	13,589
31,520	872,555	-
<u>35,014</u>	<u>37,064,472</u>	<u>13,589</u>
<u>37,738</u>	<u>40,197,084</u>	<u>45,247</u>
<u>\$ 1,763</u>	<u>\$ 48,800</u>	<u>\$ -</u>
2,461,597	31,389,808	803
358,317	2,811,714	11,118
<u>\$ 2,819,914</u>	<u>\$ 34,201,522</u>	<u>\$ 11,921</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2016

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Operating revenue:		
Charges for services	\$ 9,303,010	\$ 1,911,726
Operating expenses:		
Personal services	1,247,509	919,556
Contractual services	3,617,884	471,312
Repairs and maintenance	152,946	155,717
Other supplies and expenses	377,475	135,645
Capital outlay	45,026	1,573
Other expense	(82)	13,528
Depreciation	1,729,360	63,515
Total operating expense	7,170,118	1,760,846
Operating income (loss)	2,132,892	150,880
Nonoperating revenue (expense):		
Operating grants	825,969	-
Interest and investment revenue	76,053	1,968
Interest expense	(1,055,302)	-
Total nonoperating revenue (expense)	(153,280)	1,968
Income (loss) before other revenue, expenses and transfers	1,979,612	152,848
Other revenue, expenses and transfers:		
Contributed capital, net	54,017	-
Transfers out	(891,600)	(185,020)
Change in net assets	1,142,029	(32,172)
Total net position beginning of year	29,800,208	471,543
Total net position end of year	\$ 30,942,237	\$ 439,371

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>\$ 220,581</u>	<u>\$ 11,435,317</u>	<u>\$ 459,889</u>
82,861	2,249,926	123,414
801	4,089,997	5,459
-	308,663	134,135
1,835	514,955	191,259
48,237	94,836	-
862	14,308	-
<u>61,612</u>	<u>1,854,487</u>	<u>60</u>
<u>196,208</u>	<u>9,127,172</u>	<u>454,327</u>
<u>24,373</u>	<u>2,308,145</u>	<u>5,562</u>
-	825,969	-
1,235	79,256	-
-	<u>(1,055,302)</u>	-
<u>1,235</u>	<u>(150,077)</u>	-
25,608	2,158,068	5,562
1,823,554	1,877,571	(399)
<u>(38,150)</u>	<u>(1,114,770)</u>	-
1,811,012	2,920,869	5,163
<u>1,008,902</u>	<u>31,280,653</u>	<u>6,758</u>
<u>\$ 2,819,914</u>	<u>\$ 34,201,522</u>	<u>\$ 11,921</u>

CITY OF DODGE CITY, KANSAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

Year ended December 31, 2016

	Business-type activities Enterprise funds	
	<u>Water/ wastewater</u>	<u>Solid waste</u>
Cash flows from operating activities:		
Receipts from customers	\$ 9,398,939	\$ 1,899,475
Payments for goods and services	(4,205,957)	(801,279)
Payments to employees	(1,276,993)	(908,809)
	<u>3,915,989</u>	<u>189,387</u>
Net cash provided (used) by operating activities		
Cash flows from noncapital financing activities:		
Operating grants	825,969	-
Operating subsidies to other funds	(891,600)	(185,020)
	<u>(65,631)</u>	<u>(185,020)</u>
Net cash provided (used) by noncapital financing activities		
Cash flows from capital and related financing activities:		
Proceeds of capital debt	2,926,495	-
Purchases of capital assets	(3,919,152)	(312,779)
Principal paid on capital debt	(2,442,790)	-
Interest paid on capital debt	(1,174,778)	-
	<u>(4,610,225)</u>	<u>(312,779)</u>
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Interest and dividends	76,053	1,968
	<u>76,053</u>	<u>1,968</u>
Net increase (decrease) in cash and cash equivalents	(683,814)	(306,444)
Balances, beginning of year	<u>4,160,353</u>	<u>739,162</u>
Balances, end of year	<u>\$ 3,476,539</u>	<u>\$ 432,718</u>
Cash and cash equivalents	\$ 3,300,339	\$ 432,718
Restricted cash and cash equivalents	<u>176,200</u>	<u>-</u>
Total balance, end of year	<u>\$ 3,476,539</u>	<u>\$ 432,718</u>

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 218,954	\$ 11,517,368	\$ 459,888
(51,577)	(5,058,813)	(330,029)
(76,083)	(2,261,885)	(121,689)
<u>91,294</u>	<u>4,196,670</u>	<u>8,170</u>
-	825,969	-
(38,150)	(1,114,770)	-
<u>(38,150)</u>	<u>(288,801)</u>	<u>-</u>
-	2,926,495	-
-	(4,231,931)	-
-	(2,442,790)	-
-	(1,174,778)	-
<u>-</u>	<u>(4,923,004)</u>	<u>-</u>
<u>1,235</u>	<u>79,256</u>	<u>-</u>
54,379	(935,879)	8,170
<u>325,847</u>	<u>5,225,362</u>	<u>23,487</u>
<u>\$ 380,226</u>	<u>\$ 4,289,483</u>	<u>\$ 31,657</u>
\$ 380,226	\$ 4,113,283	\$ 31,657
-	176,200	-
<u>\$ 380,226</u>	<u>\$ 4,289,483</u>	<u>\$ 31,657</u>

CITY OF DODGE CITY, KANSAS

**STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS**

Year ended December 31, 2016

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 2,132,892	\$ 150,880
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,729,360	63,515
Change in assets and liabilities:		
Receivables, net	95,929	(12,251)
Inventories	(28,180)	-
Pension deferred outflows	(58,289)	(42,675)
Accounts and other payables	33,457	(19,029)
Net pension liability	27,746	57,536
Pension deferred inflows	(16,926)	(8,589)
Net cash provided (used) by operating activities	\$ 3,915,989	\$ 189,387
Noncash transaction:		
Contributed capital	\$ 54,017	\$ -

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

Business-type activities Enterprise funds		Governmental activities
<u>Drainage utility</u>	<u>Total</u>	<u>Internal service fund</u>
\$ 24,373	\$ 2,308,145	\$ 5,562
61,612	1,854,487	60
(1,627)	82,051	-
-	(28,180)	(7,156)
(3,882)	(104,846)	-
2,757	17,185	9,704
8,506	93,788	-
(445)	(25,960)	-
<u>\$ 91,294</u>	<u>\$ 4,196,670</u>	<u>\$ 8,170</u>
<u>\$ 1,823,554</u>	<u>\$ 1,877,571</u>	<u>\$ -</u>

CITY OF DODGE CITY, KANSAS

**STATEMENT OF NET POSITION
MAJOR COMPONENT UNITS**

December 31, 2016

	<u>Dodge City Public Library</u>	<u>Dodge City- Ford County Development Corporation</u>	<u>Dodge City Housing Authority</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 784,034	\$ 429,760	\$ 216,296	\$ 1,430,090
Investments	-	-	588,044	588,044
Accounts receivable, net	-	-	144,798	144,798
Grants receivable, net	-	36,700	-	36,700
Accrued interest receivable	-	-	-	-
Inventory	-	148,175	38,695	186,870
Notes receivable	-	113,992	59,202	173,194
Prepaid expense	-	-	10,045	10,045
Other noncurrent assets	-	12,341	-	12,341
Capital assets, net	<u>806,951</u>	<u>1,060,785</u>	<u>7,130,086</u>	<u>8,997,822</u>
 Total assets	 <u>1,590,985</u>	 <u>1,801,753</u>	 <u>8,187,166</u>	 <u>11,579,904</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension	<u>88,518</u>	<u>-</u>	<u>35,368</u>	<u>123,886</u>
<u>LIABILITIES</u>				
Accounts payable	13,484	15,302	80,948	109,734
Accrued interest payable	-	556,611	-	556,611
Compensated absences payable	78,016	24,928	14,158	117,102
Deposits and deferred revenue	-	94,629	56,022	150,651
Other accrued liabilities	-	-	7,282	7,282
Net pension liability	595,653	-	367,515	963,168
Long-term liabilities:				
Due in more than one year	<u>-</u>	<u>762,000</u>	<u>-</u>	<u>762,000</u>
 Total liabilities	 <u>687,153</u>	 <u>1,453,470</u>	 <u>525,925</u>	 <u>2,666,548</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension	28,307	-	-	28,307
Insurance proceeds	<u>41,863</u>	<u>-</u>	<u>-</u>	<u>41,863</u>
	<u>70,170</u>	<u>-</u>	<u>-</u>	<u>70,170</u>
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	806,951	298,785	7,130,086	8,235,822
Restricted:				
Temporarily restricted	-	16,743	-	16,743
Unrestricted	<u>115,229</u>	<u>32,755</u>	<u>566,523</u>	<u>714,507</u>
 Total net position	 <u>\$ 922,180</u>	 <u>\$ 348,283</u>	 <u>\$ 7,696,609</u>	 <u>\$ 8,967,072</u>

