

CITY OF DODGE CITY, KANSAS

**BASIC FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
and
UNIFORM GUIDANCE AUDIT REPORTS
YEAR ENDED DECEMBER 31, 2019**

CITY OF DODGE CITY, KANSAS

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OTHER AUDIT

Dodge City Public Library

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
City Commissioners
Dodge City, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dodge City, Kansas, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 two percent, three percent, and twenty-four percent, respectively, of the assets, fund balances, and revenues of the aggregate remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Special Events Center Special Revenue Fund, is based solely on the report of the other auditors. We did not audit the financial statements of the Dodge City Housing Authority, which represent sixty-five percent, seventy-seven percent, and forty-two percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Dodge City Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Sales Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2020 on our consideration of the City of Dodge City, Kansas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Dodge City, Kansas' internal control over financial reporting and compliance.

Kennedy McKee & Company LLP

August 28, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF DODGE CITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

December 31, 2019

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, 2019. It should be read in conjunction with the City's basic financial statements, listed in the table of contents.

USING THIS ANNUAL REPORT

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

The Statement of Net Position and the Statement of Activities

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

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

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

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

USING THIS ANNUAL REPORT (CONTINUED)

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

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

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

Fund Financial Statements

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

- Governmental funds—Many of the City's basic services are reported in governmental funds. The focus is on how money flows into and out of those funds and on the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. A reconciliation between the governmental funds reported here and the overall governmental activities column of the Statement of Net Position is provided.
- Proprietary funds—The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for its vehicle and equipment maintenance activities. Proprietary funds are reported using the same accounting approach that all activities use in the Statement of Net Position and in the Statement of Activities. Since the Enterprise funds use the same accounting approach in all statements, no reconciliation is necessary among the statements.

Notes to the Financial Statements

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

THE CITY AS A WHOLE

Government-Wide Statements – Overview

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

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 41,338,401	\$ 50,836,548	\$ 4,513,341	\$ 4,309,542	\$ 45,851,742	\$ 55,146,090
Capital assets	<u>121,077,128</u>	<u>116,163,015</u>	<u>71,526,375</u>	<u>72,561,824</u>	<u>192,603,503</u>	<u>188,724,839</u>
Total assets	<u>162,415,529</u>	<u>166,999,563</u>	<u>76,039,716</u>	<u>76,871,366</u>	<u>238,455,245</u>	<u>243,870,929</u>
Deferred outflows of resources	<u>1,183,650</u>	<u>1,546,484</u>	<u>58,664</u>	<u>71,763</u>	<u>1,242,314</u>	<u>1,618,247</u>
Noncurrent liabilities	73,178,794	79,878,532	35,199,542	38,699,938	108,378,336	118,578,470
Other liabilities	<u>15,363,748</u>	<u>14,438,888</u>	<u>3,335,757</u>	<u>2,417,364</u>	<u>18,699,505</u>	<u>16,856,252</u>
Total liabilities	<u>88,542,542</u>	<u>94,317,420</u>	<u>38,535,299</u>	<u>41,117,302</u>	<u>127,077,841</u>	<u>135,434,722</u>
Deferred inflows of resources	<u>11,168,104</u>	<u>11,341,635</u>	<u>117,410</u>	<u>256,603</u>	<u>11,285,514</u>	<u>11,598,238</u>
Net position:						
Invested in capital assets net of related debt	55,932,874	46,077,245	36,326,833	33,861,884	92,259,707	79,939,129
Restricted	22,600,365	13,371,208	-	-	22,600,365	13,371,208
Unrestricted	<u>(14,644,706)</u>	<u>3,438,539</u>	<u>1,118,838</u>	<u>1,707,340</u>	<u>(13,525,868)</u>	<u>5,145,879</u>
Total net position	<u>\$ 63,888,533</u>	<u>\$ 62,886,992</u>	<u>\$ 37,445,671</u>	<u>\$ 35,569,224</u>	<u>\$ 101,334,204</u>	<u>\$ 98,456,216</u>

For the years ended December 31, 2019 and 2018, net position changed as follows:

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Beginning net position	\$ 62,886,992	\$ 55,657,726	\$ 35,569,224	\$ 33,042,480	\$ 98,456,216	\$ 88,700,206
Increase (decrease) in net position	<u>1,001,541</u>	<u>7,229,266</u>	<u>1,876,447</u>	<u>2,526,744</u>	<u>2,877,988</u>	<u>9,756,010</u>
Ending net position	<u>\$ 63,888,533</u>	<u>\$ 62,886,992</u>	<u>\$ 37,445,671</u>	<u>\$ 35,569,224</u>	<u>\$ 101,334,204</u>	<u>\$ 98,456,216</u>

Governmental current assets decreased from 2018 to 2019. This is due to the general fund cash balance increasing slightly and the cash balance in project funds decreasing due to projects being completed and STAR Bond expenses being incurred. The cash balance in the General Fund continues to remain strong because of a concerted effort to focus on increasing the cash balance to a level described in the financial policies. Capital assets increased because of addition and completion of public works projects, the construction of a new runway at the airport and the work being done on Central Avenue. Long term liabilities decreased overall in the government activities. General Obligation Bonds in the amount of \$1,530,000 and Temporary Notes in the amount of \$595,000 were issued during 2019. This debt was issued for street improvement projects and infrastructure additions. Temporary Notes in the amount of \$4,935,000 were called in 2019. Other debt was paid based on maturity of the bonds. The other liabilities increased slightly because of the changes of the net pension liability required by GASB 68. This requirement started in 2015. The information is generated by KPERS and there was slight changes in the net pension liability and the unrestricted net position from 2018 to 2019. Deferred inflows of resources decreased due to the change in the net pension liability.

THE CITY AS A WHOLE (CONTINUED)

Government-Wide Statements – Overview (continued)

Current assets increased in the business-type activities from 2018 to 2019 due to the increase in cash in the utility fund cash accounts. The Biogas plant was added to capital assets in 2018 and there were no significant additions in 2019 resulting in a decrease in the Capital Assets.

	Governmental activities		Business-type activities		Total primary government	
	2019	2018	2019	2018	2019	2018
Revenue:						
Program revenue:						
Charges for services	\$ 5,515,040	\$ 5,301,300	\$ 15,226,861	\$ 14,586,309	\$ 20,741,901	\$ 19,887,609
Operating grants	2,887,231	16,228,369	826,606	826,650	3,713,837	16,228,369
Capital grants	5,839,122	5,548,075	-	-	5,839,122	5,548,075
General revenue:						
Property taxes, levied						
for general purposes	6,659,810	6,707,363	-	-	6,659,810	6,707,363
Property taxes and special assessments levied						
for debt service	2,868,253	2,976,752	-	-	2,868,253	2,976,752
Sales taxes	10,671,839	10,174,357	-	-	10,671,839	10,174,357
Franchise taxes	1,722,350	1,883,832	-	-	1,722,350	1,883,832
Expanded lottery tax	621,148	629,246	-	-	621,148	629,246
Grants and contributions	128,047	137,444	-	-	128,047	137,444
Gain (loss) on assets	-	-	16,631	(31,637)	16,631	(31,637)
Contributed capital	1,004	(969,209)	957,250	1,432,963	958,254	463,754
Investment earnings	734,524	346,950	109,259	66,031	843,783	412,981
Transfers	918,545	928,140	(2,273,350)	(2,291,520)	(1,354,805)	(1,363,380)
Miscellaneous	786,180	437,180	-	16,204	786,180	453,384
Total revenue	<u>39,353,093</u>	<u>50,329,799</u>	<u>14,863,257</u>	<u>14,605,000</u>	<u>54,216,350</u>	<u>64,934,799</u>
Program expenses:						
General government	3,735,480	3,666,609	-	-	3,735,480	3,666,609
Public safety	8,839,863	9,661,715	-	-	8,839,863	9,661,715
Public works	5,589,609	6,449,046	-	-	5,589,609	6,449,046
Culture and recreation	13,002,078	16,117,397	-	-	13,002,078	16,117,397
Community services	2,150,976	2,096,545	-	-	2,150,976	2,096,545
Indirect depreciation	2,697,831	2,766,744	-	-	2,697,831	2,766,744
Interest on long-term debt	2,335,715	2,342,478	-	-	2,335,715	2,342,478
Water/wastewater	-	-	10,780,934	10,110,105	10,780,934	10,110,105
Solid waste	-	-	2,007,171	1,839,876	2,007,171	1,839,876
Drainage	-	-	198,705	128,275	198,705	128,275
Total expenses	<u>38,351,552</u>	<u>43,100,534</u>	<u>12,986,810</u>	<u>12,078,256</u>	<u>51,338,362</u>	<u>55,178,790</u>
Increase (decrease) in net assets	<u>\$ 1,001,541</u>	<u>\$ 7,229,265</u>	<u>\$ 1,876,447</u>	<u>\$ 2,526,744</u>	<u>\$ 2,877,988</u>	<u>\$ 9,756,009</u>

THE CITY AS A WHOLE (CONTINUED)

Government-Wide Statements – Overview (continued)

The charges for services increased 4% from 2018 to 2019. The main reasons for these increases were: increase in revenues from events at the Events Center. The charges for services in the areas of general government, public safety, and community services increased slightly from 2018. The charges for services in the area of culture and recreation increased moderately. Operating grants and capital grants in 2019 included expanded public transportation program, airport improvements and public safety equipment. The franchise taxes decreased by 8.6% because gas and electric consumption are variable depending mostly on the weather and the telephone franchise fee continues to decrease. The sales tax increased 4.9%, this is mainly due to a refund that was issued in 2018 to Boot Hill Casino and other gaming vendors on gaming machines that were purchased from 2010 – 2018. The expanded lottery tax decreased 1.29%. The contributed capital in the primary government was negative in 2018 and was offset by the same amount in the business-type activities because of the addition of infrastructure that were paid for from general government funds. The most notable changes in the program expenses were the culture and recreation expenses. This area decreased in the STAR Bond projects funds due to not as much activity in the Power Center area. The expenses in the general government increased slightly while public safety decreased slightly. The expenses in public works decreased due to the infrastructure improvements in 2019 not being as large as 2018. The indirect depreciation decreased slightly as assets start to become fully depreciated. The interest on long-term debt decreased due to lower interest rates on the debt. Business type activities program revenue increased moderately due to the Biogas plant going online in February 2018 and the City began receiving RINS in 2019. The contributed capital decreased in the business type activities as stated above due to the addition of the Biogas Plant in 2018. The business type expenses increased due to having a full year's worth of expenses for the Biogas plant in 2019.

Governmental Activities

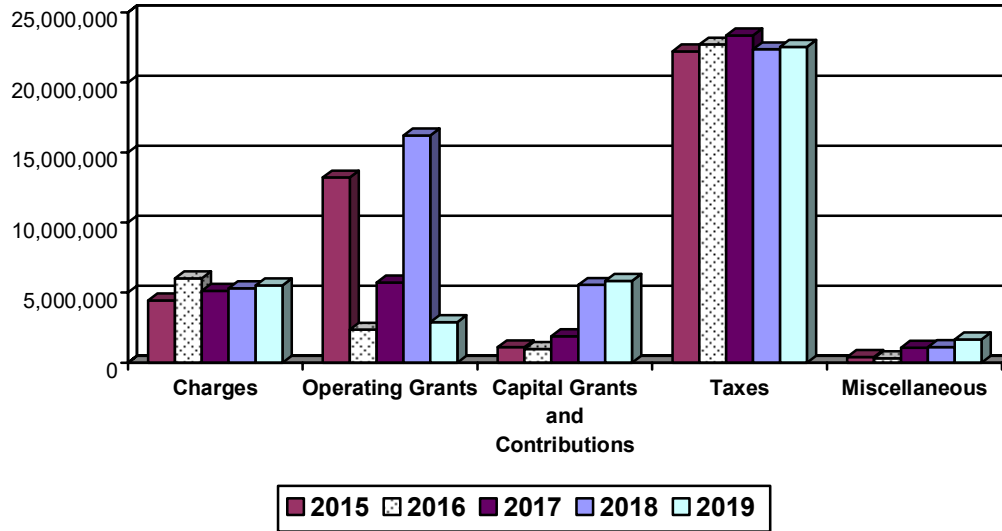
The most significant governmental activities are general government, public safety, public works, culture and recreation and community services. The main sources of revenue are property taxes, sales tax, franchise fees, charges for services, other governmental revenue and taxes, and operating grants and contributions. Total governmental revenues for the year were \$38,831,955, and total expenses were \$53,350,719. The STAR Bond projects and other project funds had funds available that were not yet spent in 2019.

THE CITY AS A WHOLE (CONTINUED)

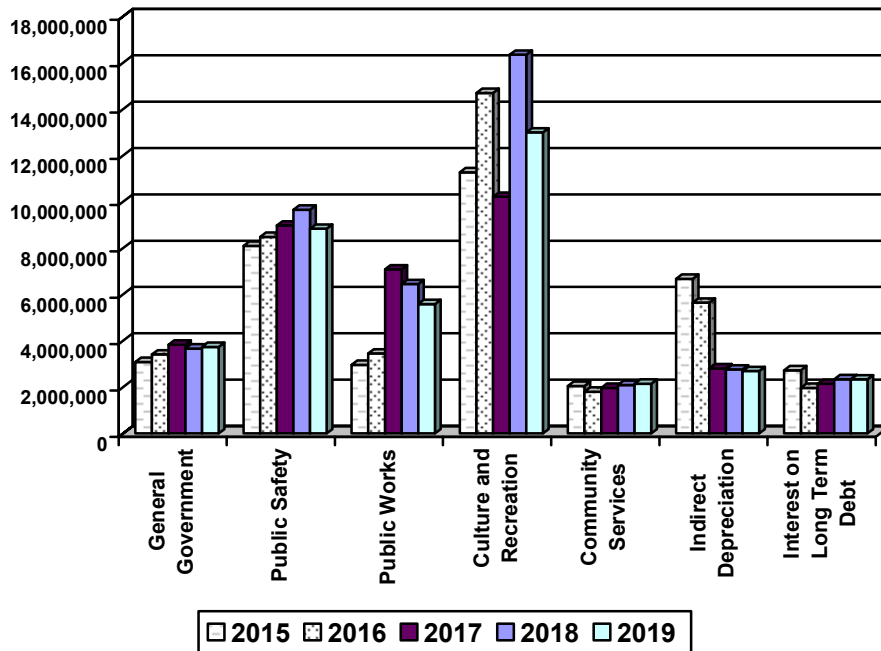
Governmental Activities (continued)

The following charts reflect a comparison among all the governmental sources of revenue and expense categories for the years ended December 31, 2019, 2018, 2017, 2016, and 2014 based on the information included in the government-wide financial statements.