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

CITY OF DODGE CITY, KANSAS

**STATEMENT OF ACTIVITIES
MAJOR COMPONENT UNITS**

Year ended December 31, 2016

	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Dodge City Public Library				
Culture and recreation	\$ 1,380,693	\$ 36,882	\$ 46,344	\$ -
Depreciation	92,686	-	-	-
Total Dodge City Public Library	<u>1,473,379</u>	<u>36,882</u>	<u>46,344</u>	<u>-</u>
Dodge City-Ford County Development Corporation				
Community services	573,458	124,538	380,445	10,120
Depreciation	3,001	-	-	-
Total Dodge City-Ford County Development Corporation	<u>576,459</u>	<u>124,538</u>	<u>380,445</u>	<u>10,120</u>
Dodge City Housing Authority				
Operations	1,605,654	843,906	874,736	575,751
Depreciation	514,751	-	-	-
Total Dodge City Housing Authority	<u>2,120,405</u>	<u>843,906</u>	<u>874,736</u>	<u>575,751</u>
Total component units	<u>\$ 4,170,243</u>	<u>\$ 1,005,326</u>	<u>\$ 1,301,525</u>	<u>\$ 585,871</u>

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
\$ (1,297,467)	\$ -	\$ -	\$ (1,297,467)
(92,686)	-	-	(92,686)
<u>(1,390,153)</u>	<u>-</u>	<u>-</u>	<u>(1,390,153)</u>
-	(58,355)	-	(58,355)
-	(3,001)	-	(3,001)
<u>-</u>	<u>(61,356)</u>	<u>-</u>	<u>(61,356)</u>
-	-	688,739	688,739
-	-	(514,751)	(514,751)
<u>-</u>	<u>-</u>	<u>173,988</u>	<u>173,988</u>
<u>(1,390,153)</u>	<u>(61,356)</u>	<u>173,988</u>	<u>(1,277,521)</u>
1,063	291	3,498	4,852
1,364,155	-	-	1,364,155
922	-	11,691	12,613
<u>1,366,140</u>	<u>291</u>	<u>15,189</u>	<u>1,381,620</u>
(24,013)	(61,065)	189,177	104,099
946,193	409,348	7,507,432	8,862,973
<u>\$ 922,180</u>	<u>\$ 348,283</u>	<u>\$ 7,696,609</u>	<u>\$ 8,967,072</u>

CITY OF DODGE CITY, KANSAS

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND**

Year ended December 31, 2016

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 2,338,502	\$ 2,338,502	\$ 2,708,720	\$ 370,218
Resources (inflows):				
Taxes	10,893,521	10,893,521	10,954,934	61,413
Intergovernmental	120,300	120,300	133,724	13,424
Licenses, fees and permits	211,850	211,850	471,196	259,346
Charges for services	669,500	669,500	670,474	974
Rentals	65,000	65,000	213,557	148,557
Fines and forfeitures	1,042,000	1,042,000	820,056	(221,944)
Investment earnings	10,000	10,000	41,284	31,284
Miscellaneous	5,000	5,000	106,227	101,227
Transfers from other funds	1,414,770	1,414,770	1,414,770	-
Amounts available for appropriation	<u>16,770,443</u>	<u>16,770,443</u>	<u>17,534,942</u>	<u>764,499</u>
Charges to appropriations (outflows):				
General government	2,285,840	2,285,840	1,614,068	671,772
Public safety	8,770,375	8,770,375	8,388,680	381,695
Public works	3,536,633	3,536,633	1,697,086	1,839,547
Culture and recreation	1,976,715	1,976,715	2,291,741	(315,026)
Community services	200,880	200,880	550,977	(350,097)
Transfers to other funds	-	-	6,500	(6,500)
Total charges to appropriations	<u>16,770,443</u>	<u>16,770,443</u>	<u>14,549,052</u>	<u>2,221,391</u>
Budgetary fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,985,890</u>	<u>\$ 2,985,890</u>

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, 2016

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 3,772,656	\$ 2,152,303	\$ 2,152,303	\$ -
Resources (inflows):				
Taxes	6,135,000	5,821,160	5,830,359	9,199
Charges for services	25,000	711,750	679,311	(32,439)
Rentals	-	-	31,258	31,258
Investment earnings	2,000	4,700	5,249	549
Miscellaneous	-	-	2,452	2,452
Amounts available for appropriation	<u>9,934,656</u>	<u>8,689,913</u>	<u>8,700,932</u>	<u>11,019</u>
Charges to appropriations (outflows):				
Culture and recreation	2,934,647	3,638,647	2,089,791	1,548,856
Transfers to other funds	<u>3,650,000</u>	<u>3,650,000</u>	<u>5,091,886</u>	<u>(1,441,886)</u>
Total charges to appropriations	<u>6,584,647</u>	<u>7,288,647</u>	<u>7,181,677</u>	<u>106,970</u>
Budgetary fund balance, end of year	<u>\$ 3,350,009</u>	<u>\$ 1,401,266</u>	<u>\$ 1,519,255</u>	<u>\$ 117,989</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, 2016

	<u>General fund</u>	<u>Sales tax fund</u>
Sources/inflows of resources:		
Actual amounts available for appropriation from the budgetary comparison statement	\$ 17,534,942	\$ 8,700,932
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.	(2,708,720)	(2,152,303)
Current year sales tax and other receivable amounts are not a budgetary resource, but they are revenues for financial reporting purposes.	783,704	395,418
Prior year sales tax and other receivable amounts are a budgetary resource, but they are not revenues for financial reporting purposes.	(824,082)	(397,562)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(1,414,770)</u>	<u>-</u>
 Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	 <u><u>\$ 13,371,074</u></u>	 <u><u>\$ 6,546,485</u></u>
 Uses/outflows of resources:		
Actual amounts of charges to appropriations from the budgetary comparison statement	\$ 14,549,052	\$ 7,181,677
Differences, budget to GAAP:		
Current year encumbrances are included as a budgetary outflow.	(3,500)	-
Prior year encumbrances are not included as a budgetary outflow.	1,000	-
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes.	(6,500)	(5,091,886)
Certain transfers were reclassified to expenditures for budgetary purposes.	(446,096)	-
Inventory purchases are included as a budgetary outflow, but are reported as expense when the inventory is sold for financial reporting purposes.	(1,564)	-
Rounding	<u>(2)</u>	<u>1</u>
 Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	 <u><u>\$ 14,092,390</u></u>	 <u><u>\$ 2,089,792</u></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, 2016

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, 2016.

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

Administrative Offices:

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

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

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

2. Basic financial statements - government-wide statements

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

In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. Restricted net position includes those restricted for debt service, construction and 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 and Water Park Project Fund. 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	\$ 6,584,647	\$ 7,288,647
Convention and Visitors	1,494,937	1,659,937
Debt Service	3,128,250	3,137,250
Capital Improvement	388,600	640,000
Transportation	389,840	429,840

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
- GREAT
- Fire CPR Training
- 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 in good standing. A maximum accumulation of 120 days of sick leave is allowed. Upon retirement or termination, 25% of the accumulated sick leave is paid to employees in good standing and with twelve continuous months of service. The City has a sick leave bank whereby employees can transfer excess sick leave to a bank to be used by employees who are on extended sick leave and have exhausted their own sick leave accumulation. The sick leave bank is administered by a committee of City employees. All employees are given credit for holidays worked, which is then accumulated for additional time off. This holiday time must be taken within the same year in which earned or the time is lost.