Governmental Activities - Revenues



Governmental Activities - Expenses



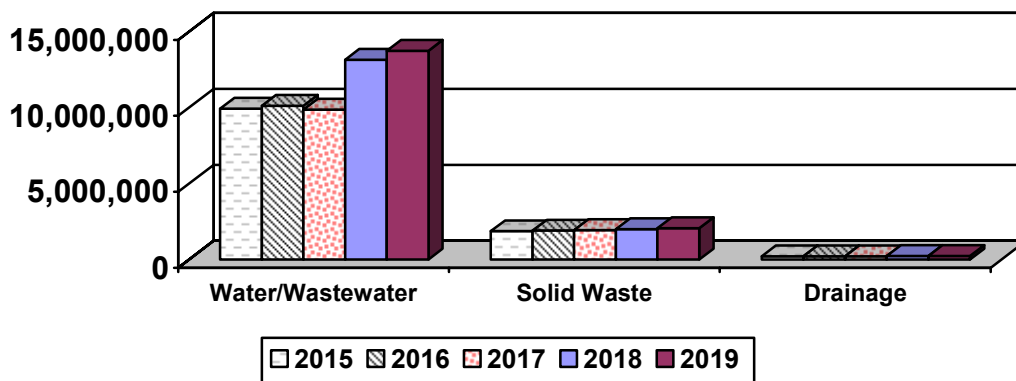
THE CITY AS A WHOLE (CONTINUED)

Business-Type Activities

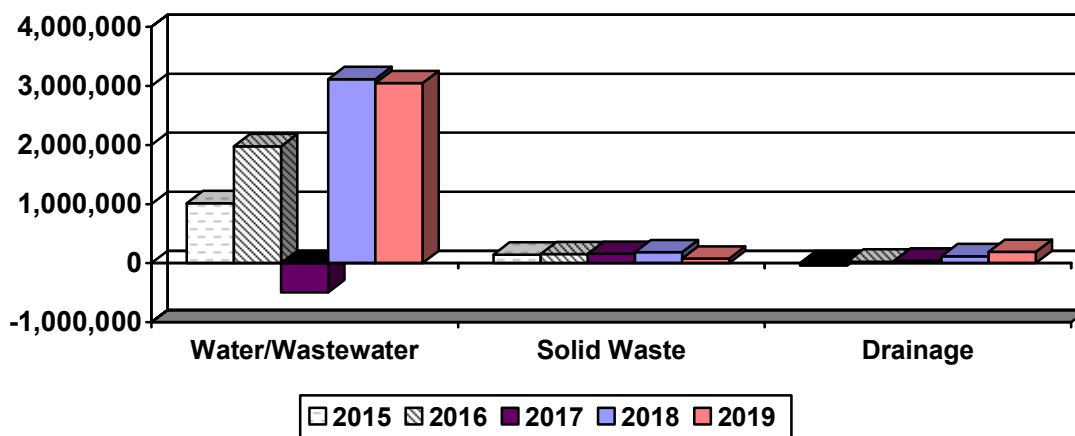
The business-type activities of the City are the water/wastewater, solid waste, and drainage utilities. These activities derive most of their revenue from charges for services. Total business-type program revenues are \$14,863,257 and operating expenses are \$12,986,810.

The charts below compare program revenues and changes in net assets for the years ended December 31, 2019, 2018, 2017, 2016, and 2015 based on the information included in the government-wide financial statements.

Business-Type Activities - Program Revenues



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



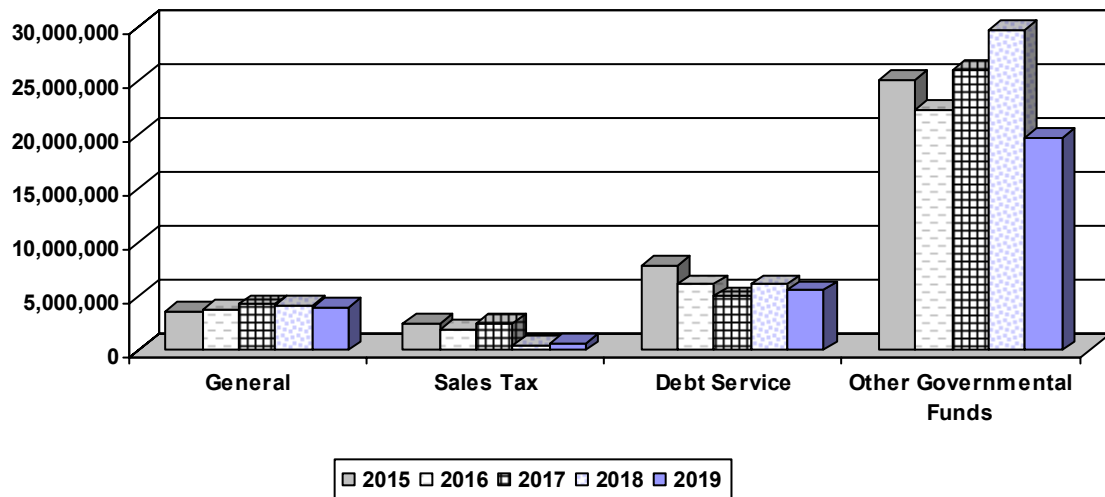
THE CITY'S FUND BALANCES

Governmental Activities

As the City completed the year, the governmental funds reported a combined fund balance of \$29,948,901, as reflected in the Balance Sheet - Governmental Funds. This balance represents a decrease of \$10,347,624 (25.68%) 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.

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 2018 is sales tax at 33.27%, property tax at 34.97%, franchise fees at 12.46%, licenses, charges and rentals at 9.72%, fines at 5.93% with other revenues representing the remainder of the funding. General Fund revenue increased from 2018 by 2.22%.

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

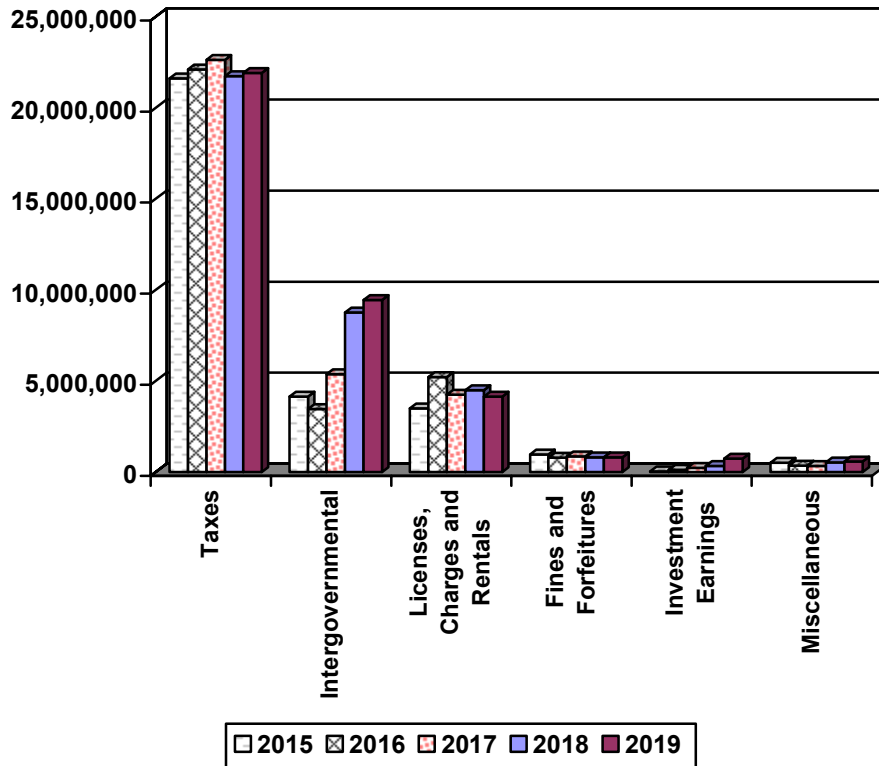
Year	% of Property Tax Collected compared to the amount Levied	% of Property Tax Collected plus Delinquent amount compared to the amount Levied
2015	100.01%	109.03%
2016	95.90%	99.30%
2017	102.18%	106.92%
2018	101.38%	104.57%
2019	98.95%	101.94%

THE CITY'S FUND BALANCES (CONTINUED)

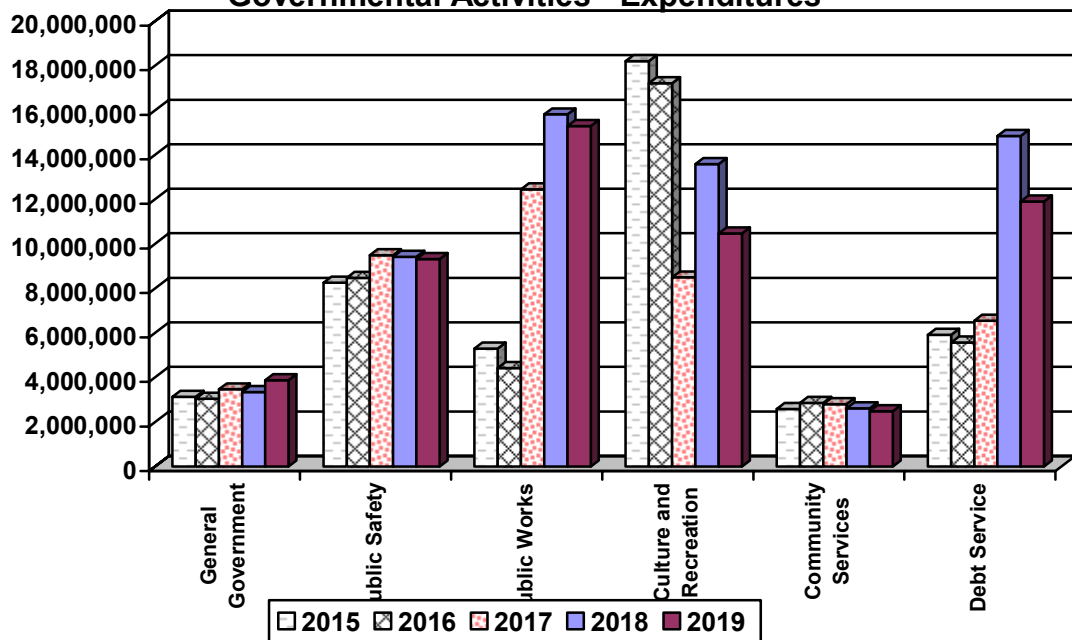
Governmental Activities (continued)

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

Governmental Activities - Revenues



Governmental Activities - Expenditures



BUDGETARY HIGHLIGHTS

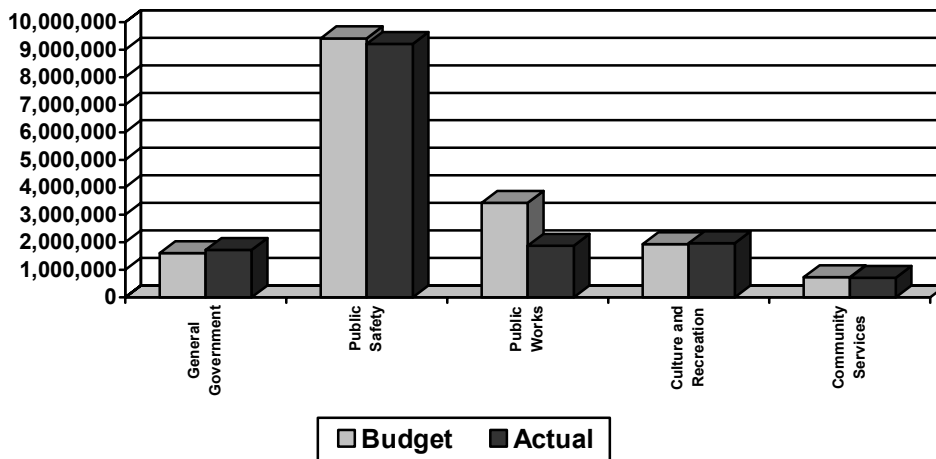
The governmental funds included in the published budget are the General Fund, Special Liability, Library, Library Employee Benefits, Sales Tax, Convention and Visitors, Special Streets and Highways, Special Park and Recreation, Special Alcohol and Drug, Alcohol and Drug Safety Action, GO Bond and Interest 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:

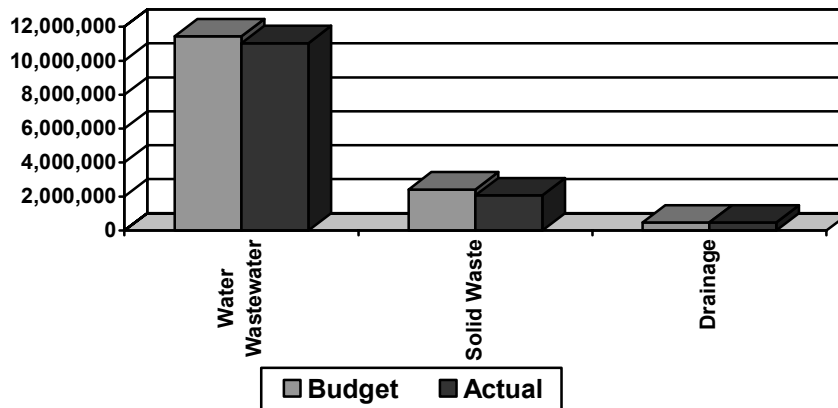
	<u>Original budget</u>	<u>Amended budget</u>
Development and Growth	\$ 841,020	\$ 924,020
Special Streets and Highways	1,146,622	1,322,122
Drainage Utility	415,908	474,408

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

General Fund Comparison to Budget 2019



Enterprise Funds Comparison to Budget 2019



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City has invested \$193 million in capital assets (net of depreciation). Approximately 62.86% of this investment is related to governmental activities and includes infrastructure, buildings, equipment and land. Governmental capital assets increased by approximately 4.23%, while capital assets held for business-type activities decreased 1.43% 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 6,537	\$ 6,066	\$ 1,527	\$ 1,527	\$ 8,064	\$ 7,593
Buildings and improvements	59,429	61,690	30,086	30,792	89,515	92,482
Machinery and equipment	10,510	8,529	1,050	1,045	11,560	9,574
Infrastructure	27,427	29,389	36,087	36,371	63,514	65,760
Water rights	-	-	2,726	2,789	2,726	2,789
Construction in progress	17,174	10,489	50	38	17,224	10,527
Totals	<u>\$ 121,077</u>	<u>\$ 116,163</u>	<u>\$ 71,526</u>	<u>\$ 72,562</u>	<u>\$ 192,603</u>	<u>\$ 188,725</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 Police Department, Transportation, and Athletic Field Maintenance. Other capital improvements in the governmental funds include a ladder truck and mower for the Fire Department, ATV and snow plow for the Airport, chipper for Forestry and Landscape, UTV's for Parks, Tractor for Golf Course. The streets improvement projects include extension of Soule Avenue west of 14th and other smaller resurfacing and reconstruction projects. The capital improvements in the business type activities include: infrastructure for Candletree 8 and the Power Center STAR Bond developments; purchase of a new street sweeper, Heritage District landscaping; and scheduled vehicle upgrades.

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

Long-Term Liabilities

At the end of the current year, the City had long-term liabilities related to governmental activities of \$71,797,693. This includes \$26,864,600 in general obligation bonds, \$1,585,000 in temporary notes, \$1,304,029 in capital lease obligations, \$250,000 in loans, \$857,621 in compensated absences, \$40,595,000 in revenue bonds, and \$341,443 in early retirement payables.

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 \$35,372,709.

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

Long-Term Obligations

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 26,864,600	\$ 27,469,250	\$ 26,205,400	\$ 12,090,750	\$ 53,070,000	\$ 39,560,000
Temporary notes	1,585,000	5,925,000	-	-	1,585,000	5,925,000
Capital lease obligations	1,304,029	1,518,062	-	-	1,304,029	1,518,062
Loans	250,000	125,000	8,994,142	26,609,189	9,244,142	26,734,189
Compensated absences	857,621	869,877	173,167	161,201	1,030,788	1,031,078
Revenue bonds	40,595,000	42,220,000	-	-	40,595,000	42,220,000
Early retirement payable	341,443	353,627	-	-	341,443	353,627
Totals	<u>\$ 71,797,693</u>	<u>\$ 78,480,816</u>	<u>\$ 35,372,709</u>	<u>\$ 38,861,140</u>	<u>\$ 107,170,402</u>	<u>\$ 117,341,956</u>

RELEVANT CURRENT ECONOMIC FACTORS, DECISIONS AND CONDITIONS

Expenses, such as employee costs, utilities, and commodities continue to increase. The use type taxes including the sales tax, transient guest tax and expanded lottery tax, increased from the prior year by 2.6%. Other revenue sources have remained stable. The City continues to maintain quality services. The General Fund fund balance increased by 4%.

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 which was completed in 2016, along with a new hotel that was completed in 2017 and a new restaurant that opened in 2016. The addition to the historic Boot Hill Museum was completed in 2020. The City also plans to start work on parking lot and landscaping improvements in the downtown area in 2020. An additional STAR Bond area was approved in an area along 14th Street and this area will contain the development of a home improvement store with a garden center, retail shop space and a convenience store. The home improvement store with garden center, the convenience store, and a coffee shop opened in 2019. 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. There are currently two housing developments that are in the design/infrastructure phase and two others that have only a few houses left to complete. 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 was previously being burned off. The technology has advanced greatly in the last few years and the City has completed construction of a bio gas plant that will capture this gas and convert it into a renewable energy that can be piped into a major gas line that is close in proximity to the treatment plant and sell the gas as well as renewable energy credits. The plant began refining and selling gas in February 2018. This will be an additional source of revenue for the City. Because continued expansion of the beef packing plants, existing and new 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 STAR Bond Power Center 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, 2019

	Primary government		Total	Component units
	Governmental activities	Business-type activities		
ASSETS				
Cash and cash equivalents	\$ 10,654,388	\$ 2,974,740	\$ 13,629,128	\$ 1,844,773
Investments	-	-	-	610,583
Property taxes receivable	7,604,975	-	7,604,975	-
Receivables, net	1,265,874	1,259,692	2,525,566	196,872
Due from other governments	852,297	-	852,297	-
Inventories	1,390,331	278,909	1,669,240	475,294
Notes receivable	-	-	-	173,194
Prepaid expense	-	-	-	14,266
Restricted cash and investments	19,570,536	-	19,570,536	-
Capital assets, net	121,077,128	71,526,375	192,603,503	9,196,510
Total assets	162,415,529	76,039,716	238,455,245	12,511,492
DEFERRED OUTFLOWS OF RESOURCES				
Pension	1,183,650	58,664	1,242,314	109,095
LIABILITIES				
Accounts payable	2,511,246	470,091	2,981,337	132,330
Salaries and benefits payable	402,296	81,997	484,293	-
Accrued interest payable	432,343	265,544	697,887	556,611
Other accrued liabilities	-	1,506,935	1,506,935	16,650
Deferred revenue	-	-	-	180,809
Compensated absences payable	857,621	173,167	1,030,788	117,515
Net pension liability	11,160,242	838,023	11,998,265	809,439
Noncurrent liabilities:				
Due within one year	6,374,137	3,366,444	9,740,581	-
Due in more than one year	66,804,657	31,833,098	98,637,755	762,000
Total liabilities	88,542,542	38,535,299	127,077,841	2,575,354
DEFERRED INFLOWS OF RESOURCES				
Property taxes	7,604,975	-	7,604,975	-
Deferred gain on refunding	2,173,974	69,468	2,243,442	-
Contractual obligations	785,615	-	785,615	-
Pension	603,540	47,942	651,482	70,159
Total deferred inflows of resources	11,168,104	117,410	11,285,514	70,159
NET POSITION				
Invested in capital assets, net of related debt	55,932,874	36,326,833	92,259,707	8,434,510
Restricted (expendable):				
Debt service	5,581,637	-	5,581,637	-
Construction	14,570,824	-	14,570,824	-
Projects	2,447,904	-	2,447,904	-
Prospects and housing	-	-	-	55,326
Unrestricted	(14,644,706)	1,118,838	(13,525,868)	1,485,238
Total net position	\$ 63,888,533	\$ 37,445,671	\$101,334,204	\$ 9,975,074

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

CITY OF DODGE CITY, KANSAS

STATEMENT OF ACTIVITIES

Year ended December 31, 2019

Functions/programs	Expenses	Program revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
General government	\$ 3,735,480	\$ 357,113	\$ 308,026	\$ -
Public safety	8,839,863	1,275,495	24,410	-
Public works	5,589,609	216,586	1,439,223	5,623,312
Culture and recreation	13,002,078	3,535,348	151,464	214,032
Community services	2,150,976	130,498	964,108	1,778
Indirect depreciation	2,697,831	-	-	-
Interest on long-term debt	2,335,715	-	-	-
Total governmental activities	38,351,552	5,515,040	2,887,231	5,839,122
Business-type activities:				
Water/wastewater	10,780,934	12,927,628	826,606	-
Solid waste	2,007,171	2,066,239	-	-
Drainage	198,705	232,994	-	-
Total business-type activities	12,986,810	15,226,861	826,606	-
Total primary government	\$ 51,338,362	\$ 20,741,901	\$ 3,713,837	\$ 5,839,122
Component units	\$ 4,480,067	\$ 861,323	\$ 2,184,677	\$ 343,431

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes and special assessments, levied for debt service

Sales taxes

Franchise taxes

Expanded lottery taxes

Grants and contributions not restricted to specific programs

Gain (loss) on assets

Contributed capital, net

Investment earnings

Transfers

Miscellaneous

Total general revenues and transfers

Change in net assets

Net position - beginning

Net position - ending

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

Changes in net position

Primary government			
Governmental activities	Business-type activities	Total	Component units
\$ (3,070,341)	\$ -	\$ (3,070,341)	\$ -
(7,539,958)	-	(7,539,958)	-
1,689,512	-	1,689,512	-
(9,101,234)	-	(9,101,234)	-
(1,054,592)	-	(1,054,592)	-
(2,697,831)	-	(2,697,831)	-
(2,335,715)	-	(2,335,715)	-
<u>(24,110,159)</u>	<u>-</u>	<u>(24,110,159)</u>	<u>-</u>
-	2,973,300	2,973,300	-
-	59,068	59,068	-
-	34,289	34,289	-
<u>-</u>	<u>3,066,657</u>	<u>3,066,657</u>	<u>-</u>
<u>(24,110,159)</u>	<u>3,066,657</u>	<u>(21,043,502)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,090,636)</u>
6,659,810	-	6,659,810	-
2,868,253	-	2,868,253	-
10,671,839	-	10,671,839	-
1,722,350	-	1,722,350	-
621,148	-	621,148	-
128,047	-	128,047	-
-	16,631	16,631	-
1,004	957,250	958,254	-
734,524	109,259	843,783	14,966
918,545	(2,273,350)	(1,354,805)	1,354,805
786,180	-	786,180	94,624
<u>25,111,700</u>	<u>(1,190,210)</u>	<u>23,921,490</u>	<u>1,464,395</u>
1,001,541	1,876,447	2,877,988	373,759
<u>62,886,992</u>	<u>35,569,224</u>	<u>98,456,216</u>	<u>9,601,315</u>
<u>\$ 63,888,533</u>	<u>\$ 37,445,671</u>	<u>\$101,334,204</u>	<u>\$ 9,975,074</u>

CITY OF DODGE CITY, KANSAS
BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2019

	General	Sales tax
<u>ASSETS</u>		
Cash and investments	\$ 2,374,147	\$ -
Property taxes receivable	4,138,874	-
Sales taxes receivable	383,231	385,557
Due from other governments	-	-
Other receivables	308,066	290
Due from other funds	1,727,096	-
Inventories	34,386	-
Restricted cash and investments	-	317,799
	-	-
Total assets	\$ 8,965,800	\$ 703,646
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 490,621	\$ 18,949
Payroll liabilities	350,493	8,585
Due to other funds	-	-
	-	-
Total liabilities	841,114	27,534
Deferred inflows of resources:		
Property tax	4,138,874	-
Contractual obligations	-	-
Revolving loans	-	-
	-	-
Total deferred inflows of resources:	4,138,874	-
Fund balances:		
Nonspendable:		
Endowment	-	-
Inventory	34,386	-
Long-term receivables	-	-
Restricted:		
Debt service	-	-
Capital projects	-	-
Grants	-	-
Committed:		
Projects	-	676,112
Assigned:		
Encumbrances	-	-
Other capital expenditures	-	-
Community service and promotion	-	-
Other purposes	-	-
Designated for subsequent year's expenditures	2,567,820	-
Unassigned	1,383,606	-
	1,383,606	-
Total fund balances	3,985,812	676,112
Total liabilities, deferred inflows of resources and fund balances	\$ 8,965,800	\$ 703,646

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

<u>GO bond and interest</u>	<u>Runway 14-32 design</u>	<u>Star bond power center</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
\$ -	\$ -	\$ -	\$ 9,452,501	\$ 11,826,648
1,781,486	-	-	1,684,615	7,604,975
-	-	-	-	768,788
-	746,529	-	153,980	900,509
-	-	-	140,518	448,874
-	-	-	-	1,727,096
-	-	-	1,335,527	1,369,913
53,839	-	6,112,863	11,888,097	18,372,598
<u>\$ 1,835,325</u>	<u>\$ 746,529</u>	<u>\$ 6,112,863</u>	<u>\$ 24,655,238</u>	<u>\$ 43,019,401</u>
\$ -	\$ 531,282	\$ 205,268	\$ 1,243,339	\$ 2,489,459
-	-	-	39,327	398,405
-	297,532	1,270,957	158,607	1,727,096
-	828,814	1,476,225	1,441,273	4,614,960
1,781,486	-	-	1,684,615	7,604,975
-	-	-	785,615	785,615
-	-	-	64,950	64,950
<u>1,781,486</u>	<u>-</u>	<u>-</u>	<u>2,535,180</u>	<u>8,455,540</u>
-	-	-	100,000	100,000
-	-	-	-	34,386
-	-	-	409,454	409,454
53,839	-	-	5,527,798	5,581,637
-	-	4,636,638	4,593,719	9,230,357
-	-	-	47,761	47,761
-	-	-	-	676,112
-	-	-	223,523	223,523
-	-	-	4,512,575	4,512,575
-	-	-	672,592	672,592
-	-	-	903,337	903,337
-	-	-	4,430,259	6,998,079
-	(82,285)	-	(742,233)	559,088
<u>53,839</u>	<u>(82,285)</u>	<u>4,636,638</u>	<u>20,678,785</u>	<u>29,948,901</u>
<u>\$ 1,835,325</u>	<u>\$ 746,529</u>	<u>\$ 6,112,863</u>	<u>\$ 24,655,238</u>	<u>\$ 43,019,401</u>

CITY OF DODGE CITY, KANSAS

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

December 31, 2019

Total fund balances on the balance sheet	\$ 29,948,901
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.	121,077,128
Certain liabilities are not required to be accrued in the fund financial statements.	(432,343)
Only the current portion of compensated absences is shown as an expenditure in the fund financial statements.	(857,621)
Economic development revolving loans are considered deferred revenue in the fund financial statements.	64,950
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.	(75,352,768)
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.	(10,580,132)
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>20,418</u>
Net position of governmental activities	<u><u>\$ 63,888,533</u></u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2019

	General	Sales tax
Revenue:		
Taxes	\$ 11,152,158	\$ 5,884,172
Intergovernmental	146,683	-
Licenses, fees and permits	328,634	-
Charges for services	801,849	622,229
Rentals	213,197	8,547
Fines and forfeitures	819,859	-
Investment earnings	317,590	19,440
Contribution from property owners	-	-
Miscellaneous	38,605	2,300
	<u>13,818,575</u>	<u>6,536,688</u>
Expenditures:		
General government	1,707,467	-
Public safety	8,981,148	-
Public works	1,746,287	-
Culture and recreation	1,871,536	1,681,705
Community services	683,386	-
Debt service:		
Principal	-	-
Interest and commissions	-	-
	<u>14,989,824</u>	<u>1,681,705</u>
Total expenditures	<u>14,989,824</u>	<u>1,681,705</u>
Excess (deficiency) of revenue over expenditures	<u>(1,171,249)</u>	<u>4,854,983</u>
Other financing sources (uses):		
Debt issue proceeds	-	-
Transfers in	1,419,800	-
Transfers out	(382,466)	(4,609,763)
Transfers to component units	-	-
	<u>1,037,334</u>	<u>(4,609,763)</u>
Total other financing sources and uses	<u>1,037,334</u>	<u>(4,609,763)</u>
Net change in fund balance	(133,915)	245,220
Fund balances, beginning of year	<u>4,119,727</u>	<u>430,892</u>
Fund balances, end of year	<u><u>\$ 3,985,812</u></u>	<u><u>\$ 676,112</u></u>

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

<u>GO bond and interest</u>	<u>Runway 14-32 design</u>	<u>Star bond power center</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
\$ 2,422,717	\$ -	\$ -	\$ 2,463,205	\$ 21,922,252
230,000	5,471,930	10,000	3,592,778	9,451,391
-	-	-	-	328,634
-	-	-	2,720,725	4,144,803
-	-	-	-	221,744
-	-	-	-	819,859
-	-	221,825	175,669	734,524
-	-	-	625,507	625,507
-	276,666	-	265,670	583,241
<u>2,652,717</u>	<u>5,748,596</u>	<u>231,825</u>	<u>9,843,554</u>	<u>38,831,955</u>
45,595	-	-	2,123,676	3,876,738
-	-	-	341,567	9,322,715
-	5,754,462	-	7,796,687	15,297,436
-	-	2,813,792	4,094,952	10,461,985
-	-	-	1,795,372	2,478,758
7,654,650	-	-	1,625,000	9,279,650
999,862	-	-	1,623,575	2,623,437
<u>8,700,107</u>	<u>5,754,462</u>	<u>2,813,792</u>	<u>19,400,829</u>	<u>53,340,719</u>
<u>(6,047,390)</u>	<u>(5,866)</u>	<u>(2,581,967)</u>	<u>(9,557,275)</u>	<u>(14,508,764)</u>
3,242,596	-	-	-	3,242,596
5,768,608	-	-	8,680,679	15,869,087
(3,197,001)	-	(5,006,558)	(399,950)	(13,595,738)
-	-	-	(1,354,805)	(1,354,805)
<u>5,814,203</u>	<u>-</u>	<u>(5,006,558)</u>	<u>6,925,924</u>	<u>4,161,140</u>
(233,187)	(5,866)	(7,588,525)	(2,631,351)	(10,347,624)
287,026	(76,419)	12,225,163	23,310,136	40,296,525
<u>\$ 53,839</u>	<u>\$ (82,285)</u>	<u>\$ 4,636,638</u>	<u>\$ 20,678,785</u>	<u>\$ 29,948,901</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, 2019

Net change in fund balances, total governmental funds \$ (10,347,624)

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. 5,554,327

Contributed capital for assets reported as a revenue (expense) in the statement of activities. 1,004

Long-term liabilities:

Long-term liabilities are reported in the statement of net assets. This is the amount by which repayments exceeded proceeds. 6,037,054

Amortization of deferred amounts. 306,012

Accrued interest is an expense in the statement of activities. (18,290)

Capital lease payments are recorded as expenditures in the fund financial statements. 178,650

Other:

Only the current portion of compensated absences is shown as an expenditure in the fund financial statements. 12,832

Change in early retirement payable. (341,442)

Change in net pension liability, including deferred outflows and inflows. (378,404)

Internal service funds are used by management to charge the cost of certain activities, such as vehicle maintenance, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities. (2,578)

Change in net position of governmental activities \$ 1,001,541

CITY OF DODGE CITY, KANSAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

December 31, 2019

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 2,229,794	\$ 329,765
Receivables, net	1,142,421	104,823
Inventories	278,909	-
	3,651,124	434,588
Total current assets		
Noncurrent assets:		
Capital assets:		
Land	1,508,692	18,200
Buildings and improvements	45,625,384	64,804
Furniture and equipment	4,160,037	2,592,917
Utility systems	51,627,985	-
Water rights	3,542,614	-
Construction in progress	50,048	-
Less accumulated depreciation and amortization	(38,519,784)	(2,124,899)
	67,994,976	551,022
Total noncurrent assets		
	71,646,100	985,610
Total assets		
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Pension	32,379	24,239
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	431,241	37,036
Payroll liabilities	51,533	27,863
Accrued interest payable	265,544	-
GO bonds payable	1,609,500	-
Revenue bonds payable	1,250,000	-
Loan payable	506,944	-
	4,114,762	64,899
Total current liabilities		