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

15. Government-wide and proprietary fund net position

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

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

16. Governmental fund balances

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

- 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, 2016 are as follows:

B. COMPLIANCE WITH KANSAS LAW (CONTINUED)

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 16,770,443	\$ 14,549,052	\$ 2,221,391
Special Liability	847,900	528,066	319,834
Library	991,840	991,840	-
Library Employee Benefits	372,315	372,315	-
Sales Tax	7,288,647	7,181,679	106,968
Convention and Visitors	1,659,937	1,664,899	(4,962)
Special Streets and Highways	828,005	510,564	317,441
Special Park and Recreation	90,000	90,000	-
Special Alcohol and Drug	95,000	94,000	1,000
All 4 Fun	100,000	222	99,778
Development & Growth	850,000	995,320	(145,320)
GO Bond and Interest	3,137,250	3,026,382	110,868
Water/Wastewater	11,076,500	10,883,290	193,210
Solid Waste	2,213,700	2,181,372	32,328
Drainage Utility	425,460	43,775	381,685
Vehicle Maintenance	429,840	460,447	(30,607)

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:

Temporary Notes Candletree 2016	\$ 79,382
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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 2016-17	23,668

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 \$18,077,219 and the bank balance was \$18,326,113. Of the bank balance, \$998,000 was covered by FDIC insurance, and \$17,328,113 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, 2016, 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	\$ 9,470,993	(See below)	AAAf
Escrow Accounts – Dreyfus	5,822,333	N/A	AAAm
Money Market Funds – Security Bank	6,801,259	N/A	AAAm
Money Market Funds – UMB	<u>695,751</u>	N/A	AAAm
	<u>\$22,790,336</u>		

At December 31, 2016, the City had invested \$9,470,993 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, 2016.

Concentration of credit risk. Investment types and percents at cost are as follows: Kansas Municipal Investment Pool 42%, Dreyfus escrow accounts 25%, Security Bank money market funds 30%, and UMB money market funds 3%.

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, 2016 consist of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Miscellaneous charges receivable	\$ 474,864	\$ 42,991	\$ 517,855
Water charges receivable	-	215,010	215,010
Wastewater charges receivable	-	183,909	183,909
Solid waste charges receivable	-	108,170	108,170
Drainage utility charges receivable	-	13,149	13,149
Loans receivable	95,436	-	95,436
Sales tax receivable	786,116	-	786,116
Expanded lottery tax receivable	<u>49,500</u>	<u>-</u>	<u>49,500</u>
Net receivables	<u>\$ 1,405,916</u>	<u>\$ 563,229</u>	<u>\$ 1,969,145</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, 2016 the loan balances were \$64,949 and \$2,318, 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, 2016, the loan balance was \$19,791.

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, 2016 the loan balance was \$ - . The outstanding balance of \$6,460 was written off in 2016.

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, 2016 the loan balance was \$4,264.

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, 2016 the loan balance was \$4,114.

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, 2016 the loan balance was \$ - . The outstanding balance of \$86,313 was written off in 2016.

F. CAPITAL ASSETS

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

	Primary government			Ending balance
	Beginning balance	Increases	Decreases	
Governmental activities:				
Land	\$ 5,993,467	\$ -	\$ -	\$ 5,993,467
Buildings and improvements	64,730,070	13,603,697	791,883	77,541,884
Machinery and equipment	25,994,484	746,549	463,895	26,277,138
Infrastructure	227,391,413	800,320	-	228,191,733
Construction in progress	10,202,448	8,921,037	15,828,095	3,295,390
Total capital assets at historical cost	<u>334,311,882</u>	<u>24,071,603</u>	<u>17,083,873</u>	<u>341,299,612</u>
Less accumulated depreciation for:				
Buildings and improvements	14,519,225	1,417,003	544,362	15,391,866
Machinery and equipment	15,400,138	1,927,483	393,428	16,934,193
Infrastructure	193,394,310	5,652,586	-	199,046,896
Total accumulated depreciation	<u>223,313,673</u>	<u>8,997,072</u>	<u>937,790</u>	<u>231,372,955</u>
Governmental activities capital assets, net	<u>\$ 110,998,209</u>	<u>\$ 15,074,531</u>	<u>\$ 16,146,083</u>	<u>\$ 109,926,657</u>

	Primary government			Ending balance
	Beginning balance	Increases	Decreases	
Business-type activities:				
Land	\$ 1,526,892	\$ -	\$ -	\$ 1,526,892
Buildings and improvements	37,092,568	-	28,158	37,064,410
Machinery and equipment	6,543,458	428,857	242,322	6,729,993
Infrastructure	50,814,851	1,920,203	-	52,735,054
Water rights	3,542,614	-	-	3,542,614
Construction in progress	-	3,760,442	-	3,760,442
Total capital assets at historical cost	<u>99,520,383</u>	<u>6,109,502</u>	<u>270,480</u>	<u>105,359,405</u>
Less accumulated depreciation/ amortization for:				
Buildings and improvements	13,268,289	547,611	28,158	13,787,742
Machinery and equipment	5,795,296	248,459	242,322	5,801,433
Infrastructure	15,203,840	996,391	-	16,200,231
Water rights	568,146	62,026	-	630,172
Total accumulated depreciation	<u>34,835,571</u>	<u>1,854,487</u>	<u>270,480</u>	<u>36,419,578</u>
Business-type activities capital assets, net	<u>\$ 64,684,812</u>	<u>\$ 4,255,015</u>	<u>\$ -</u>	<u>\$ 68,939,827</u>

Depreciation and amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 49,488
Public safety	258,831
Public works	284,346
Culture and recreation	2,697,342
Community services	54,020
Indirect depreciation	5,652,586
Internal service	459
Total governmental activities	<u>\$ 8,997,072</u>

F. CAPITAL ASSETS (CONTINUED)

Business-type activities:	
Water wastewater	\$ 1,729,360
Solid waste	63,515
Drainage	<u>61,612</u>
Total business-type activities	<u>\$ 1,854,487</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>600,905</u>	<u>20,220</u>	<u>31,879</u>	<u>589,246</u>
Total capital assets at historical cost	<u>2,904,817</u>	<u>20,220</u>	<u>31,879</u>	<u>2,893,158</u>
Less accumulated depreciation for:				
Buildings and improvements	1,530,661	69,107	-	1,599,768
Furniture and equipment	<u>493,536</u>	<u>23,578</u>	<u>30,675</u>	<u>486,439</u>
Total accumulated depreciation	<u>2,024,197</u>	<u>92,685</u>	<u>30,675</u>	<u>2,086,207</u>
Governmental activities capital assets, net	<u>\$ 880,620</u>	<u>\$ (72,465)</u>	<u>\$ 1,204</u>	<u>\$ 806,951</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>70,724</u>	<u>655</u>	<u>-</u>	<u>71,379</u>
Total capital assets at historical cost	1,124,006	655	-	1,124,661
Less accumulated depreciation for furniture and equipment	<u>60,875</u>	<u>3,001</u>	<u>-</u>	<u>63,876</u>
Governmental activities capital assets, net	<u>\$ 1,063,131</u>	<u>\$ (2,346)</u>	<u>\$ -</u>	<u>\$ 1,060,785</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	15,466,134	60,933	-	15,527,067
Construction in progress	<u>317,681</u>	<u>534,182</u>	<u>-</u>	<u>851,863</u>
Total capital assets at historical cost	16,147,680	595,115	-	16,742,795
Less accumulated depreciation for buildings and equipment	<u>9,097,958</u>	<u>514,751</u>	<u>-</u>	<u>9,612,709</u>
Governmental activities capital assets, net	<u>\$ 7,049,722</u>	<u>\$ 80,364</u>	<u>\$ -</u>	<u>\$ 7,130,086</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, 2016:

<u>Amount</u>	<u>Due to</u>	<u>Due from</u>
\$ 150,000	General Fund	Airport Parking Lot Grant
76,247	General Fund	Minibus Grant 2016-17
<u>79,382</u>	General Fund	Temporary Notes Candletree
<u>\$ 305,629</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 Temporary Notes Candletree fund was to cover costs incurred prior to the issuance of debt.

H. INTERFUND TRANSACTIONS

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

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

A summary of interfund transfers for 2016 is as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory authority</u>
Transfers:			
General	Capital Equipment	\$ 434,096	K.S.A. 68-141g
General	Municipal Band	18,500	K.S.A. 12-101a
Sales Tax	ST Depreciation and Replacement	345,000	Resolution No. 2009-09
Sales Tax	SEC Revenue Bond Fund	2,346,158	Resolution No. 2009-09
Sales Tax	Special Events Center Fund	920,752	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	619,977	Resolution No. 2015-03
Sales Tax Organizations	Depot	250,000	K.S.A. Contract
Sales Tax Depr. & Repl.	Water Park Project Fund	3,499,187	Resolution No. 2015-03
Development and Growth	GO Bond & Interest	450,000	K.S.A. 12-1, 118
GO Bond & Interest	GO Bond 2015	5,884,734	Resolution No. 2016-03
GO Bond & Interest	GO Bond 2016	2,057,229	Resolution No. 2016-28
Convention & Visitors	General	60,000	K.S.A. 12-825d
Water/wastewater	General	891,600	K.S.A. 12-825d
Solid Waste	General	185,020	K.S.A. 12-825d
Drainage	General	38,150	K.S.A. 12-825d
Special Parks & Rec.	General	90,000	K.S.A. 79-41a04
Convention & Visitors	Sales Tax Organizations	85,340	K.S.A. Contract
Building Fund	Capital Improvement	<u>45,983</u>	K.S.A. 12-1, 118
		<u>\$ 19,081,726</u>	

A summary of transfers to component units follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Library Fund	Dodge City Public Library	\$ 991,840
Library Employee Benefits Fund	Dodge City Public Library	<u>372,315</u>
		<u>\$1,364,155</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, 2016	Additions	Retirements and repayments	Debt outstanding December 31, 2016	Interest expense
<u>Governmental activities</u>					
To be paid with tax levies:					
General obligation bonds	\$ 20,646,400	\$ 7,705,000	\$ 2,306,250	\$ 26,045,150	\$ 873,551
Capital lease obligations	548,041	695,740	117,644	1,126,137	13,008
Note payable	90,000	-	90,000	-	-
Compensated absences	869,877	105,455	114,324	861,008	-
To be paid with sales tax revenue:					
Revenue bonds	46,020,000	32,435,000	33,250,000	45,205,000	2,195,820
	<u>68,174,318</u>	<u>40,941,195</u>	<u>35,878,218</u>	<u>73,237,295</u>	<u>3,082,379</u>
<u>Business-type activities</u>					
To be paid with utility revenues:					
General obligation bonds	16,483,600	-	1,408,750	15,074,850	535,075
Loans	20,582,715	2,926,495	1,034,041	22,475,169	565,358
Compensated absences	126,611	9,841	2,369	134,083	-
	<u>37,192,926</u>	<u>2,936,336</u>	<u>2,445,160</u>	<u>37,684,102</u>	<u>1,100,433</u>
	<u>\$ 105,367,244</u>	<u>\$ 43,877,531</u>	<u>\$ 38,232,378</u>	<u>\$ 110,921,397</u>	<u>\$ 4,128,812</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 2035. At December 31, 2016 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	\$ 265,000
Internal improvements, issued October 7, 2009 in the amount of \$6,280,000	1.75% to 4.25%	09-01-29	3,310,000
Internal improvements, issued August 1, 2012 in the amount of \$14,105,050	2.00% to 4.00%	09-01-32	9,680,150
Internal improvements, issued December 12, 2013 in the amount of \$6,235,000	2.00% to 4.00%	09-01-28	4,775,000
Internal improvements, issued December 1, 2014 in the amount of \$675,000	2.00% to 3.25%	09-01-29	595,000
Internal improvements, issued February 3, 2016 in the amount of \$5,705,000	2.00% to 3.125%	09-01-35	5,420,000
Internal improvements, issued December 15, 2016 in the amount of \$2,000,000	2.00% to 4.00%	09-01-31	<u>2,000,000</u>
			<u>\$ 26,045,150</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>
2017	\$ 2,302,100	\$ 865,960	\$ 3,168,060
2018	2,378,800	807,837	3,186,637
2019	2,314,650	728,361	3,043,011
2020	2,400,500	651,850	3,052,350
2021	2,481,350	570,550	3,051,900
2022-2026	8,274,500	1,856,046	10,130,546
2027-2031	4,455,850	602,694	5,058,544
2032-2035	<u>1,437,400</u>	<u>109,633</u>	<u>1,547,033</u>
	<u>\$ 26,045,150</u>	<u>\$ 6,192,931</u>	<u>\$ 32,238,081</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, 2016, the amount of outstanding bonded indebtedness was equal to 17.05% of property assessments as of July 1, 2015.

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	\$ 255,544
Fire Truck, dated April 12, 2013 in the amount of \$427,172	2.00%	03-01-18	174,853
Radio Equipment, dated June 1, 2016 in the amount of \$695,740	1.76%	03-01-18	<u>695,740</u>
Totals			<u>\$ 1,126,137</u>

Assets recorded under capital leases were \$1,472,790 and corresponding accumulated depreciation at December 31, 2016 was \$238,077.

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, 2016.

<u>Year ending December 31,</u>	<u>Amount</u>
2017	\$ 236,420
2018	236,420
2019	146,786
2020	146,783
2021	146,784
Thereafter	<u>293,568</u>
	<u>\$ 1,206,761</u>

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities (continued)

Capital leases (continued):

Total lease payments	\$ 1,206,761
Less: Amount representing interest	<u>80,624</u>
Present value of lease payments	<u>\$ 1,126,137</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 note was paid off in 2016.

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%	06-01-18	\$ 3,285,000
Series 2015 water park	2.00% to 4.00%	06-01-35	9,485,000
Series 2016 refunding revenue bonds	2.00% to 4.00%	06-01-34	<u>32,435,000</u>
			<u>\$ 45,205,000</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>
2017	\$ 1,450,000	\$ 1,731,113	\$ 3,181,113
2018	1,535,000	1,689,419	3,224,419
2019	1,625,000	1,629,925	3,254,925
2020	1,735,000	1,587,775	3,322,775
2021	1,820,000	1,545,275	3,365,275
2022-2026	10,755,000	6,706,389	17,461,389
2027-2031	14,670,000	3,961,705	18,631,705
2032-2035	<u>11,615,000</u>	<u>831,426</u>	<u>12,446,426</u>
	<u>\$ 45,205,000</u>	<u>\$ 19,683,027</u>	<u>\$ 64,888,027</u>

I. LONG-TERM LIABILITIES (CONTINUED)

Revenue bonds (continued):

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

Business-type activities

General obligation bonds:

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

	<u>Interest rates</u>	<u>Maturity dates</u>	<u>Bonds outstanding</u>
Series 2012-A waterworks and waterworks utility system refunding bonds	2.00% to 4.00%	9-01-24	\$ 9,360,000
Series 2012-B refunding and improvement bonds	2.00% to 4.00%	9-01-32	<u>5,714,850</u>
			<u>\$ 15,074,850</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>
2017	\$ 1,060,000	\$ 402,900	\$ 478,725	\$ 1,941,625
2018	1,095,000	426,200	420,209	1,941,409
2019	1,120,000	440,350	378,523	1,938,873
2020	1,145,000	454,500	332,909	1,932,409
2021	1,185,000	473,650	280,379	1,939,029
2022-2026	3,755,000	1,660,500	665,650	6,081,150
2027-2031	-	1,524,150	214,800	1,738,950
2032	-	332,600	11,641	344,241
	<u>\$ 9,360,000</u>	<u>\$ 5,714,850</u>	<u>\$ 2,782,836</u>	<u>\$ 17,857,686</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, 2016 was \$22,475,169.

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

	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2017	\$ 782,396	\$ 826,037	\$ 1,608,433
2018	1,690,959	797,513	2,488,472
2019	1,739,151	749,320	2,488,471
2020	1,788,718	699,754	2,488,472
2021	1,839,696	648,775	2,488,471
2022-2026	10,015,491	2,426,865	12,442,356
2027-2029	<u>4,618,758</u>	<u>744,745</u>	<u>5,363,503</u>
	<u>\$ 22,475,169</u>	<u>\$ 6,893,009</u>	<u>\$ 29,368,178</u>

Sales tax projects revenue bond disclosures

Insurance is carried through St. Paul Travelers Insurance Company on the Special Events Center in the amount of \$34,163,613 with an additional \$3,795,957 for personal property effective January 1, 2016 through January 1, 2017. The premium for this coverage was \$48,854 plus \$5,428 for personal property.

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

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

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

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

Waterworks and wastewater utility system refunding bond disclosures

Insurance is carried through St. Paul Travelers Insurance Company on the Wastewater Treatment Plant in the amount of \$5,910,615 and the Water Reclamation Facility in the amount of \$17,825,600 with an additional \$1,144,000 for personal property effective January 1, 2016 through January 1, 2017. The premium for this coverage was \$8,452 on the plant and \$25,490 on the facility plus \$1,636 for personal property.

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

I. LONG-TERM LIABILITIES (CONTINUED)

Waterworks and wastewater utility system refunding bond disclosures (continued)

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

The water and wastewater systems had 8,077 and 7,619 customers at the beginning of the year and 8,322 and 7,941 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 2016 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, 2016, there were Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$124,591,834.

L. BOND DEFEASANCE

On March 22, 2016, the City issued \$32,435,000 of sales tax revenue refunding bonds with interest rates ranging between 1.75% and 5.00%. The City issued the bonds to advance refund \$31,940,000 of outstanding debt with rates ranging between 3.75 and 5.25% interest rate. The refunding proceeds were deposited with an Escrow Agent to provide for all future debt service on the refunded portion of the callable debt. As a result, the refunded bonds are considered defeased, and the City has removed the liability from its accounts.