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 415,181	\$ 2,974,740	\$ 25,678
12,448	1,259,692	-
-	278,909	20,418
<u>427,629</u>	<u>4,513,341</u>	<u>46,096</u>
-	1,526,892	-
-	45,690,188	-
4,865	6,757,819	70,942
3,833,121	55,461,106	-
-	3,542,614	-
-	50,048	-
<u>(857,609)</u>	<u>(41,502,292)</u>	<u>(64,392)</u>
<u>2,980,377</u>	<u>71,526,375</u>	<u>6,550</u>
<u>3,408,006</u>	<u>76,039,716</u>	<u>52,646</u>
<u>2,046</u>	<u>58,664</u>	<u>-</u>
1,814	470,091	21,787
2,601	81,997	3,891
-	265,544	-
-	1,609,500	-
-	1,250,000	-
-	506,944	-
<u>4,415</u>	<u>4,184,076</u>	<u>25,678</u>

CITY OF DODGE CITY, KANSAS

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

December 31, 2019

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Noncurrent liabilities:		
GO bonds payable	18,180,900	\$ -
Revenue bonds payable	5,165,000	-
Loan payable	8,487,198	-
Bond premium	1,506,935	-
Compensated absences payable	78,662	91,858
Net pension liability	462,530	346,263
Total noncurrent liabilities	33,881,225	438,121
Total liabilities	37,995,987	503,020
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred gain on bond refunding	69,468	-
Pension	26,460	19,809
Total deferred inflows or resources	95,928	19,809
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	32,795,433	551,022
Unrestricted	791,131	(64,002)
Total net position	\$ 33,586,564	\$ 487,020

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
\$ -	\$ 18,180,900	\$ -
-	5,165,000	-
-	8,487,198	-
-	1,506,935	-
2,647	173,167	18,261
29,230	838,023	-
<u>31,877</u>	<u>34,351,223</u>	<u>18,261</u>
<u>36,292</u>	<u>38,535,299</u>	<u>43,939</u>
-	69,468	-
1,673	47,942	-
<u>1,673</u>	<u>117,410</u>	<u>-</u>
2,980,378	36,326,833	6,550
391,709	1,118,838	2,157
<u>\$ 3,372,087</u>	<u>\$ 37,445,671</u>	<u>\$ 8,707</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2019

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Operating revenue:		
Charges for services	\$ 9,169,190	\$ 2,066,239
Biogas production	3,758,438	-
	12,927,628	2,066,239
 Operating expenses:		
Personal services	1,482,526	1,109,782
Contractual services	5,100,826	499,264
Repairs and maintenance	147,161	99,380
Other supplies and expenses	382,229	163,655
Capital outlay	548,974	6,422
Other expense	535	11,982
Depreciation	1,881,189	116,686
	9,543,440	2,007,171
 Operating income (loss)	3,384,188	59,068
 Nonoperating revenue (expense):		
Operating grants	826,606	-
Interest and investment revenue	73,500	17,665
Interest expense	(1,237,494)	-
	(337,388)	17,665
 Income (loss) before other revenue, expenses and transfers	3,046,800	76,733
 Other revenue, expenses and transfers:		
Contributed capital, net	447,695	218,399
Gain (loss) on disposal of assets	(1,053)	17,684
Transfers out	(1,926,700)	(194,800)
	1,566,742	118,016
 Total net position beginning of year	32,019,822	369,004
 Total net position end of year	\$ 33,586,564	\$ 487,020

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
\$ 232,994	\$ 11,468,423	\$ 427,659
-	3,758,438	-
<u>232,994</u>	<u>15,226,861</u>	<u>427,659</u>
105,679	2,697,987	131,007
(179)	5,599,911	6,159
-	246,541	91,291
3,194	549,078	200,847
(755)	554,641	-
750	13,267	-
90,016	2,087,891	932
<u>198,705</u>	<u>11,749,316</u>	<u>430,236</u>
<u>34,289</u>	<u>3,477,545</u>	<u>(2,577)</u>
-	826,606	-
18,094	109,259	-
-	(1,237,494)	-
<u>18,094</u>	<u>(301,629)</u>	<u>-</u>
52,383	3,175,916	(2,577)
291,156	957,250	1,004
-	16,631	-
(151,850)	(2,273,350)	-
191,689	1,876,447	(1,573)
<u>3,180,398</u>	<u>35,569,224</u>	<u>10,280</u>
<u>\$ 3,372,087</u>	<u>\$ 37,445,671</u>	<u>\$ 8,707</u>

CITY OF DODGE CITY, KANSAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

Year ended December 31, 2019

	Business-type activities Enterprise funds	
	Water/ wastewater	Solid waste
Cash flows from operating activities:		
Receipts from customers	\$ 12,887,174	\$ 2,065,920
Payments for goods and services	(6,166,089)	(784,450)
Payments to employees	(1,459,036)	(1,084,753)
	5,262,049	196,717
Net cash provided (used) by operating activities		
Cash flows from noncapital financing activities:		
Operating grants	826,606	-
Operating subsidies to other funds	(1,926,700)	(194,800)
	(1,100,094)	(194,800)
Net cash provided (used) by noncapital financing activities		
Cash flows from capital and related financing activities:		
Proceeds of capital debt	15,765,214	-
Purchases of capital assets	(21,482)	-
Principal paid on capital debt	(17,997,046)	-
Interest paid on capital debt	(1,750,083)	-
	(4,003,397)	-
Net cash provided (used) by capital and related financing activities		
Cash flows from investing activities:		
Interest and dividends	73,500	17,665
	73,500	17,665
Net increase (decrease) in cash and cash equivalents	232,058	19,582
Balances, beginning of year	1,997,736	310,183
Balances, end of year	\$ 2,229,794	\$ 329,765
Cash and cash equivalents	\$ 2,229,794	\$ 329,765

Business-type activities Enterprise funds		Governmental activities
Drainage utility	Total	Internal service fund
\$ 233,183	\$ 15,186,277	\$ 427,659
(3,003)	(6,953,542)	(290,355)
(84,253)	(2,628,042)	(130,197)
<u>145,927</u>	<u>5,604,693</u>	<u>7,107</u>
-	826,606	-
(151,850)	(2,273,350)	-
<u>(151,850)</u>	<u>(1,446,744)</u>	<u>-</u>
-	15,765,214	-
(57,079)	(78,561)	(1,925)
-	(17,997,046)	-
-	(1,750,083)	-
<u>(57,079)</u>	<u>(4,060,476)</u>	<u>(1,925)</u>
<u>18,094</u>	<u>109,259</u>	<u>-</u>
(44,908)	206,732	5,182
<u>460,089</u>	<u>2,768,008</u>	<u>20,496</u>
<u>\$ 415,181</u>	<u>\$ 2,974,740</u>	<u>\$ 25,678</u>
<u>\$ 415,181</u>	<u>\$ 2,974,740</u>	<u>\$ 25,678</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2019

	Business-type activities	
	Enterprise funds	
	Water/ wastewater	Solid waste
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 3,384,188	\$ 59,068
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,881,189	116,686
Change in assets and liabilities:		
Receivables, net	(40,454)	(319)
Inventories	43,517	-
Pension deferred outflows	8,864	5,114
Accounts and other payables	(15,290)	(1,920)
Net pension liability	10,025	24,220
Pension deferred inflows	(9,990)	(6,132)
Net cash provided (used) by operating activities	\$ 5,262,049	\$ 196,717
Noncash transaction:		
Contributed capital	\$ 447,695	\$ 218,399

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>
\$ 34,289	\$ 3,477,545	\$ (2,577)
90,016	2,087,891	932
189	(40,584)	-
-	43,517	2,991
(879)	13,099	-
5,255	(11,955)	5,761
16,416	50,661	-
641	(15,481)	-
<u>\$ 145,927</u>	<u>\$ 5,604,693</u>	<u>\$ 7,107</u>
<u>\$ 291,156</u>	<u>\$ 957,250</u>	<u>\$ -</u>

CITY OF DODGE CITY, KANSAS

**STATEMENT OF NET POSITION
MAJOR COMPONENT UNITS**

December 31, 2019

	<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	\$ 819,643	\$ 786,473	\$ 238,657	\$ 1,844,773
Investments	-	-	610,583	610,583
Accounts receivable, net	-	-	125,923	125,923
Grants receivable, net	-	70,949	-	70,949
Inventory	-	465,102	10,192	475,294
Notes receivable	-	113,992	59,202	173,194
Prepaid expense	-	-	14,266	14,266
Capital assets, net	<u>1,021,319</u>	<u>1,084,599</u>	<u>7,090,592</u>	<u>9,196,510</u>
 Total assets	 <u>1,840,962</u>	 <u>2,521,115</u>	 <u>8,149,415</u>	 <u>12,511,492</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Pension	<u>31,306</u>	<u>-</u>	<u>77,789</u>	<u>109,095</u>
<u>LIABILITIES</u>				
Accounts payable	14,730	24,650	92,950	132,330
Accrued interest payable	-	556,611	-	556,611
Compensated absences payable	71,788	29,455	16,272	117,515
Deposits and deferred revenue	-	101,043	79,766	180,809
Other accrued liabilities	-	10,825	5,825	16,650
Net pension liability	488,871	-	320,568	809,439
Long-term liabilities:				
Due in more than one year	<u>-</u>	<u>762,000</u>	<u>-</u>	<u>762,000</u>
 Total liabilities	 <u>575,389</u>	 <u>1,484,584</u>	 <u>515,381</u>	 <u>2,575,354</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Pension	<u>44,337</u>	<u>-</u>	<u>25,822</u>	<u>70,159</u>
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	1,021,319	322,599	7,090,592	8,434,510
Restricted:				
Prospects and housing	-	55,326	-	55,326
Unrestricted	<u>231,223</u>	<u>658,606</u>	<u>595,409</u>	<u>1,485,238</u>
 Total net position	 <u>\$ 1,252,542</u>	 <u>\$ 1,036,531</u>	 <u>\$ 7,686,001</u>	 <u>\$ 9,975,074</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, 2019

	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Dodge City Public Library				
Culture and recreation	\$ 1,473,356	\$ 19,018	\$ 274,532	\$ 99,419
Depreciation	99,115	-	-	-
Loss on disposal of assets	161	-	-	-
Total Dodge City Public Library	<u>1,572,632</u>	<u>19,018</u>	<u>274,532</u>	<u>99,419</u>
Dodge City-Ford County Development Corporation				
Community services	609,716	65,039	927,049	15,750
Depreciation	<u>8,956</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Dodge City-Ford County Development Corporation	<u>618,672</u>	<u>65,039</u>	<u>927,049</u>	<u>15,750</u>
Dodge City Housing Authority				
Community services	1,737,390	777,266	983,096	228,262
Depreciation	<u>551,373</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Dodge City Housing Authority	<u>2,288,763</u>	<u>777,266</u>	<u>983,096</u>	<u>228,262</u>
Total component units	<u>\$ 4,480,067</u>	<u>\$ 861,323</u>	<u>\$ 2,184,677</u>	<u>\$ 343,431</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
\$ (1,080,387)	\$ -	\$ -	\$ (1,080,387)
(99,115)	-	-	(99,115)
(161)	-	-	(161)
<u>(1,179,663)</u>	<u>-</u>	<u>-</u>	<u>(1,179,663)</u>
-	398,122	-	398,122
-	(8,956)	-	(8,956)
<u>-</u>	<u>389,166</u>	<u>-</u>	<u>389,166</u>
-	-	251,234	251,234
-	-	(551,373)	(551,373)
<u>-</u>	<u>-</u>	<u>(300,139)</u>	<u>(300,139)</u>
<u>(1,179,663)</u>	<u>389,166</u>	<u>(300,139)</u>	<u>(1,090,636)</u>
97	802	14,067	14,966
1,354,805	-	-	1,354,805
78,253	1,079	15,292	94,624
<u>1,433,155</u>	<u>1,881</u>	<u>29,359</u>	<u>1,464,395</u>
253,492	391,047	(270,780)	373,759
<u>999,050</u>	<u>645,484</u>	<u>7,956,781</u>	<u>9,601,315</u>
<u>\$ 1,252,542</u>	<u>\$ 1,036,531</u>	<u>\$ 7,686,001</u>	<u>\$ 9,975,074</u>

CITY OF DODGE CITY, KANSAS

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND**

Year ended December 31, 2019

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 2,592,129	\$ 2,592,129	\$ 3,331,824	\$ 739,695
Resources (inflows):				
Taxes	11,149,259	11,149,259	11,203,147	53,888
Intergovernmental	118,900	118,900	146,683	27,783
Licenses, fees and permits	250,150	250,150	328,634	78,484
Charges for services	769,000	769,000	801,849	32,849
Rentals	93,000	93,000	213,197	120,197
Fines and forfeitures	842,000	842,000	833,427	(8,573)
Investment earnings	50,000	50,000	317,590	267,590
Miscellaneous	16,000	16,000	33,306	17,306
Transfers from other funds	1,719,800	1,719,800	1,419,800	(300,000)
Amounts available for appropriation	<u>17,600,238</u>	<u>17,600,238</u>	<u>18,629,457</u>	<u>1,029,219</u>
Charges to appropriations (outflows):				
General government	1,609,121	1,609,121	1,721,420	(112,299)
Public safety	9,413,991	9,413,991	9,210,784	203,207
Public works	3,435,454	3,435,454	1,872,538	1,562,916
Culture and recreation	1,928,460	1,928,460	1,965,146	(36,686)
Community services	728,612	728,612	709,874	18,738
Transfers to other funds	484,600	484,600	-	484,600
Total charges to appropriations	<u>17,600,238</u>	<u>17,600,238</u>	<u>15,479,762</u>	<u>2,120,476</u>
Budgetary fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,149,695</u>	<u>\$ 3,149,695</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, 2019

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 2,007,934	\$ 2,007,934	\$ 22,074	\$ (1,985,860)
Resources (inflows):				
Taxes	5,896,000	5,896,000	5,907,228	11,228
Charges for services	610,500	610,500	622,229	11,729
Rentals	12,000	12,000	8,547	(3,453)
Investment earnings	20,000	20,000	19,440	(560)
Miscellaneous	111,470	111,470	2,215	(109,255)
	<u>8,657,904</u>	<u>8,657,904</u>	<u>6,581,733</u>	<u>(2,076,171)</u>
Amounts available for appropriation				
Charges to appropriations (outflows):				
Culture and recreation	3,681,481	3,681,481	1,681,705	1,999,776
Transfers to other funds	3,960,000	3,960,000	4,609,763	(649,763)
	<u>7,641,481</u>	<u>7,641,481</u>	<u>6,291,468</u>	<u>1,350,013</u>
Total charges to appropriations				
Budgetary fund balance, end of year	<u>\$ 1,016,423</u>	<u>\$ 1,016,423</u>	<u>\$ 290,265</u>	<u>\$ (726,158)</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, 2019

	<u>General fund</u>	<u>Sales tax fund</u>
Sources/inflows of resources:		
Actual amounts available for appropriation from the budgetary comparison statement	\$ 18,629,457	\$ 6,581,733
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.	(3,331,824)	(22,074)
Current year sales tax and other receivable amounts are not a budgetary resource, but they are revenues for financial reporting purposes.	691,296	385,847
Prior year sales tax and other receivable amounts are a budgetary resource, but they are not revenues for financial reporting purposes.	(750,554)	(408,818)
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>(1,419,800)</u>	<u>-</u>
 Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	 <u><u>\$ 13,818,575</u></u>	 <u><u>\$ 6,536,688</u></u>
 Uses/outflows of resources:		
Actual amounts of charges to appropriations from the budgetary comparison statement	\$ 15,479,762	\$ 6,291,468
Differences, budget to GAAP:		
Current year encumbrances are included as a budgetary outflow.	(110,435)	-
Transfers to other funds are outflows of budgetary resources, but are not expenditures for financial reporting purposes.	-	(4,609,763)
Certain transfers were reclassified to expenditures for budgetary purposes.	(382,466)	-
Inventory purchases are included as a budgetary outflow, but are reported as expense when the inventory is sold for financial reporting purposes.	2,964	-
Rounding	<u>(1)</u>	<u>-</u>
 Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	 <u><u>\$ 14,989,824</u></u>	 <u><u>\$ 1,681,705</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF DODGE CITY, KANSAS

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Financial reporting entity

These financial statements present the City of Dodge City (the primary government) and its component units. Component units are legally separate entities that are included in the City's reporting entity because of the significance of their operating or financial relationships with the City.

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

Discretely presented component units. The component unit's 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, 2019.

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

Administrative Offices:

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

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

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

2. Basic financial statements - government-wide statements

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

a. Governmental funds (continued):

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

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, GO Bond and Interest, Runway 14-32 Design, and Star Bond Power Center. 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>
Development and Growth	\$ 841,020	\$ 924,020
Special Highway	1,146,622	1,322,122
Drainage Utility	415,908	474,408

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:

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

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 and biogas sales as accounts receivable. An allowance for doubtful receivables is not considered necessary because receivables are written off when they become uncollectible.

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

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

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

e. Inventories

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

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Financial statement amounts (continued)

f. Capital assets

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

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

12. Deferred outflows of resources

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

13. Deferred inflows of resources

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

14. Compensated absences

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

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

15. Government-wide and proprietary fund net position

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

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

16. Governmental fund balances

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

17. Special assessments

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

18. Interfund activity

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

19. Other post-employment benefits

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

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

B. COMPLIANCE WITH KANSAS LAW

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

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by budget. Budgeted and actual expenditures for the year ended December 31, 2019 are as follows:

B. COMPLIANCE WITH KANSAS LAW (CONTINUED)

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 17,600,238	\$ 15,479,762	\$ 2,120,476
Special Liability	801,000	466,287	334,713
Library	1,117,116	1,115,558	1,558
Library Employee Benefits	239,247	240,000	753
Sales Tax	7,641,481	6,291,468	1,350,013
Convention and Visitors	1,139,296	873,061	266,235
Special Streets and Highways	1,322,122	1,298,292	23,830
Special Park and Recreation	133,500	133,500	-
Special Alcohol and Drug	103,800	100,027	3,773
Development and Growth	924,020	873,173	50,847
GO Bond and Interest	3,790,520	3,673,917	116,603
Water/Wastewater	11,435,564	11,034,983	400,581
Solid Waste	2,416,615	2,071,937	344,678
Drainage Utility	474,408	471,587	2,821
Vehicle Maintenance	470,506	427,661	42,845

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

STAR Bond Project	\$ 28,524
Candletree 6 Infrastructure	9,497
GO Bonds 2020	75,339
YMCA Building	25,388

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

Runway 14-32	\$ 828,814
Minibus Grant 2109-20	57,150
Heritage Landscaping Grant	96,838

C. DEPOSITS AND INVESTMENTS

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

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

C. DEPOSITS AND INVESTMENTS (CONTINUED)

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

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. At year-end, the carrying amount of the City's deposits, including certificates of deposit, was \$16,589,807 and the bank balance was \$16,254,853. Of the bank balance, \$2,644,980 was covered by FDIC insurance, and \$13,609,873 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, 2019, 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	\$ 5,093,391	(See below)	N/A
Escrow Accounts – Dreyfus	5,523,453	N/A	AAAm
Money Market Funds – Security Bank	<u>8,662,192</u>	N/A	AAAm
	<u>\$19,279,036</u>		

At December 31, 2019, the City had invested \$5,093,391 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, 2019.

Concentration of credit risk. Investment types and percents at cost are as follows: Kansas Municipal Investment Pool 26%, Dreyfus escrow accounts 29% and Security Bank money market funds 45%.

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, 2019 consist of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Miscellaneous charges receivable	\$ 365,934	\$ 158,036	\$ 523,970
Water charges receivable	-	183,841	183,841
Wastewater charges receivable	-	170,589	170,589
Solid waste charges receivable	-	101,248	101,248
Drainage utility charges receivable	-	12,232	12,232
Biogas receivable	-	633,746	633,746
Loans receivable	64,950	-	64,950
Sales tax receivable	786,778	-	786,778
Expanded lottery tax receivable	<u>48,212</u>	<u>-</u>	<u>48,212</u>
Net receivables	<u>\$ 1,265,874</u>	<u>\$ 1,259,692</u>	<u>\$ 2,525,566</u>

E. LOANS RECEIVABLE

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

In 2006, the City issued \$70,000 revolving loan to a local company from funds paid in retirement of original Community Development Block Grant revolving loans. In 2007, \$35,000 was added to the \$70,000 loan. The loan at six percent is to be repaid over a period of eleven years. At December 31, 2019 the loan balance was \$64,950.

F. CAPITAL ASSETS

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

	<u>Primary government</u>			
	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	
Governmental activities:				
Land	\$ 6,065,891	\$ 606,475	\$ 135,446	\$ 6,536,920
Buildings and improvements	80,509,405	2,271	670,938	79,840,738
Machinery and equipment	28,013,059	3,400,511	454,850	30,958,720
Infrastructure	234,014,400	734,895	-	234,749,295
Construction in progress	<u>10,488,886</u>	<u>9,078,894</u>	<u>2,393,590</u>	<u>17,174,190</u>
Total capital assets at historical cost	<u>359,091,641</u>	<u>13,823,046</u>	<u>3,654,824</u>	<u>369,259,863</u>
Less accumulated depreciation for:				
Buildings and improvements	18,819,788	1,614,030	22,894	20,410,924
Machinery and equipment	19,484,065	1,487,016	521,875	20,449,206
Infrastructure	<u>204,624,773</u>	<u>2,697,832</u>	<u>-</u>	<u>207,322,605</u>
Total accumulated depreciation	<u>242,928,626</u>	<u>5,798,878</u>	<u>544,769</u>	<u>248,182,735</u>
Governmental activities capital assets, net	<u>\$ 116,163,015</u>	<u>\$ 8,024,168</u>	<u>\$ 3,110,055</u>	<u>\$ 121,077,128</u>

F. CAPITAL ASSETS (CONTINUED)

	Primary government			
	Beginning balance	Increases	Decreases	Ending balance
Business-type activities:				
Land	\$ 1,526,892	\$ -	\$ -	\$ 1,526,892
Buildings and improvements	45,690,188	-	-	45,690,188
Machinery and equipment	6,562,934	239,881	44,996	6,757,819
Infrastructure	54,677,523	783,583	-	55,461,106
Water rights	3,542,614	-	-	3,542,614
Construction in progress	37,699	61,128	48,779	50,048
Total capital assets at historical cost	<u>112,037,850</u>	<u>1,084,592</u>	<u>93,775</u>	<u>113,028,667</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	14,898,033	706,048	-	15,604,081
Machinery and equipment	5,517,449	251,946	61,628	5,707,767
Infrastructure	18,306,315	1,067,872	-	19,374,187
Water rights	754,230	62,027	-	816,257
Total accumulated depreciation	<u>39,476,027</u>	<u>2,087,893</u>	<u>61,628</u>	<u>41,502,292</u>
Business-type activities capital assets, net	<u>\$ 72,561,823</u>	<u>\$ (1,003,301)</u>	<u>\$ 32,147</u>	<u>\$ 71,526,375</u>

Depreciation and amortization expense was charged to functions as follows:

Governmental activities:	
General government	\$ 45,101
Public safety	492,860
Public works	251,689
Culture and recreation	2,265,220
Community services	45,245
Indirect depreciation	2,697,831
Internal service	932
Total governmental activities	<u>\$ 5,798,878</u>
Business-type activities:	
Water/wastewater	\$ 1,881,189
Solid waste	116,686
Drainage	90,016
Total business-type activities	<u>\$ 2,087,891</u>

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

Dodge City Public Library	Beginning balance	Increases	Decreases	Ending balance
Governmental activities:				
Culture and recreation:				
Land	\$ 338,171	\$ -	\$ -	\$ 338,171
Buildings and improvements	1,965,741	369,587	-	2,335,328
Furniture and equipment	602,498	70,022	274,575	397,945
Construction in progress	223,218	-	223,218	-
Total capital assets at historical cost	<u>3,129,628</u>	<u>439,609</u>	<u>497,793</u>	<u>3,071,444</u>
Less accumulated depreciation for:				
Buildings and improvements	1,737,982	76,807	-	1,814,789
Furniture and equipment	487,442	22,308	274,414	235,336
Total accumulated depreciation	<u>2,225,424</u>	<u>99,115</u>	<u>274,414</u>	<u>2,050,125</u>
Governmental activities capital assets, net	<u>\$ 904,204</u>	<u>\$ 340,494</u>	<u>\$ 223,379</u>	<u>\$ 1,021,319</u>

F. CAPITAL ASSETS (CONTINUED)

<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>109,709</u>	<u>12,000</u>	<u>-</u>	<u>121,709</u>
	1,162,991	12,000	-	1,174,991
Less accumulated depreciation for furniture and equipment	<u>81,435</u>	<u>8,957</u>	<u>-</u>	<u>90,392</u>
Governmental activities capital assets, net	<u>\$ 1,081,556</u>	<u>\$ 3,043</u>	<u>\$ -</u>	<u>\$ 1,084,599</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	16,482,046	1,022,508	-	17,504,554
Construction in progress	<u>1,235,408</u>	<u>228,262</u>	<u>1,022,508</u>	<u>441,162</u>
	18,081,319	1,250,770	1,022,508	18,309,581
Less accumulated depreciation for buildings and equipment	<u>10,667,616</u>	<u>551,373</u>	<u>-</u>	<u>11,218,989</u>
Governmental activities capital assets, net	<u>\$ 7,413,703</u>	<u>\$ 699,397</u>	<u>\$ 1,022,508</u>	<u>\$ 7,090,592</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, 2019:

<u>Amount</u>	<u>Due to</u>	<u>Due from</u>
\$ 297,532	General Fund	Runway 14-32 Design
33,245	General Fund	Public Transportation Buses
96,838	General Fund	Heritage Landscaping Grant
28,524	General Fund	Star Bond Project
<u>1,270,957</u>	General Fund	Star Bond Power Center
<u>\$ 1,727,096</u>		

The General Fund made advances to grant funds that operate on a reimbursement basis that will be repaid when the reimbursement is received. The advance to the Star Bond Project and Star Bond Power Center were 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 2019 is as follows:

<u>From</u>	<u>To</u>	<u>Amount</u>	<u>Statutory authority</u>
Transfers:			
General	Capital Equipment	\$ 363,966	K.S.A. 68-141g
General	Municipal Band	18,500	K.S.A. 12-101a
Sales Tax	SEC Revenue Bond	2,210,690	Resolution No. 2009-09
Sales Tax	Special Events Center	937,544	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	601,529	Resolution No. 2015-03
Sales Tax Organizations	Depot	250,000	Contractual
GO Bond and Interest	Temp Notes National Beef	663,012	Resolution No. 2019-31
GO Bond and Interest	Temp Notes Candletree	594,714	Resolution No. 2019-30
GO Bond and Interest	GO Bond 2019	1,939,274	Resolution No. 2019-29
Star Bonds Power Center	GO Bond and Interest	5,006,558	Bond Indenture
2019 GO Bonds	Public Art	16,450	Resolution No. 2019-30
Water/wastewater	General	901,700	K.S.A. 12-825d
Water/wastewater	GO Bond and Interest	650,000	K.S.A. 12-825d
Water/wastewater	Capital Improvement	375,000	K.S.A. 12-825d
Solid Waste	General	194,800	K.S.A. 12-825d
Drainage	General	39,800	K.S.A. 12-825d
Drainage	GO Bond and Interest	112,050	K.S.A. 12-825d
Special Parks and Rec.	General	133,500	K.S.A. 79-41a04
		<u>\$ 15,869,087</u>	

A summary of transfers to component units follows:

<u>From</u>	<u>To</u>	<u>Amount</u>
Library Fund	Dodge City Public Library	\$1,115,558
Library Employee Benefits Fund	Dodge City Public Library	<u>239,247</u>
		<u>\$1,354,805</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, 2019	Additions	Retirements and repayments	Debt outstanding December 31, 2019	Interest expense
<u>Governmental activities</u>					
To be paid with tax levies:					
General obligation bonds	\$ 27,469,250	\$ 2,115,000	\$ 2,719,650	\$ 26,864,600	\$ 862,026
Temporary notes	5,925,000	595,000	4,935,000	1,585,000	150,402
Capital lease obligations	1,518,062	-	214,033	1,304,029	39,318
Loans	125,000	200,000	75,000	250,000	-
Compensated absences	869,877	128,003	140,259	857,621	-
To be paid with sales tax revenue:					
Revenue bonds	42,220,000	-	1,625,000	40,595,000	3,239,725
Early retirement payable	353,627	70,061	82,245	341,443	-
	<u>78,480,816</u>	<u>3,108,064</u>	<u>9,791,187</u>	<u>71,797,693</u>	<u>4,291,471</u>
<u>Business-type activities</u>					
To be paid with utility revenues:					
General obligation bonds	12,090,750	21,760,000	7,645,350	26,205,400	440,723
Loans	26,609,189	382,000	17,997,047	8,994,142	672,551
Compensated absences	161,201	15,954	3,988	173,167	-
	<u>38,861,140</u>	<u>22,157,954</u>	<u>25,646,385</u>	<u>35,372,709</u>	<u>1,113,274</u>
	<u>\$ 117,341,956</u>	<u>\$ 25,266,018</u>	<u>\$ 35,437,572</u>	<u>\$ 107,170,402</u>	<u>\$ 5,404,745</u>

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

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities

General obligation bonds:

General obligation bonds are serial bonds to be retired through calendar year 2035. At December 31, 2019 the bonds consist of the following:

	<u>Interest Rates</u>	<u>Maturity dates</u>	<u>Bonds outstanding</u>
Internal improvements, issued August 1, 2012 in the amount of \$14,105,050	2.00% to 4.00%	09-01-32	\$ 5,789,600
Internal improvements, issued December 12, 2013 in the amount of \$6,235,000	2.00% to 4.00%	09-01-28	365,000
Internal improvements, issued December 1, 2014 in the amount of \$675,000	2.00% to 3.25%	09-01-29	475,000
Internal improvements, issued February 3, 2016 in the amount of \$5,705,000	2.00% to 3.125%	09-01-35	4,745,000
Internal improvements, issued December 15, 2016 in the amount of \$2,000,000	2.00% to 4.00%	09-01-31	1,645,000
Internal improvements, issued June 1, 2017 in the amount of \$2,860,000	2.50% to 3.00%	09-01-26	2,150,000
Internal improvements, issued December 28, 2017 in the amount of \$5,815,000	2.00% to 4.00%	09-01-29	5,765,000
Internal improvements, issued December 20, 2018 in the amount of \$3,950,000	3.00% to 5.00%	09-01-33	3,815,000
Internal improvements, issued December 5, 2019 in the amount of \$1,530,000	2.125% to 4.00%	09-01-39	1,530,000
Internal improvements, issued December 5, 2019 in the amount of \$585,000	2.183% to 2.896%	09-01-39	<u>585,000</u>
			<u>\$ 26,864,600</u>

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>
2020	\$ 2,905,500	\$ 919,852	\$ 3,825,352
2021	3,056,350	838,274	3,894,624
2022	3,177,200	728,110	3,905,310
2023	2,068,050	613,938	2,681,988
2024	2,138,900	543,871	2,682,771
2025-2029	8,829,800	1,611,169	10,440,969
2030-2034	3,828,800	487,818	4,316,618
2035-2039	<u>860,000</u>	<u>71,806</u>	<u>931,806</u>
	<u>\$ 26,864,600</u>	<u>\$ 5,814,838</u>	<u>\$ 32,679,438</u>

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities (continued)

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, 2019, the amount of outstanding bonded indebtedness was equal to 17.86% of property assessments as of July 1, 2018.