The advance refunding reduced total debt service payments over the next 18 years by \$2,847,468. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$2,245,731.

M. DEFINED BENEFIT PENSION PLAN

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

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

M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

The actuarially determined employer contribution rates (not including the 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	9.18	9.18
Police and Firemen	20.42	20.42

Member contribution rates as a percentage of eligible compensation in fiscal year 2016 is 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, 2016, 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, 2016. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

At December 31, 2016, the City's share proportion for the KPERS and KP&F Local employees groups were 0.365480% and 0.729885%, which were 0.009242% and .03844% decreases from its proportion measured at December 31, 2015.

At December 31, 2016, the Library's share proportion for the Local employees group was 0.038503%, which was a 0.000621% decrease from its proportion measured at December 31, 2015.

M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liabilities: At December 31, 2016, the City's net pension liability for KPERS and KP&F were \$5,654,084 and \$6,778,906 for its total proportionate share of the net pension liability for the Local groups.

At December 31, 2016, the Library's net pension liability was \$595,653 for its total proportionate share of the net pension liability for the Local group.

Pension Expense: For the year ended December 31, 2016, the City recognized pension expense for KPERS and KP&F of \$506,448 and \$808,827, 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, 2016, the Library recognized pension expense of \$54,019, 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, 2016 measurement date was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. 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, 2015 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, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

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

Discount Rate: The discount rate used to measure the total pension liability was 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, 2016, calculated using the discount rate of 8.00%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (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%	\$ 7,749,836
Current discount rate	8.0%	5,654,084
1% increase	9.0%	3,877,049

	<u>Discount rate</u>	<u>City's proportionate share of KP&F net pension liability</u>
1% decrease	7.0%	\$ 9,299,272
Current discount rate	8.0%	6,778,906
1% increase	9.0%	4,649,489

	<u>Discount rate</u>	<u>Library's proportionate share of net pension liability</u>
1% decrease	7.0%	\$ 816,438
Current discount rate	8.0%	595,653
1% increase	9.0%	408,444

Deferred outflows of Resources and Deferred Inflows of Resources: At December 31, 2016, the City's total deferred outflows of resources are \$2,225,747 and total deferred inflows of resources are \$668,053. At December 31, 2016, the Library's total deferred outflows of resources are \$88,518 and total deferred inflows of resources are \$28,307. 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, 2016, that will be recognized in pension expense in future years:

	<u>City Local Groups</u>	<u>Library Local Group</u>
2017	\$ 232,303	\$ 6,095
2018	232,303	6,095
2019	686,971	28,137
2020	405,243	20,342
2021	874	(458)
	<u>\$ 1,557,694</u>	<u>\$ 60,211</u>

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

N. RISK MANAGEMENT

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

O. CONTINGENCIES

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the City at December 31, 2016.

P. JOINT VENTURES

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

P. JOINT VENTURES (CONTINUED)

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

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

Q. CONSTRUCTION COMMITMENTS

As of December 31, 2016, the City had the following commitments with respect to unfinished capital projects and repairs:

<u>Project</u>	<u>Project commitments authorized</u>	<u>Expenditures to date</u>	<u>Remaining financial commitment</u>
Central Ave. Reconstruction	\$ 498,970	\$ 254,012	\$ 244,958
Park Shop Relocation	704,782	534,782	352,700
Heritage District Parking Lot	896,013	543,313	352,700
Depot Building	583,426	410,650	172,776
Biogas Purification System	4,226,137	2,932,406	1,293,731
Airport Runway 14-32	672,303	203,441	468,862

R. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 22, 2017, 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, 2016

	Special revenue funds	Debt service funds	Capital projects funds	Total nonmajor governmental funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>ASSETS</u>				
Cash and investments	\$ 9,950,318	\$ -	\$ 879,925	\$ 10,830,243
Property taxes receivable	1,749,982	1,641,628	302,446	3,694,056
Due from other governments	301,595	-	-	301,595
Other receivables	168,666	-	8,628	177,294
Inventories	72,938	-	-	72,938
Restricted cash and investments	-	6,100,037	12,894,847	18,994,884
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$12,243,499</u>	<u>\$ 7,741,665</u>	<u>\$14,085,846</u>	<u>\$ 34,071,010</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 815,631	\$ -	\$ 157,754	\$ 973,385
Payroll liabilities	32,335	-	892	33,227
Due to other funds	226,247	-	79,382	305,629
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,074,213</u>	<u>-</u>	<u>238,028</u>	<u>1,312,241</u>
Deferred inflows of resources:				
Property tax	1,749,982	1,641,628	302,446	3,694,056
Contractual obligations	512,484	-	-	512,484
Revolving loans	95,436	-	-	95,436
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>2,357,902</u>	<u>1,641,628</u>	<u>302,446</u>	<u>4,301,976</u>
Fund balances:				
Nonspendable:				
Endowment	100,000	-	-	100,000
Long-term receivables	351,487	-	-	351,487
Restricted:				
Debt service	-	6,100,037	-	6,100,037
Capital projects	-	-	12,737,698	12,737,698
Grants	99	-	-	99
Assigned:				
Encumbrances	306,658	-	-	306,658
Other capital expenditures	3,050,006	-	887,056	3,937,062
Community service and promotion	147,388	-	-	147,388
Other purposes	1,211,364	-	-	1,211,364
Designed for subsequent year's expenditures	4,012,817	-	-	4,012,817
Unassigned	(368,435)	-	(79,382)	(447,817)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>8,811,384</u>	<u>6,100,037</u>	<u>13,545,372</u>	<u>28,456,793</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$12,243,499</u>	<u>\$ 7,741,665</u>	<u>\$14,085,846</u>	<u>\$ 34,071,010</u>

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

December 31, 2016

	Special liability	Library	Library employee benefits	Convention and visitors
<u>ASSETS</u>				
Cash and investments	\$ 309,456	\$ 59,934	\$ 17,585	\$ 581,652
Property taxes receivable	522,682	897,260	330,040	-
Due from other governments	-	-	-	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 832,138</u>	<u>\$ 957,194</u>	<u>\$ 347,625</u>	<u>\$ 581,652</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 9,294	\$ -	\$ -	\$ 83,788
Payroll liabilities	-	-	-	9,417
Due to other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>9,294</u>	<u>-</u>	<u>-</u>	<u>93,205</u>
Deferred inflows of resources:				
Property tax	522,682	897,260	330,040	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>522,682</u>	<u>897,260</u>	<u>330,040</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	256,418
Other capital expenditures	-	-	-	-
Community service and promotion	-	-	-	-
Other purposes	218,735	39,999	10,824	-
Designed for subsequent year's expenditures	81,427	19,935	6,761	232,029
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>300,162</u>	<u>59,934</u>	<u>17,585</u>	<u>488,447</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 832,138</u>	<u>\$ 957,194</u>	<u>\$ 347,625</u>	<u>\$ 581,652</u>

Special streets and highways	Special park and recreation	Special alcohol and drug	Alcohol and drug safety action
\$ 590,933	\$ 132,571	\$ 5,498	\$ 13,535
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 590,933</u>	<u>\$ 132,571</u>	<u>\$ 5,498</u>	<u>\$ 13,535</u>
\$ 81,997	\$ -	\$ -	\$ -
7,142	-	-	-
-	-	-	-
<u>89,139</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
50,240	-	-	-
-	-	-	-
-	-	-	-
79,039	-	451	10,819
372,515	132,571	5,047	2,716
-	-	-	-
<u>501,794</u>	<u>132,571</u>	<u>5,498</u>	<u>13,535</u>
<u>\$ 590,933</u>	<u>\$ 132,571</u>	<u>\$ 5,498</u>	<u>\$ 13,535</u>

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

December 31, 2016

	All 4 Fun	Development and growth	Sales tax organizations	Sales tax depreciation and replacement
<u>ASSETS</u>				
Cash and investments	\$ 253	\$ 881,418	\$ 423,548	\$ 1,760,476
Property taxes receivable	-	-	-	-
Due from other governments	-	49,500	25,660	-
Other receivables	-	2,083	-	-
Inventories	-	-	-	-
Total assets	\$ 253	\$ 933,001	\$ 449,208	\$ 1,760,476
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 253	\$ 2,430	\$ 300,087	\$ 29,499
Payroll liabilities	-	-	2,679	-
Due to other funds	-	-	-	-
Total liabilities	253	2,430	302,766	29,499
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	-	-	1,730,977
Community service and promotion	-	-	-	-
Other purposes	-	-	-	-
Designed for subsequent year's expenditures	-	930,571	146,442	-
Unassigned	-	-	-	-
Total fund balances	-	930,571	146,442	1,730,977
Total liabilities, deferred inflows of resources and fund balances	\$ 253	\$ 933,001	\$ 449,208	\$ 1,760,476