Capital leases:

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

	<u>Interest rate</u>	<u>Maturity date</u>	<u>Outstanding balance</u>
Airport Hangar dated April 5, 2013 in the amount of \$349,878	3.00%	04-05-23	\$ 152,462
Fire Truck dated October 18, 2018 in the amount of \$935,000	2.99%	10-18-27	746,637
Radio Equipment dated June 1, 2016 in the amount of \$695,740	1.76%	06-01-23	<u>404,930</u>
Totals			<u>\$ 1,304,029</u>

Assets recorded under capital leases were \$1,980,618 and corresponding accumulated depreciation at December 31, 2019 was \$460,955.

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, 2019.

	<u>Amount</u>
2020	\$ 253,349
2021	253,350
2022	253,349
2023	253,352
2024	106,567
Thereafter	<u>317,494</u>
	<u>\$ 1,437,461</u>
Total lease payments	\$ 1,437,461
Less: Amount representing interest	<u>133,432</u>
Present value of lease payments	<u>\$ 1,304,029</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.

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities (continued)

Temporary notes:

Temporary notes consist of the following:

	<u>Interest rate</u>	<u>Maturity date</u>	<u>Notes outstanding</u>
Series 2018-1 temporary notes	2.15%	09-01-20	\$ 990,000
Series 2019-1 temporary notes	2.00%	09-01-21	<u>595,000</u>
Totals			<u>\$ 1,585,000</u>
	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2020	\$ 990,000	\$ 30,078	\$ 1,020,078
2021	<u>595,000</u>	<u>11,900</u>	<u>606,900</u>
	<u>\$ 1,585,000</u>	<u>\$ 41,978</u>	<u>\$ 1,626,978</u>

Revenue bonds:

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

	<u>Interest rates</u>	<u>Maturity date</u>	<u>Bonds outstanding</u>
Series 2015 water park	2.00% to 4.00%	06-01-35	\$ 8,380,000
Series 2016 refunding revenue bonds	1.75% to 5.00%	06-01-34	<u>32,215,000</u>
			<u>\$ 40,595,000</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>
2020	\$ 1,735,000	\$ 1,587,775	\$ 3,322,775
2021	1,820,000	1,545,275	3,365,275
2022	1,900,000	1,504,313	3,404,313
2023	2,020,000	1,428,313	3,448,313
2024	2,160,000	1,331,713	3,491,713
2025-2029	12,925,000	5,221,065	18,146,065
2030-2034	17,377,500	1,968,091	19,345,591
2035	<u>657,500</u>	<u>46,025</u>	<u>703,525</u>
	<u>\$ 40,595,000</u>	<u>\$ 14,632,570</u>	<u>\$ 55,227,570</u>

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.

I. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities (continued)

Loans:

On November 27, 2018, the City approved a loan for the purchase of land in City limits in the amount of \$150,000. On April 15, 2019, the City approved a loan for the purchase of land in City limits in the amount of \$200,000. The loan repayment schedule provides for annual payments over the next two years as follows:

	<u>Amount</u>
2020	\$ 200,000
2021	<u>50,000</u>
Total	<u>\$ 250,000</u>

Business-type activities

General obligation bonds:

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

	<u>Interest rates</u>	<u>Maturity date</u>	<u>Bonds outstanding</u>
Series 2012-B refunding and improvement bonds	2.00% to 4.00%	9-01-32	\$ 4,445,400
Series 2019-A general obligation bonds	2.125% to 4.00%	9-01-31	15,345,000
Series 2019-B refunding and improvement bonds	2.125% to 4.00%	9-01-24	<u>6,415,000</u>
			<u>\$ 26,205,400</u>

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

	<u>Series 2012-B</u>	<u>Series 2019-A</u>	<u>Series 2019-B</u>	<u>Interest due</u>	<u>Total due</u>
2020	\$ 454,500	\$ 1,155,000	\$ 1,250,000	\$ 668,759	\$ 3,528,259
2021	473,650	1,055,000	1,250,000	659,150	3,437,800
2022	492,800	1,100,000	1,275,000	571,717	3,439,517
2023	366,950	1,145,000	1,305,000	577,591	3,394,541
2024	261,100	1,190,000	1,335,000	486,775	3,272,875
2025-2029	1,430,200	6,690,000	-	1,411,654	9,531,854
2030-2034	<u>966,200</u>	<u>3,010,000</u>	<u>-</u>	<u>177,395</u>	<u>4,153,595</u>
	<u>\$ 4,445,400</u>	<u>\$15,345,000</u>	<u>\$ 6,415,000</u>	<u>\$ 4,553,041</u>	<u>\$ 30,758,441</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.

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, 2019 was \$8,994,142.

I. LONG-TERM LIABILITIES (CONTINUED)

Business-type activities (continued)

Loans (continued):

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>
2020	\$ 506,944	\$ 361,325	\$ 868,269
2021	667,784	214,693	882,477
2022	686,816	197,342	884,158
2023	706,391	179,497	885,888
2024	726,523	161,143	887,666
2025-2029	3,955,264	511,569	4,466,833
2030-2031	<u>1,744,420</u>	<u>56,653</u>	<u>1,801,073</u>
	<u>\$ 8,994,142</u>	<u>\$ 1,682,222</u>	<u>\$ 10,676,364</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, 2019 through January 1, 2020. The premium for this coverage was \$38,336 plus \$4,263 for personal property.

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

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

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, 2018 through January 1, 2019. The premium for this coverage was \$6,637 on the plant and \$20,018 on the facility plus \$1,285 for personal property.

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

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 8,306 and 7,946 customers at the beginning of the year and 8,436 and 8,056 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 2019 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, 2019, there were Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$3,465,000.

L. BOND DEFESANCE

On December 5, 2019, the City issued \$16,250,000 of general obligation refunding bonds with interest rates ranging between 2.125% and 4.00%. The City issued the bonds to advance refund \$16,250,000 of outstanding debt with a 2.83% interest rate. The refunding proceeds were remitted directly to the Kansas Department of Health and Environment. 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 12 years by \$564,650. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$341,744.

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

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

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

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

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

M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and the school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rates and the statutory contribution rates are as follows:

	<u>Actuarial employer rate</u>	<u>Statutory employer capped rate</u>
Local government employees	8.89	8.89
Police and Firemen	22.13	22.13

Member contribution rates as a percentage of eligible compensation in fiscal year 2019 were 6.00% for Public Employees and 7.15% for Police and Firemen.

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

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

To facilitate the separate (sub) actuarial valuations, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2019, are based on the ratio of each employer's contributions to total employer and nonemployer contributions of the group for the fiscal years ended June 30, 2019. The contributions used exclude contributions made for prior service, excess benefits and irregular payments.

At December 31, 2019, the City's share proportion for the KPERS and KP&F Local employees' groups were 0.353903% and 0.720992%, which was a 0.000061% increase and 0.024146% decrease from its proportion measured at December 31, 2018.

At December 31, 2019, the Library's share proportion for the Local employees' group was 0.034985%, which was a 0.000085% increase from its proportion measured at December 31, 2018.

M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Net Pension Liabilities: At December 31, 2019, the City's net pension liability for KPERS and KP&F were \$4,945,343 and \$7,052,922 for its total proportionate share of the net pension liability for the Local groups.

At December 31, 2019, the Library's net pension liability was \$488,871 for its total proportionate share of the net pension liability for the Local group.

Pension Expense: For the year ended December 31, 2019, the City recognized pension expense for KPERS and KP&F of \$617,773 and \$1,253,893, 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, 2019, the Library recognized pension expense of \$52,819, 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 was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.75 percent
Salary increase	3.50 to 12.00 percent, including inflation
Long-term rate of return	7.75 percent compounded annually, net of investment expense, and including price inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015. The experience study is date November 18, 2016.

The actuarial assumption changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation assumption lowered from 3.00 percent to 2.75 percent.
- Investment return assumption was lowered from 8.00 percent to 7.75 percent.
- General wage growth assumption was lowered from 4.00 to 3.50 percent.
- Payroll growth assumption was lowered from 4.00 percent to 3.00 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 rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

<u>Asset class</u>	<u>Long-term target allocation</u>	<u>Long-term expected real rate of return</u>
Global equity	47.00%	6.85%
Fixed income	13.00	1.25
Yield driven	8.00	6.55
Real return	11.00	1.71
Real estate	11.00	5.05
Alternatives	8.00	9.85
Short-term investments	<u>2.00</u>	(0.25)
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below:

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2019 was 1.2 percent.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for Fiscal Year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to \$100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

In addition, 2017 Senate Sub for Sub HB 2052 delayed \$64.1 million in Fiscal Year 2017 State/School contributions, to be repaid over 20 years in level dollar installments. The first year payment of \$6.4 million was paid in full at the beginning of Fiscal Year 2019, and appropriations for Fiscal Year 2019 were made at the statutory contribution rate of 12.01 percent for the State/School group. Additional legislation in the 2017 Session (Senate Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan. The 2019 Legislature passed House Sub for Sen Bill 109, which directed on-behalf payments of \$56 million and \$82 million be made to the System. The \$56 million payment was received by the System on June 30, 2018 and recorded as Fiscal Year 2018 contributions. The \$82 million was received July 1, 2019 and was recorded as Fiscal Year 2019 contributions. The 2019 Legislative session passed Senate Bill 9 which authorized a transfer of \$115 million to KPERS, received in March 2019.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years, between 11 to 12 percent. Using this assumption, actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

M. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

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, 2019, calculated using the discount rate of 7.75%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	<u>Discount rate</u>	<u>City's proportionate share of KPERS net pension liability</u>
1% decrease	6.75%	\$ 7,385,973
Current discount rate	7.75%	4,945,343
1% increase	8.75%	2,903,800

	<u>Discount rate</u>	<u>City's proportionate share of KP&F net pension liability</u>
1% decrease	6.75%	\$10,008,608
Current discount rate	7.75%	7,052,922
1% increase	8.75%	4,578,446

	<u>Discount rate</u>	<u>Library's proportionate share of net pension liability</u>
1% decrease	6.75%	\$ 730,139
Current discount rate	7.75%	488,871
1% increase	8.75%	287,054

Deferred Outflows of Resources and Deferred Inflows of Resources: At December 31, 2019, the City's total deferred outflows of resources are \$1,242,314 and total deferred inflows of resources are \$651,482. At December 31, 2018, the Library's total deferred outflows of resources are \$31,306 and total deferred inflows of resources are \$44,337. 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, 2019, that will be recognized in pension expense in future years:

	<u>City Local Groups</u>	<u>Library Local Group</u>
2020	\$ 363,363	\$ 4,658
2021	(24,217)	(14,438)
2022	159,278	(4,891)
2023	94,406	1,723
2024	(1,998)	(83)
	<u>\$ 590,832</u>	<u>\$ (13,031)</u>

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

N. TAX ABATEMENTS

The Neighborhood Revitalization Act (NRA) permits municipalities to establish a Neighborhood Revitalization Plan (NRP) under the authority of K.S.A. 12-17,114 et al. The purpose of the plan is intended to promote the rehabilitation, conservation, and/or redevelopment of areas within the City to protect the public health, safety, and welfare of the residents.

The tax rebate incentive is available to property tax owners for certain improvements that raise the appraised value of residential and commercial properties. Property is only eligible to participate in one real estate incentives program at the same time, such as a Neighborhood Revitalization Program, Rural Housing Incentive District, or Industrial Revenue Bonds. An eligible applicant must submit an application to the City within sixty days following the issuance of the building permit. Any default in paying taxes results in the property owner not receiving the abated monies.

The plan provides for an ad valorem rebate of the increased taxes paid on eligible district improvements as follows: residential district 95% over a period of five years, historical district improvements 100% over a period of ten years, and commercial district on a sliding scale from 100% to 10% over a period of ten years. Interlocal agreements were entered into with Unified School District #443, Dodge City Community College and Ford County, Kansas. The NRP has four districts, a residential district, a historical district and two commercial districts. For the year ended December 31, 2019, tax abatements totaled \$145,045.

The Community Improvement District (CID) Act is established under the authority of K.S.A. 12-6a26 et seq. The CID is established to provide financing of construction, maintenance, and procurement of certain improvements, costs, and services within the District, including, but not limited to: land acquisition, infrastructure related items, sidewalks, parking lots, buildings, tenant improvements, utilities, landscaping, lighting, signage, marketing and advertisement, cleaning and maintenance, security, soft costs of the projects, and the City and the petitioner's administrative costs in establishing and maintaining the District, and any other items permitted to be financed within the District. The method of financing for the CID is by reimbursement of costs on a "pay-as-you-go" basis. The source of funding for the CID program is an additional retail sales tax add-on of 1%. For the year ended December 31, 2019, the CID sales tax received by the City to reimburse CID projects was \$95,888.

The Rural Housing Incentive District (RHID) is established under the authority of K.S.A. 12-5241 et seq., which authorizes the City to designate RHIDs. The City is authorized to reimburse the developer for all or a portion of the costs of implementing the development. Interlocal agreements were entered into with Unified School District #443, Dodge City Community College and Ford County, Kansas. The incremental increase in ad valorem tax is used to reimburse the developer of authorized costs. For the year ended December 31, 2019, the City's share of abated property taxes was \$146,991 under the RHID program.

The STAR Bond District is established under the authority of K.S.A. 12-17,160 et seq in joint resolution with Ford County, Kansas. STAR Bond Districts have designated project areas that include tax abatements for economic development purposes in the form of Tax Incremental Financings (TIF). The statutes require that each designated project area being considered for a TIF generate enough benefits and TIF revenues to cover or exceed the project costs. TIF revenues are in the form of ad valorem tax abatements, sales tax abatements, and transient guest tax abatements. For the year ended December 31, 2019, the City's share of abated taxes was \$309,411 under the Star Bond District.

N. TAX ABATEMENTS (CONTINUED)

The City has issued industrial revenue bonds (IRB) to provide financial assistance to private-sector entities for acquisition, construction, improvement and equipping of industrial and commercial facilities deemed to be in the public interest. The IRBs are purchased by investors (e.g. banks, private investors or the entity participating in the IRB program) and the bonds are secured by the property financed and payable solely from payments received on the underlying mortgage loans. See further information on IRBs, including the amount outstanding at December 31, 2019, at Note K – Conduit Debt Obligations.

Through the IRB program, entities can obtain lower interest rate financing and tax abatements (sales and/or property and ad valorem taxes). Under the Sales Tax Act (K.S.A. 79-3601 et seq.), the sales of tangible personal property or services purchased in connection with the construction of the projects financed by IRBs are entitled to exemption from sales tax after a proper allocation for the exemption is made. Further, all or any property constructed or purchased with the proceeds of revenue bonds may be exempt from property and ad valorem taxation for up to a period of ten calendar years after the calendar year in which the bonds were issued (K.S.A. 79-201(a)).

O. VOLUNTARY EARLY RETIREMENT PLAN

Full-time employees may voluntarily elect to retire early. Qualifying employees must have at least 10 years of continuous service with the City, must meet the KPERS or KP&F Early Retirement Qualifications (years of experience plus age), and must not be more than 64 years of age. The annual rate of retirement compensation is an annual sum of \$7,200. Benefits will cease when the retiree reaches age 65.

The future commitment for the voluntary early retirement plan is as follows:

	<u>Amount</u>
2020	\$ 79,476
2021	57,599
2022	38,215
2023	36,000
2024	33,784
2025-2029	72,830
2030-2033	<u>23,539</u>
Total	<u>\$ 341,443</u>

P. 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.

Q. CONTINGENCIES

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the City at December 31, 2019.

R. JOINT VENTURES

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

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

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

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

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

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

S. CONSTRUCTION COMMITMENTS

As of December 31, 2019, the City had the following commitments with respect to unfinished capital projects:

<u>Project</u>	<u>Project commitments authorized</u>	<u>Expenditures to date</u>	<u>Remaining financial commitment</u>
Central Ave. Reconstruction	\$ 4,775,967	\$ 4,528,077	\$ 247,890
Airport Runway 14-32	12,357,223	12,002,193	355,030

T. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 28, 2020, the date on which the financial statements were available to be used. Management's evaluation concluded that the following subsequent event is required to be recognized or disclosed in these financial statements:

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the pandemic. Therefore, the City Commissioners expect this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

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

December 31, 2019

	Special revenue funds	Debt service funds	Capital projects funds	Total nonmajor governmental funds
<u>ASSETS</u>				
Cash and investments	\$ 9,377,828	\$ -	\$ 74,673	\$ 9,452,501
Property taxes receivable	1,527,323	-	157,292	1,684,615
Due from other governments	153,980	-	-	153,980
Other receivables	146,795	-	(6,277)	140,518
Inventories	53,737	-	1,281,790	1,335,527
Restricted cash and investments	-	5,527,798	6,360,299	11,888,097
	\$11,259,663	\$ 5,527,798	\$ 7,867,777	\$ 24,655,238
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 337,980	\$ -	\$ 905,359	\$ 1,243,339
Payroll liabilities	39,327	-	-	39,327
Due to other funds	130,083	-	28,524	158,607
	507,390	-	933,883	1,441,273
Deferred inflows of resources:				
Property tax	1,527,323	-	157,292	1,684,615
Contractual obligations	785,615	-	-	785,615
Revolving loans	64,950	-	-	64,950
	2,377,888	-	157,292	2,535,180
Fund balances:				
Nonspendable:				
Endowment	100,000	-	-	100,000
Long-term receivables	409,454	-	-	409,454
Restricted:				
Debt service	-	5,527,798	-	5,527,798
Capital projects	-	-	4,593,719	4,593,719
Grants	47,761	-	-	47,761
Assigned:				
Encumbrances	223,523	-	-	223,523
Other capital expenditures	2,190,794	-	2,321,781	4,512,575
Community service and promotion	672,592	-	-	672,592
Other purposes	903,337	-	-	903,337
Designed for subsequent year's expenditures	4,430,259	-	-	4,430,259
Unassigned	(603,335)	-	(138,898)	(742,233)
	8,374,385	5,527,798	6,776,602	20,678,785
Total fund balances	8,374,385	5,527,798	6,776,602	20,678,785
Total liabilities, deferred inflows of resources and fund balances	\$11,259,663	\$ 5,527,798	\$ 7,867,777	\$ 24,655,238

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

December 31, 2019

	Special liability	Library	Library employee benefits	Convention and visitors
<u>ASSETS</u>				
Cash and investments	\$ -	\$ -	\$ -	\$ 153,571
Property taxes receivable	417,569	916,824	192,930	-
Due from other governments	-	-	-	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
Total assets	\$ 417,569	\$ 916,824	\$ 192,930	\$ 153,571
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 11,904
Payroll liabilities	-	-	-	12,632
Due to other funds	-	-	-	-
Total liabilities	-	-	-	24,536
Deferred inflows of resources:				
Property tax	417,569	916,824	192,930	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
Total deferred inflows of resources	417,569	916,824	192,930	-
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	-	-	-
Community service and promotion	-	-	-	128,754
Other purposes	-	-	-	-
Designed for subsequent year's expenditures	-	-	-	281
Unassigned	-	-	-	-
Total fund balances	-	-	-	129,035
Total liabilities, deferred inflows of resources and fund balances	\$ 417,569	\$ 916,824	\$ 192,930	\$ 153,571

<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>	<u>Development and growth</u>
\$ 394,924	\$ 123,216	\$ 11,863	\$ 8,467	\$ 614,198
-	-	-	-	-
-	-	-	-	48,212
-	-	-	(593)	-
-	-	-	-	-
<u>\$ 394,924</u>	<u>\$ 123,216</u>	<u>\$ 11,863</u>	<u>\$ 7,874</u>	<u>\$ 662,410</u>
\$ 22,897	\$ -	\$ -	\$ (593)	\$ 6,419
6,880	-	-	-	-
-	-	-	-	-
<u>29,777</u>	<u>-</u>	<u>-</u>	<u>(593)</u>	<u>6,419</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
223,523	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	4,214	7,987	-	-
141,624	119,002	3,876	8,467	655,991
-	-	-	-	-
<u>365,147</u>	<u>123,216</u>	<u>11,863</u>	<u>8,467</u>	<u>655,991</u>
<u>\$ 394,924</u>	<u>\$ 123,216</u>	<u>\$ 11,863</u>	<u>\$ 7,874</u>	<u>\$ 662,410</u>

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

December 31, 2019

	Sales tax organizations	Sales tax depreciation and replacement	Sales tax event	Rural housing incentive district
<u>ASSETS</u>				
Cash and investments	\$ 203,648	\$ 1,197,938	\$ 55,048	\$ 172,597
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	-	-	-	-
Inventories	-	-	-	-
Total assets	\$ 203,648	\$ 1,197,938	\$ 55,048	\$ 172,597
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 9,898	\$ -	\$ -	\$ -
Payroll liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	9,898	-	-	-
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	-	1,197,938	-	-
Community service and promotion	98,819	-	-	-
Other purposes	-	-	55,048	172,597
Designed for subsequent year's expenditures	94,931	-	-	-
Unassigned	-	-	-	-
Total fund balances	193,750	1,197,938	55,048	172,597
Total liabilities, deferred inflows of resources and fund balances	\$ 203,648	\$ 1,197,938	\$ 55,048	\$ 172,597

<u>Transient guest tax</u>	<u>Special law enforcement trust</u>	<u>Economic development revolving</u>	<u>Hoover trust</u>	<u>Roof insurance repairs</u>
\$ 162,827	\$ 39,973	\$ 409,454	\$ 128,123	\$ 388,408
-	-	-	-	-
-	-	-	-	-
-	-	64,950	-	-
-	-	-	-	-
<u>\$ 162,827</u>	<u>\$ 39,973</u>	<u>\$ 474,404</u>	<u>\$ 128,123</u>	<u>\$ 388,408</u>
\$ -	\$ 372	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	372	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	64,950	-	-
-	-	64,950	-	-
-	-	-	100,000	-
-	-	409,454	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	388,408
-	-	-	-	-
162,827	39,601	-	28,123	-
-	-	-	-	-
-	-	-	-	-
<u>162,827</u>	<u>39,601</u>	<u>409,454</u>	<u>128,123</u>	<u>388,408</u>
<u>\$ 162,827</u>	<u>\$ 39,973</u>	<u>\$ 474,404</u>	<u>\$ 128,123</u>	<u>\$ 388,408</u>

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

December 31, 2019

	Medical insurance reserve	Capital equipment reserve	Fire CPR training	GREAT
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 3,648,737	\$ 657,397	\$ 14,023	\$ 4,348
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
Other receivables	7,206	-	-	(2,087)
Inventories	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 3,655,943</u>	<u>\$ 657,397</u>	<u>\$ 14,023</u>	<u>\$ 2,261</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 43,954	\$ 52,949	\$ 1,163	\$ 471
Payroll liabilities	3,577	-	-	-
Due to other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>47,531</u>	<u>52,949</u>	<u>1,163</u>	<u>471</u>
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	-	-
Revolving loans	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
 Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	-	-	-
 Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	604,448	-	-
Community service and promotion	-	-	12,860	-
Other purposes	367,610	-	-	276
Designed for subsequent year's expenditures	3,240,802	-	-	1,514
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>3,608,412</u>	<u>604,448</u>	<u>12,860</u>	<u>1,790</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,655,943</u>	<u>\$ 657,397</u>	<u>\$ 14,023</u>	<u>\$ 2,261</u>

<u>Police body worn cameras</u>	<u>Public transportation buses grant</u>	<u>Minibus grant 2019-20</u>	<u>KHRC abandoned housing</u>	<u>Model for change</u>
\$ 6,463	\$ -	\$ -	\$ -	\$ 4,921
-	-	-	-	-
-	-	33,245	28,949	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 6,463</u>	<u>\$ -</u>	<u>\$ 33,245</u>	<u>\$ 28,949</u>	<u>\$ 4,921</u>
\$ -	\$ -	\$ 9,239	\$ -	\$ -
-	-	14,666	-	-
-	-	33,245	-	-
<u>-</u>	<u>-</u>	<u>57,150</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
6,463	-	-	28,949	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	4,921
-	-	-	-	-
-	-	(23,905)	-	-
<u>6,463</u>	<u>-</u>	<u>(23,905)</u>	<u>28,949</u>	<u>4,921</u>
<u>\$ 6,463</u>	<u>\$ -</u>	<u>\$ 33,245</u>	<u>\$ 28,949</u>	<u>\$ 4,921</u>

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

December 31, 2019

	Heritage landscape	USDA rural business development	Special events center	SMPC trust
<u>ASSETS</u>				
Cash and investments	\$ -	\$ 12,349	\$ 302,435	\$ 193,139
Property taxes receivable	-	-	-	-
Due from other governments	43,574	-	-	-
Other receivables	-	-	75,798	-
Inventories	-	-	53,737	-
	<u>\$ 43,574</u>	<u>\$ 12,349</u>	<u>\$ 431,970</u>	<u>\$ 193,139</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 172,521	\$ -
Payroll liabilities	-	-	-	-
Due to other funds	96,838	-	-	-
	<u>96,838</u>	<u>-</u>	<u>172,521</u>	<u>-</u>
Deferred inflows of resources:				
Property tax	-	-	-	-
Contractual obligations	-	-	785,615	-
Revolving loans	-	-	-	-
	<u>-</u>	<u>-</u>	<u>785,615</u>	<u>-</u>
Fund balances:				
Nonspendable:				
Endowment	-	-	-	-
Long-term receivables	-	-	-	-
Restricted for grants	-	12,349	-	-
Assigned:				
Encumbrances	-	-	-	-
Other capital expenditures	-	-	-	-
Community service and promotion	-	-	-	-
Other purposes	-	-	-	29,368
Designed for subsequent year's expenditures	-	-	-	163,771
Unassigned	(53,264)	-	(526,166)	-
	<u>(53,264)</u>	<u>12,349</u>	<u>(526,166)</u>	<u>193,139</u>
Total fund balances	<u>(53,264)</u>	<u>12,349</u>	<u>(526,166)</u>	<u>193,139</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,574</u>	<u>\$ 12,349</u>	<u>\$ 431,970</u>	<u>\$ 193,139</u>

<u>Municipal band</u>	<u>Depot</u>	<u>Civil asset forfeiture</u>	<u>Public art</u>	<u>Total nonmajor special revenue funds</u>
\$ 4,804	\$ 434,192	\$ 8,359	\$ 22,406	\$ 9,377,828
-	-	-	-	1,527,323
-	-	-	-	153,980
-	1,521	-	-	146,795
-	-	-	-	53,737
<u>\$ 4,804</u>	<u>\$ 435,713</u>	<u>\$ 8,359</u>	<u>\$ 22,406</u>	<u>\$ 11,259,663</u>
\$ -	\$ 6,786	\$ -	\$ -	\$ 337,980
-	1,572	-	-	39,327
-	-	-	-	130,083
-	8,358	-	-	507,390
-	-	-	-	1,527,323
-	-	-	-	785,615
-	-	-	-	64,950
-	-	-	-	2,377,888
-	-	-	-	100,000
-	-	-	-	409,454
-	-	-	-	47,761
-	-	-	-	223,523
-	-	-	-	2,190,794
4,804	427,355	-	-	672,592
-	-	8,359	22,406	903,337
-	-	-	-	4,430,259
-	-	-	-	(603,335)
<u>4,804</u>	<u>427,355</u>	<u>8,359</u>	<u>22,406</u>	<u>8,374,385</u>
<u>\$ 4,804</u>	<u>\$ 435,713</u>	<u>\$ 8,359</u>	<u>\$ 22,406</u>	<u>\$ 11,259,663</u>

CITY OF DODGE CITY, KANSAS

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

December 31, 2019

	Special events center <u>revenue bonds</u>	Water park <u>revenue bonds</u>	Total nonmajor debt service <u>funds</u>
<u>ASSETS</u>			
Restricted cash and investments	<u>\$ 4,525,842</u>	<u>\$ 1,001,956</u>	<u>\$ 5,527,798</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>			
Fund balances: Restricted for debt service	<u>\$ 4,525,842</u>	<u>\$ 1,001,956</u>	<u>\$ 5,527,798</u>

CITY OF DODGE CITY, KANSAS

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

December 31, 2019

	<u>Capital improvement</u>	<u>GO bonds 2013</u>	<u>GO bonds 2015</u>	<u>STAR bond project fund</u>
<u>ASSETS</u>				
Cash and investments	\$ 74,673	\$ -	\$ -	\$ -
Property taxes receivable	157,292	-	-	-
Other receivables	(6,277)	-	-	-
Inventory	-	-	-	-
Restricted cash and investments	-	781,482	-	-
 Total assets	<u><u>\$ 225,688</u></u>	<u><u>\$ 781,482</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 150
Due to other funds	-	-	-	28,524
 Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,674</u>
Deferred inflows of resources:				
Property tax	157,292	-	-	-
Fund balances:				
Restricted for capital projects	-	781,482	-	-
Assigned to other capital expenditures	68,396	-	-	-
Unassigned	-	-	-	(28,674)
 Total fund balances	<u>68,396</u>	<u>781,482</u>	<u>-</u>	<u>(28,674)</u>
 Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 225,688</u></u>	<u><u>\$ 781,482</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Temporary notes Candletree 2016	GO bonds 2016	GO bonds 2018	GO bonds 2017	Special obligation bonds 2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,986	878,489	1,214,738	459,250	606
<u>\$ 2,986</u>	<u>\$ 878,489</u>	<u>\$ 1,214,738</u>	<u>\$ 459,250</u>	<u>\$ 606</u>

\$ -	\$ -	\$ 413,833	\$ -	\$ -
-	-	-	-	-
-	-	413,833	-	-
-	-	-	-	-
2,986	878,489	800,905	459,250	606
-	-	-	-	-
-	-	-	-	-
2,986	878,489	800,905	459,250	606
<u>\$ 2,986</u>	<u>\$ 878,489</u>	<u>\$ 1,214,738</u>	<u>\$ 459,250</u>	<u>\$ 606</u>

CITY OF DODGE CITY, KANSAS

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

December 31, 2019

	<u>Temporary notes star bonds</u>	<u>Temporary notes Wagon Wheel</u>	<u>Lease purchase firetruck</u>	<u>Candletree 6 infrastructure</u>
<u>ASSETS</u>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Property taxes receivable	-	-	-	-
Other receivables	-	-	-	-
Inventory	1,281,790	-	-	-
Restricted cash and investments	<u>312,072</u>	<u>76,139</u>	<u>8,011</u>	<u>-</u>
Total assets	<u>\$ 1,593,862</u>	<u>\$ 76,139</u>	<u>\$ 8,011</u>	<u>\$ -</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 9,497
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,497</u>
Deferred inflows of resources:				
Property tax	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for capital projects	1,593,862	76,139	-	-
Assigned to other capital expenditures	-	-	8,011	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,497)</u>
Total fund balances	<u>1,593,862</u>	<u>76,139</u>	<u>8,011</u>	<u>(9,497)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,593,862</u>	<u>\$ 76,139</u>	<u>\$ 8,011</u>	<u>\$ -</u>