<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>
\$ 10,812	\$ 128,430	\$ 191,284	\$ 74,817	\$ 352,187
-	-	-	-	-
-	-	-	-	-
-	-	-	-	95,436
-	-	-	-	-
<u>\$ 10,812</u>	<u>\$ 128,430</u>	<u>\$ 191,284</u>	<u>\$ 74,817</u>	<u>\$ 447,623</u>
\$ -	\$ -	\$ -	\$ 5,004	\$ 700
-	-	-	-	-
-	-	-	-	-
-	-	-	5,004	700
-	-	-	-	-
-	-	-	-	-
-	-	-	-	95,436
-	-	-	-	95,436
-	-	-	-	-
-	-	-	-	351,487
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
10,812	128,430	191,284	69,813	-
-	-	-	-	-
-	-	-	-	-
<u>10,812</u>	<u>128,430</u>	<u>191,284</u>	<u>69,813</u>	<u>351,487</u>
<u>\$ 10,812</u>	<u>\$ 128,430</u>	<u>\$ 191,284</u>	<u>\$ 74,817</u>	<u>\$ 447,623</u>

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

December 31, 2016

	Hoover trust	Roof insurance repairs	Medical insurance reserve	Capital equipment reserve
<u>ASSETS</u>				
Cash and investments	\$ 119,644	\$ 863,503	\$ 2,409,956	\$ 486,218
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	-	-	5,958	-
Inventories	-	-	-	-
	-	-	-	-
Total assets	\$ 119,644	\$ 863,503	\$ 2,415,914	\$ 486,218
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ 30,692	\$ 35,604	\$ -
Payroll liabilities	-	-	-	-
Due to other funds	-	-	-	-
	-	-	-	-
Total liabilities	-	30,692	35,604	-
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund balances:				
Nonspendable:				
Endowment	100,000	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	832,811	-	486,218
Community service and promotion	-	-	-	-
Other purposes	19,644	-	381,944	-
Designed for subsequent year's expenditures	-	-	1,998,366	-
Unassigned	-	-	-	-
	-	-	-	-
Total fund balances	119,644	832,811	2,380,310	486,218
Total liabilities, deferred inflows of resources and fund balances	\$ 119,644	\$ 863,503	\$ 2,415,914	\$ 486,218

<u>Fire CPR training</u>	<u>GREAT</u>	<u>FAA parking lot</u>	<u>Police body worn cameras</u>
\$ 3,726	\$ 9,685	\$ -	\$ 99
-	-	-	-
-	-	150,000	-
-	(1,370)	-	-
-	-	-	-
<u>\$ 3,726</u>	<u>\$ 8,315</u>	<u>\$ 150,000</u>	<u>\$ 99</u>
\$ 72	\$ -	\$ -	\$ -
-	-	-	-
-	-	150,000	-
<u>72</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	99
-	-	-	-
3,654	-	-	-
-	-	-	-
-	8,315	-	-
-	-	-	-
<u>3,654</u>	<u>8,315</u>	<u>-</u>	<u>99</u>
<u>\$ 3,726</u>	<u>\$ 8,315</u>	<u>\$ 150,000</u>	<u>\$ 99</u>

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

December 31, 2016

	Minibus grant 2015-16	Minibus grant 2016-17	Model for change	Special events center
<u>ASSETS</u>				
Cash and investments	\$ 5,833	\$ -	\$ 4,921	\$ 240,694
Property taxes receivable	-	-	-	-
Due from other governments	-	76,435	-	-
Other receivables	-	-	-	66,559
Inventories	-	-	-	72,938
	<u>\$ 5,833</u>	<u>\$ 76,435</u>	<u>\$ 4,921</u>	<u>\$ 380,191</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 5,044	\$ 12,877	\$ -	\$ 212,474
Payroll liabilities	789	10,979	-	-
Due to other funds	-	76,247	-	-
	<u>5,833</u>	<u>100,103</u>	<u>-</u>	<u>212,474</u>
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	-	512,484
Revolving loans	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>512,484</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	-	-	-
Community service and promotion	-	-	-	-
Other purposes	-	-	4,921	-
Designed for subsequent year's expenditures	-	-	-	-
Unassigned	-	(23,668)	-	(344,767)
	<u>-</u>	<u>(23,668)</u>	<u>4,921</u>	<u>(344,767)</u>
Total fund balances	<u>-</u>	<u>(23,668)</u>	<u>4,921</u>	<u>(344,767)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,833</u>	<u>\$ 76,435</u>	<u>\$ 4,921</u>	<u>\$ 380,191</u>

SMPC trust	Municipal band	Depot	Total nonmajor special revenue funds
\$ 120,771	\$ 7,971	\$ 142,908	\$ 9,950,318
-	-	-	1,749,982
-	-	-	301,595
-	-	-	168,666
-	-	-	72,938
<u>\$ 120,771</u>	<u>\$ 7,971</u>	<u>\$ 142,908</u>	<u>\$ 12,243,499</u>
\$ -	\$ -	\$ 5,816	\$ 815,631
-	-	1,329	32,335
-	-	-	226,247
<u>-</u>	<u>-</u>	<u>7,145</u>	<u>1,074,213</u>
-	-	-	1,749,982
-	-	-	512,484
-	-	-	95,436
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,357,902</u>
-	-	-	100,000
-	-	-	351,487
-	-	-	99
-	-	-	306,658
-	-	-	3,050,006
-	7,971	135,763	147,388
44,649	-	-	1,211,364
76,122	-	-	4,012,817
-	-	-	(368,435)
<u>120,771</u>	<u>7,971</u>	<u>135,763</u>	<u>8,811,384</u>
<u>\$ 120,771</u>	<u>\$ 7,971</u>	<u>\$ 142,908</u>	<u>\$ 12,243,499</u>

CITY OF DODGE CITY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS**

December 31, 2016

	<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	\$ 1,641,628	\$ -	\$ -	\$ 1,641,628
Restricted cash and investments	<u>277,702</u>	<u>4,873,599</u>	<u>948,736</u>	<u>6,100,037</u>
 Total assets	 <u><u>\$ 1,919,330</u></u>	 <u><u>\$ 4,873,599</u></u>	 <u><u>\$ 948,736</u></u>	 <u><u>\$ 7,741,665</u></u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Deferred revenue	\$ 1,641,628	\$ -	\$ -	\$ 1,641,628
Fund balances:				
Reserved for debt service	<u>277,702</u>	<u>4,873,599</u>	<u>948,736</u>	<u>6,100,037</u>
 Total liabilities and fund balance	 <u><u>\$ 1,919,330</u></u>	 <u><u>\$ 4,873,599</u></u>	 <u><u>\$ 948,736</u></u>	 <u><u>\$ 7,741,665</u></u>

CITY OF DODGE CITY, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS**

December 31, 2016

	<u>Capital improvement</u>	<u>GO bonds 2013</u>	<u>GO bonds 2015</u>
<u>ASSETS</u>			
Cash and investments	\$ 879,925	\$ -	\$ -
Property taxes receivable	302,446	-	-
Other receivables	8,628	-	-
Restricted cash and investments	<u>-</u>	<u>966,641</u>	<u>5,259,787</u>
Total assets	<u>\$ 1,190,999</u>	<u>\$ 966,641</u>	<u>\$ 5,259,787</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 605	\$ -	\$ 30,016
Payroll liabilities	892	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,497</u>	<u>-</u>	<u>30,016</u>
Deferred inflows of resources:			
Property tax	<u>302,446</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted for capital projects	-	966,641	5,229,771
Assigned to other capital expenditures	887,056	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>887,056</u>	<u>966,641</u>	<u>5,229,771</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,190,999</u>	<u>\$ 966,641</u>	<u>\$ 5,259,787</u>

<u>STAR bond project fund</u>	<u>Temporary notes Candletree 2016</u>	<u>GO bonds 2016</u>	<u>Total nonmajor capital projects funds</u>
\$ -	\$ -	\$ -	\$ 879,925
-	-	-	302,446
-	-	-	8,628
<u>4,849,351</u>	<u>-</u>	<u>1,819,068</u>	<u>12,894,847</u>
<u>\$ 4,849,351</u>	<u>\$ -</u>	<u>\$ 1,819,068</u>	<u>\$ 14,085,846</u>
\$ 73,989	\$ -	\$ 53,144	\$ 157,754
-	-	-	892
-	<u>79,382</u>	-	<u>79,382</u>
<u>73,989</u>	<u>79,382</u>	<u>53,144</u>	<u>238,028</u>
-	-	-	<u>302,446</u>
4,775,362	-	1,765,924	12,737,698
-	-	-	887,056
-	<u>(79,382)</u>	-	<u>(79,382)</u>
<u>4,775,362</u>	<u>(79,382)</u>	<u>1,765,924</u>	<u>13,545,372</u>
<u>\$ 4,849,351</u>	<u>\$ -</u>	<u>\$ 1,819,068</u>	<u>\$ 14,085,846</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2016

	<u>Special revenue funds</u>	<u>Debt service funds</u>	<u>Capital projects funds</u>	<u>Total nonmajor governmental funds</u>
Revenue:				
Taxes	\$ 2,454,886	\$ 2,494,278	\$ 386,202	\$ 5,335,366
Intergovernmental	3,308,713	-	17,411	3,326,124
Charges for services	3,160,153	-	-	3,160,153
Insurance recovery	868,587	-	-	868,587
Investment earnings	5,234	64,266	17,497	86,997
Miscellaneous	223,199	-	31,628	254,827
	<u>10,020,772</u>	<u>2,558,544</u>	<u>452,738</u>	<u>13,032,054</u>
Total revenue				
Expenditures:				
General government	1,301,270	-	148,487	1,449,757
Public safety	173,701	-	39,765	213,466
Public works	1,709,676	-	1,149,674	2,859,350
Culture and recreation	4,286,596	1,017,230	1,985,819	7,289,645
Community services	2,340,272	-	-	2,340,272
Debt service:				
Principal	-	3,616,250	-	3,616,250
Interest and commissions	-	1,949,994	-	1,949,994
	<u>9,811,515</u>	<u>6,583,474</u>	<u>3,323,745</u>	<u>19,718,734</u>
Total expenditures				
Excess (deficiency) of revenue over expenditures	<u>209,257</u>	<u>(4,024,930)</u>	<u>(2,871,007)</u>	<u>(6,686,680)</u>
Other financing sources (uses):				
Debt issue proceeds	-	7,941,962	695,740	8,637,702
Proceeds of refunding bonds	-	36,484,304	-	36,484,304
Payment to refunded bond escrow agent	-	(35,840,585)	-	(35,840,585)
Transfers in	2,763,688	3,416,135	7,987,946	14,167,769
Transfers out	(4,480,510)	(7,941,962)	-	(12,422,472)
Transfers to component units	(1,364,155)	-	-	(1,364,155)
	<u>(3,080,977)</u>	<u>4,059,854</u>	<u>8,683,686</u>	<u>9,662,563</u>
Total other financing sources and uses				
Net change in fund balances	(2,871,720)	34,924	5,812,679	2,975,883
Fund balances, beginning of year	<u>11,683,104</u>	<u>6,065,113</u>	<u>7,732,693</u>	<u>25,480,910</u>
Fund balances, end of year	<u>\$ 8,811,384</u>	<u>\$ 6,100,037</u>	<u>\$ 13,545,372</u>	<u>\$ 28,456,793</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, 2016

	<u>Special liability</u>	<u>Library</u>	<u>Library employee benefits</u>	<u>Building</u>
Revenue:				
Taxes	\$ 529,899	\$ 1,012,364	\$ 372,887	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Insurance recovery	-	-	-	-
Investment earnings	-	-	-	185
Miscellaneous	60,220	-	-	9,372
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	590,119	1,012,364	372,887	9,557
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
General government	528,066	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community services	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	528,066	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	62,053	1,012,364	372,887	9,557
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	(45,983)
Transfers to component units	-	(991,840)	(372,315)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources and uses	-	(991,840)	(372,315)	(45,983)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	62,053	20,524	572	(36,426)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	238,109	39,410	17,013	36,426
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 300,162	\$ 59,934	\$ 17,585	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<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>
\$ -	\$ -	\$ -	\$ -	\$ -
886,107	743,258	99,451	99,452	-
100,784	-	-	-	150
-	-	-	-	-
-	-	-	-	-
40,047	-	-	-	-
<u>1,026,938</u>	<u>743,258</u>	<u>99,451</u>	<u>99,452</u>	<u>150</u>
-	-	-	-	-
-	-	-	-	-
-	856,922	-	-	-
-	-	-	-	-
<u>1,270,150</u>	<u>-</u>	<u>-</u>	<u>94,000</u>	<u>-</u>
<u>1,270,150</u>	<u>856,922</u>	<u>-</u>	<u>94,000</u>	<u>-</u>
<u>(243,212)</u>	<u>(113,664)</u>	<u>99,451</u>	<u>5,452</u>	<u>150</u>
-	-	-	-	-
(145,340)	-	(90,000)	-	-
-	-	-	-	-
<u>(145,340)</u>	<u>-</u>	<u>(90,000)</u>	<u>-</u>	<u>-</u>
(388,552)	(113,664)	9,451	5,452	150
<u>876,999</u>	<u>615,458</u>	<u>123,120</u>	<u>46</u>	<u>13,385</u>
<u>\$ 488,447</u>	<u>\$ 501,794</u>	<u>\$ 132,571</u>	<u>\$ 5,498</u>	<u>\$ 13,535</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, 2016

	<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	-	600,720	176,000	-
Charges for services	-	-	-	-
Insurance recovery	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	45	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	-	600,720	176,045	-
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
General government	-	545,319	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	222	-	-	106,020
Community services	-	-	774,597	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	222	545,319	774,597	106,020
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	(222)	55,401	(598,552)	(106,020)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers in	-	-	795,340	345,000
Transfers out	-	(450,000)	(250,000)	(3,499,187)
Transfers to component units	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources and uses	-	(450,000)	545,340	(3,154,187)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(222)	(394,599)	(53,212)	(3,260,207)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	222	1,325,170	199,654	4,991,184
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ -	\$ 930,571	\$ 146,442	\$ 1,730,977
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<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>
\$ -	\$ 244,367	\$ 295,369	\$ -	\$ -
-	-	-	-	-
-	-	-	31,631	-
-	-	-	-	-
-	-	-	-	4,475
-	-	-	158	43,360
<u>-</u>	<u>244,367</u>	<u>295,369</u>	<u>31,789</u>	<u>47,835</u>
-	199,131	-	-	-
-	-	-	6,999	-
-	-	-	-	-
93,750	-	-	-	-
-	-	200,000	-	1,525
<u>93,750</u>	<u>199,131</u>	<u>200,000</u>	<u>6,999</u>	<u>1,525</u>
(93,750)	45,236	95,369	24,790	46,310
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(93,750)	45,236	95,369	24,790	46,310
104,562	83,194	95,915	45,023	305,177
<u>\$ 10,812</u>	<u>\$ 128,430</u>	<u>\$ 191,284</u>	<u>\$ 69,813</u>	<u>\$ 351,487</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, 2016

	<u>Hoover trust</u>	<u>Roof insurance repairs</u>	<u>Medical insurance reserve</u>	<u>Capital equipment reserve</u>
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	319,822	-
Insurance recovery	-	868,587	-	-
Investment earnings	417	-	-	-
Miscellaneous	-	-	-	13,075
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	417	868,587	319,822	13,075
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
General government	-	26,354	-	-
Public safety	-	7,032	-	152,638
Public works	-	28,320	-	24,756
Culture and recreation	-	-	-	139,519
Community services	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	61,706	-	316,913
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	417	806,881	319,822	(303,838)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers in	-	-	-	434,096
Transfers out	-	-	-	-
Transfers to component units	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources and uses	-	-	-	434,096
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	417	806,881	319,822	130,258
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	119,227	25,930	2,060,488	355,960
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 119,644</u>	<u>\$ 832,811</u>	<u>\$ 2,380,310</u>	<u>\$ 486,218</u>

<u>GREAT</u>	<u>Fire CPR training</u>	<u>Runway 14-32 design</u>	<u>Police body worn cameras</u>	<u>Mobility manager grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	190,893	44,272	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,014	2,485	12,548	-	-
<u>1,014</u>	<u>2,485</u>	<u>203,441</u>	<u>44,272</u>	<u>-</u>
-	-	-	-	-
5,861	1,171	-	-	-
-	-	203,441	44,173	1,283
-	-	-	-	-
-	-	-	-	-
<u>5,861</u>	<u>1,171</u>	<u>203,441</u>	<u>44,173</u>	<u>1,283</u>
<u>(4,847)</u>	<u>1,314</u>	<u>-</u>	<u>99</u>	<u>(1,283)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(4,847)	1,314	-	99	(1,283)
13,162	2,340	-	-	1,283
<u>\$ 8,315</u>	<u>\$ 3,654</u>	<u>\$ -</u>	<u>\$ 99</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, 2016

	<u>Minibus grant 2015-16</u>	<u>Minibus grant 2016-17</u>	<u>Public transportation buses grant</u>	<u>Model for change</u>
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	186,555	251,413	5,943	-
Charges for services	-	-	-	-
Insurance recovery	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	<u>(1,571)</u>	<u>35,240</u>	<u>-</u>	<u>-</u>
Total revenue	<u>184,984</u>	<u>286,653</u>	<u>5,943</u>	<u>-</u>
Expenditures:				
General government	-	-	-	2,400
Public safety	-	-	-	-
Public works	234,517	310,321	5,943	-
Culture and recreation	-	-	-	-
Community services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>234,517</u>	<u>310,321</u>	<u>5,943</u>	<u>2,400</u>
Excess (deficiency) of revenue over expenditures	<u>(49,533)</u>	<u>(23,668)</u>	<u>-</u>	<u>(2,400)</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>(49,533)</u>	<u>(23,668)</u>	<u>-</u>	<u>(2,400)</u>
Fund balances, beginning of year	<u>49,533</u>	<u>-</u>	<u>-</u>	<u>7,321</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>\$ (23,668)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,921</u></u>

Special events center	SMPC trust	Municipal band	Depot	Total nonmajor special revenue funds
\$ -	\$ -	\$ -	\$ -	\$ 2,454,886
-	24,649	-	-	3,308,713
2,707,766	-	-	-	3,160,153
-	-	-	-	868,587
157	-	-	-	5,234
727	-	-	6,479	223,199
<u>2,708,650</u>	<u>24,649</u>	<u>-</u>	<u>6,479</u>	<u>10,020,772</u>
-	-	-	-	1,301,270
-	-	-	-	173,701
-	-	-	-	1,709,676
3,761,163	-	23,121	162,801	4,286,596
-	-	-	-	2,340,272
<u>3,761,163</u>	<u>-</u>	<u>23,121</u>	<u>162,801</u>	<u>9,811,515</u>
<u>(1,052,513)</u>	<u>24,649</u>	<u>(23,121)</u>	<u>(156,322)</u>	<u>209,257</u>
920,752	-	18,500	250,000	2,763,688
-	-	-	-	(4,480,510)
-	-	-	-	(1,364,155)
<u>920,752</u>	<u>-</u>	<u>18,500</u>	<u>250,000</u>	<u>(3,080,977)</u>
(131,761)	24,649	(4,621)	93,678	(2,871,720)
<u>(213,006)</u>	<u>96,122</u>	<u>12,592</u>	<u>42,085</u>	<u>11,683,104</u>
<u>\$ (344,767)</u>	<u>\$ 120,771</u>	<u>\$ 7,971</u>	<u>\$ 135,763</u>	<u>\$ 8,811,384</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2016

	<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>
Revenue:				
Taxes	\$ 2,494,278	\$ -	\$ -	\$ 2,494,278
Investment earnings	-	53,534	10,732	64,266
Total revenue	<u>2,494,278</u>	<u>53,534</u>	<u>10,732</u>	<u>2,558,544</u>
Expenditures:				
Current:				
Culture and recreation	-	1,017,230	-	1,017,230
Debt service:				
Principal	2,306,250	955,000	355,000	3,616,250
Interest and commissions	830,544	783,850	335,600	1,949,994
Total expenditures	<u>3,136,794</u>	<u>2,756,080</u>	<u>690,600</u>	<u>6,583,474</u>
Excess of expenditures over revenue	<u>(642,516)</u>	<u>(2,702,546)</u>	<u>(679,868)</u>	<u>(4,024,930)</u>
Other financing sources (uses):				
Debt issue proceeds	7,941,962	-	-	7,941,962
Proceeds of refunding bonds	-	36,484,304	-	36,484,304
Payment to refunded bond escrow agent	-	(35,840,585)	-	(35,840,585)
Transfers in	450,000	2,346,158	619,977	3,416,135
Transfers out	(7,941,962)	-	-	(7,941,962)
Total other financing sources and uses	<u>450,000</u>	<u>2,989,877</u>	<u>619,977</u>	<u>4,059,854</u>
Net change in fund balances	(192,516)	287,331	(59,891)	34,924
Fund balances, beginning of year	<u>470,218</u>	<u>4,586,268</u>	<u>1,008,627</u>	<u>6,065,113</u>
Fund balances, end of year	<u>\$ 277,702</u>	<u>\$ 4,873,599</u>	<u>\$ 948,736</u>	<u>\$ 6,100,037</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, 2016

	<u>Capital improvement</u>	<u>GO bonds 2013</u>	<u>GO bonds 2015</u>	<u>Special obligation bond project 2013</u>
Revenue:				
Taxes	\$ 386,202	\$ -	\$ -	\$ -
Intergovernmental	17,411	-	-	-
Investment earnings	11	-	-	1
Miscellaneous	8,628	-	-	-
Total revenue	<u>412,252</u>	<u>-</u>	<u>-</u>	<u>1</u>
Expenditures:				
General government	98,258	-	-	20,150
Public safety	39,765	-	-	-
Public works	12,548	309,955	456,484	-
Culture and recreation	488,905	-	-	-
Total expenditures	<u>639,476</u>	<u>309,955</u>	<u>456,484</u>	<u>20,150</u>
Excess (deficiency) of revenue over expenditures	<u>(227,224)</u>	<u>(309,955)</u>	<u>(456,484)</u>	<u>(20,149)</u>
Other financing sources (uses):				
Debt issue proceeds	695,740	-	-	-
Transfers in	45,983	-	5,884,734	-
Total other financing sources and uses	<u>741,723</u>	<u>-</u>	<u>5,884,734</u>	<u>-</u>
Net change in fund balances	514,499	(309,955)	5,428,250	(20,149)
Fund balances, beginning of year	<u>372,557</u>	<u>1,276,596</u>	<u>(198,479)</u>	<u>20,149</u>
Fund balances, end of year	<u>\$ 887,056</u>	<u>\$ 966,641</u>	<u>\$ 5,229,771</u>	<u>\$ -</u>

<u>Special obligation bond project 2014</u>	<u>STAR bond project fund</u>	<u>Temporary notes Candletree 2016</u>	<u>GO bonds 2016</u>	<u>Total nonmajor capital projects funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 386,202
-	-	-	-	17,411
2	17,483	-	-	17,497
-	23,000	-	-	31,628
<u>2</u>	<u>40,483</u>	<u>-</u>	<u>-</u>	<u>452,738</u>
30,079	-	-	-	148,487
-	-	-	-	39,765
-	-	79,382	291,305	1,149,674
-	1,496,914	-	-	1,985,819
<u>30,079</u>	<u>1,496,914</u>	<u>79,382</u>	<u>291,305</u>	<u>3,323,745</u>
<u>(30,077)</u>	<u>(1,456,431)</u>	<u>(79,382)</u>	<u>(291,305)</u>	<u>(2,871,007)</u>
-	-	-	-	695,740
-	-	-	2,057,229	7,987,946
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,057,229</u>	<u>8,683,686</u>
(30,077)	(1,456,431)	(79,382)	1,765,924	5,812,679
<u>30,077</u>	<u>6,231,793</u>	<u>-</u>	<u>-</u>	<u>7,732,693</u>
<u>\$ -</u>	<u>\$ 4,775,362</u>	<u>\$ (79,382)</u>	<u>\$ 1,765,924</u>	<u>#####</u>

CITY OF DODGE CITY, KANSAS

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

December 31, 2016

	<u>Community improvement district</u>	<u>Special obligation debt service 2011</u>	<u>Special obligation debt service 2013</u>	<u>Special obligation debt service 2014</u>
<u>ASSETS</u>				
Cash	<u>\$ 27,628</u>	<u>\$ 59,132</u>	<u>\$ 326</u>	<u>\$ 2,295</u>
<u>LIABILITIES</u>				
Due to bondholders	<u>\$ 27,628</u>	<u>\$ 59,132</u>	<u>\$ 326</u>	<u>\$ 2,295</u>

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

<u>Star bond debt service 2015</u>	<u>Total</u>
<u>\$ 1,436,667</u>	<u>\$ 1,526,374</u>
<u>\$ 1,436,667</u>	<u>\$ 1,526,374</u>