Temporary notes Candletree	GO bonds 2019	GO bonds 2020	Temporary notes National Beef
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
101,406	1,245,131	-	1,279,989
<u>\$ 101,406</u>	<u>\$ 1,245,131</u>	<u>\$ -</u>	<u>\$ 1,279,989</u>
\$ 150	\$ 20,977	\$ 75,339	\$ 360,025
-	-	-	-
<u>150</u>	<u>20,977</u>	<u>75,339</u>	<u>360,025</u>
-	-	-	-
-	-	-	-
101,256	1,224,154	-	919,964
-	-	(75,339)	-
<u>101,256</u>	<u>1,224,154</u>	<u>(75,339)</u>	<u>919,964</u>
<u>\$ 101,406</u>	<u>\$ 1,245,131</u>	<u>\$ -</u>	<u>\$ 1,279,989</u>

CITY OF DODGE CITY, KANSAS

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

December 31, 2019

	YMCA building	Total nonmajor capital projects funds
<u>ASSETS</u>		
Cash and investments	\$ -	\$ 74,673
Property taxes receivable	-	157,292
Other receivables	-	(6,277)
Inventory	-	1,281,790
Restricted cash and investments	-	6,360,299
	-	6,360,299
Total assets	\$ -	\$ 7,867,777
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 25,388	\$ 905,359
Due to other funds	-	28,524
	25,388	933,883
Total liabilities	25,388	933,883
Deferred inflows of resources:		
Property tax	-	157,292
	-	157,292
Fund balances:		
Restricted for capital projects	-	4,593,719
Assigned to other capital expenditures	-	2,321,781
Unassigned	(25,388)	(138,898)
	(25,388)	(138,898)
Total fund balances	(25,388)	6,776,602
Total liabilities, deferred inflows of resources and fund balances	\$ -	\$ 7,867,777

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2019

	Special revenue funds	Debt service funds	Capital projects funds	Total nonmajor governmental funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenue:				
Taxes	\$ 2,333,413	\$ -	\$ 129,792	\$ 2,463,205
Intergovernmental	3,591,785	-	993	3,592,778
Charges for services	2,720,725	-	-	2,720,725
Investment earnings	19,925	155,290	454	175,669
Contribution from property owners	-	-	625,507	625,507
Miscellaneous	269,070	-	(3,400)	265,670
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue	<u>8,934,918</u>	<u>155,290</u>	<u>753,346</u>	<u>9,843,554</u>
Expenditures:				
General government	1,479,978	-	643,698	2,123,676
Public safety	235,799	-	105,768	341,567
Public works	2,553,805	-	5,242,882	7,796,687
Culture and recreation	4,007,128	-	87,824	4,094,952
Community services	1,795,372	-	-	1,795,372
Debt service:				
Principal	-	1,625,000	-	1,625,000
Interest and commissions	-	1,623,575	-	1,623,575
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>10,072,082</u>	<u>3,248,575</u>	<u>6,080,172</u>	<u>19,400,829</u>
Excess (deficiency) of revenue over expenditures	<u>(1,137,164)</u>	<u>(3,093,285)</u>	<u>(5,326,826)</u>	<u>(9,557,275)</u>
Other financing sources (uses):				
Transfers in	2,296,460	2,812,219	3,572,000	8,680,679
Transfers out	(383,500)	-	(16,450)	(399,950)
Transfers to component units	(1,354,805)	-	-	(1,354,805)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources and uses	<u>558,155</u>	<u>2,812,219</u>	<u>3,555,550</u>	<u>6,925,924</u>
Net change in fund balances	(579,009)	(281,066)	(1,771,276)	(2,631,351)
Fund balances, beginning of year	<u>8,953,394</u>	<u>5,808,864</u>	<u>8,547,878</u>	<u>23,310,136</u>
Fund balances, end of year	<u>\$ 8,374,385</u>	<u>\$ 5,527,798</u>	<u>\$ 6,776,602</u>	<u>\$ 20,678,785</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, 2019

	Special liability	Library	Library employee benefits
Revenue:			
Taxes	\$ 466,287	\$ 1,022,619	\$ 209,358
Intergovernmental	-	-	-
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
	466,287	1,022,619	209,358
Total revenue	466,287	1,022,619	209,358
Expenditures:			
General government	466,287	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	-
Community services	-	-	-
	466,287	-	-
Total expenditures	466,287	-	-
Excess (deficiency) of revenue over expenditures	-	1,022,619	209,358
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Transfers to component units	-	(1,115,558)	(239,247)
	-	(1,115,558)	(239,247)
Total other financing sources and uses	-	(1,115,558)	(239,247)
Net change in fund balances	-	(92,939)	(29,889)
Fund balances, beginning of year	-	92,939	29,889
Fund balances, end of year	\$ -	\$ -	\$ -

<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>
\$ -	\$ -	\$ -	\$ -	\$ -
729,999	803,866	108,014	108,014	-
41,225	-	-	-	-
-	-	-	-	-
122,295	-	-	-	-
<u>893,519</u>	<u>803,866</u>	<u>108,014</u>	<u>108,014</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	654
-	1,298,292	-	-	-
-	-	-	-	-
873,061	-	-	100,027	-
<u>873,061</u>	<u>1,298,292</u>	<u>-</u>	<u>100,027</u>	<u>654</u>
20,458	(494,426)	108,014	7,987	(654)
-	-	-	-	-
-	-	(133,500)	-	-
-	-	-	-	-
-	-	(133,500)	-	-
20,458	(494,426)	(25,486)	7,987	(654)
<u>108,577</u>	<u>859,573</u>	<u>148,702</u>	<u>3,876</u>	<u>9,121</u>
<u>\$ 129,035</u>	<u>\$ 365,147</u>	<u>\$ 123,216</u>	<u>\$ 11,863</u>	<u>\$ 8,467</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, 2019

	Development and growth	Sales tax organizations	Sales tax depreciation and replacement
Revenue:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	675,126	3,800	12,500
Charges for services	-	-	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
	675,126	3,800	12,500
Total revenue			
Expenditures:			
General government	914,189	-	-
Public safety	-	-	-
Public works	-	-	-
Culture and recreation	-	-	288,825
Community services	-	395,257	-
	914,189	395,257	288,825
Total expenditures			
Excess (deficiency) of revenue over expenditures	(239,063)	(391,457)	(276,325)
Other financing sources (uses):			
Transfers in	-	710,000	-
Transfers out	-	(250,000)	-
Transfers to component units	-	-	-
	-	460,000	-
Total other financing sources and uses			
Net change in fund balances	(239,063)	68,543	(276,325)
Fund balances, beginning of year	895,054	125,207	1,474,263
Fund balances, end of year	\$ 655,991	\$ 193,750	\$ 1,197,938

<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>
\$ -	\$ 445,536	\$ 189,613	\$ -	\$ -
-	-	-	-	-
-	-	-	33,751	-
-	-	-	-	15,040
-	-	-	-	-
<u>-</u>	<u>445,536</u>	<u>189,613</u>	<u>33,751</u>	<u>15,040</u>
-	331,798	-	-	-
-	-	-	12,503	-
-	-	-	-	-
75,456	-	-	-	-
-	-	182,023	-	-
<u>75,456</u>	<u>331,798</u>	<u>182,023</u>	<u>12,503</u>	<u>-</u>
<u>(75,456)</u>	<u>113,738</u>	<u>7,590</u>	<u>21,248</u>	<u>15,040</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(75,456)</u>	<u>113,738</u>	<u>7,590</u>	<u>21,248</u>	<u>15,040</u>
<u>130,504</u>	<u>58,859</u>	<u>155,237</u>	<u>18,353</u>	<u>394,414</u>
<u>\$ 55,048</u>	<u>\$ 172,597</u>	<u>\$ 162,827</u>	<u>\$ 39,601</u>	<u>\$ 409,454</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, 2019

	<u>Hoover trust</u>	<u>Roof insurance repairs</u>	<u>Medical insurance reserve</u>
Revenue:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	239,176
Investment earnings	4,706	-	-
Miscellaneous	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenue	4,706	-	239,176
	<hr/>	<hr/>	<hr/>
Expenditures:			
General government	-	-	(258,561)
Public safety	-	-	-
Public works	-	98,503	-
Culture and recreation	-	-	-
Community services	-	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	-	98,503	(258,561)
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	4,706	(98,503)	497,737
	<hr/>	<hr/>	<hr/>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Transfers to component units	-	-	-
	<hr/>	<hr/>	<hr/>
Total other financing sources and uses	-	-	-
	<hr/>	<hr/>	<hr/>
Net change in fund balances	4,706	(98,503)	497,737
	<hr/>	<hr/>	<hr/>
Fund balances, beginning of year	123,417	486,911	3,110,675
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	\$ 128,123	\$ 388,408	\$ 3,608,412
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Capital equipment reserve	GREAT	Fire CPR training	Police body worn cameras	Public transportation buses grant
\$ -	\$ -	\$ -	\$ -	\$ -
183,229	-	-	-	258,651
-	-	-	-	-
-	-	-	-	-
-	6,130	18,280	-	67,579
<u>183,229</u>	<u>6,130</u>	<u>18,280</u>	<u>-</u>	<u>326,230</u>
-	-	-	-	-
205,829	6,671	10,142	-	-
327,652	-	-	-	304,182
94,160	-	-	-	-
23,953	-	-	-	-
<u>651,594</u>	<u>6,671</u>	<u>10,142</u>	<u>-</u>	<u>304,182</u>
<u>(468,365)</u>	<u>(541)</u>	<u>8,138</u>	<u>-</u>	<u>22,048</u>
363,966	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>363,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(104,399)	(541)	8,138	-	22,048
<u>708,847</u>	<u>2,331</u>	<u>4,722</u>	<u>6,463</u>	<u>(22,048)</u>
<u>\$ 604,448</u>	<u>\$ 1,790</u>	<u>\$ 12,860</u>	<u>\$ 6,463</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, 2019

	Minibus grant 2019-20	KHRC abandoned housing	Model for change	Heritage landscaping
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	244,061	250,000	-	154,152
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	49,794	-	-	-
Total revenue	293,855	250,000	-	154,152
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	317,760	-	-	207,416
Culture and recreation	-	-	-	-
Community services	-	221,051	-	-
Total expenditures	317,760	221,051	-	207,416
Excess (deficiency) of revenue over expenditures	(23,905)	28,949	-	(53,264)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Transfers to component units	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(23,905)	28,949	-	(53,264)
Fund balances, beginning of year	-	-	4,921	-
Fund balances, end of year	\$ (23,905)	\$ 28,949	\$ 4,921	\$ (53,264)

<u>USDA rural business development</u>	<u>Special events center</u>	<u>SMPC trust</u>	<u>Municipal band</u>	<u>Depot</u>
\$ -	\$ -	\$ -	\$ -	\$ -
36,473	-	23,900	-	-
-	2,376,948	-	-	28,832
-	179	-	-	-
-	242	-	-	4,750
<u>36,473</u>	<u>2,377,369</u>	<u>23,900</u>	<u>-</u>	<u>33,582</u>
26,265	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	3,346,642	32	19,776	169,293
-	-	-	-	-
<u>26,265</u>	<u>3,346,642</u>	<u>32</u>	<u>19,776</u>	<u>169,293</u>
<u>10,208</u>	<u>(969,273)</u>	<u>23,868</u>	<u>(19,776)</u>	<u>(135,711)</u>
-	937,544	-	18,500	250,000
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>937,544</u>	<u>-</u>	<u>18,500</u>	<u>250,000</u>
10,208	(31,729)	23,868	(1,276)	114,289
2,141	(494,437)	169,271	6,080	313,066
<u>\$ 12,349</u>	<u>\$ (526,166)</u>	<u>\$ 193,139</u>	<u>\$ 4,804</u>	<u>\$ 427,355</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, 2019

	Civil asset forfeiture	Public art	Total nonmajor special revenue funds
Revenue:			
Taxes	\$ -	\$ -	\$ 2,333,413
Intergovernmental	-	-	3,591,785
Charges for services	793	-	2,720,725
Investment earnings	-	-	19,925
Miscellaneous	-	-	269,070
	793	-	8,934,918
Total revenue	793	-	8,934,918
Expenditures:			
General government	-	-	1,479,978
Public safety	-	-	235,799
Public works	-	-	2,553,805
Culture and recreation	-	12,944	4,007,128
Community services	-	-	1,795,372
	-	12,944	10,072,082
Total expenditures	-	12,944	10,072,082
Excess (deficiency) of revenue over expenditures	793	(12,944)	(1,137,164)
Other financing sources (uses):			
Transfers in	-	16,450	2,296,460
Transfers out	-	-	(383,500)
Transfers to component units	-	-	(1,354,805)
	-	16,450	558,155
Total other financing sources and uses	-	16,450	558,155
Net change in fund balances	793	3,506	(579,009)
Fund balances, beginning of year	7,566	18,900	8,953,394
Fund balances, end of year	\$ 8,359	\$ 22,406	\$ 8,374,385

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, 2019

	<u>Special events center revenue bonds</u>	<u>Water park revenue bonds</u>	<u>Total nonmajor debt service funds</u>
Revenue:			
Investment earnings	<u>\$ 123,356</u>	<u>\$ 31,934</u>	<u>\$ 155,290</u>
Expenditures:			
Debt service:			
Principal	1,245,000	380,000	1,625,000
Interest and commissions	<u>1,315,275</u>	<u>308,300</u>	<u>1,623,575</u>
Total expenditures	<u>2,560,275</u>	<u>688,300</u>	<u>3,248,575</u>
Excess of expenditures over revenue	<u>(2,436,919)</u>	<u>(656,366)</u>	<u>(3,093,285)</u>
Other financing sources (uses):			
Transfers in	<u>2,210,690</u>	<u>601,529</u>	<u>2,812,219</u>
Net change in fund balances	(226,229)	(54,837)	(281,066)
Fund balances, beginning of year	<u>4,752,071</u>	<u>1,056,793</u>	<u>5,808,864</u>
Fund balances, end of year	<u><u>\$ 4,525,842</u></u>	<u><u>\$ 1,001,956</u></u>	<u><u>\$ 5,527,798</u></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, 2019

	<u>Capital improvement</u>	<u>GO bonds 2013</u>	<u>GO bonds 2015</u>	<u>STAR bond project fund</u>
Revenue:				
Taxes	\$ 129,792	\$ -	\$ -	\$ -
Intergovernmental	993	-	-	-
Investment earnings	-	-	-	-
Contribution from property owners	-	-	-	-
Miscellaneous	<u>(3,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>127,385</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
General government	-	-	-	-
Public safety	105,768	-	-	-
Public works	276,666	-	1,967,909	-
Culture and recreation	<u>87,674</u>	<u>-</u>	<u>-</u>	<u>150</u>
Total expenditures	<u>470,108</u>	<u>-</u>	<u>1,967,909</u>	<u>150</u>
Excess (deficiency) of revenue over expenditures	<u>(342,723)</u>	<u>-</u>	<u>(1,967,909)</u>	<u>(150)</u>
Other financing sources (uses):				
Transfers in	375,000	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>375,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	32,277	-	(1,967,909)	(150)
Fund balances, beginning of year	<u>36,119</u>	<u>781,482</u>	<u>1,967,909</u>	<u>(28,524)</u>
Fund balances, end of year	<u><u>\$ 68,396</u></u>	<u><u>\$ 781,482</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (28,674)</u></u>

Temporary notes Candletree 2016	GO bonds 2016	GO bonds 2018	GO bonds 2017	Special obligation bonds 2017
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	454
-	-	-	-	-
-	-	-	-	-
-	-	-	-	454
-	-	-	-	-
-	-	-	-	-
-	(23,071)	1,257,308	43,826	44,732
-	-	-	-	-
-	(23,071)	1,257,308	43,826	44,732
-	23,071	(1,257,308)	(43,826)	(44,278)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	23,071	(1,257,308)	(43,826)	(44,278)
2,986	855,418	2,058,213	503,076	44,884
<u>\$ 2,986</u>	<u>\$ 878,489</u>	<u>\$ 800,905</u>	<u>\$ 459,250</u>	<u>\$ 606</u>

CITY OF DODGE CITY, KANSAS

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

Year ended December 31, 2019

	<u>Temporary notes star bonds</u>	<u>Temporary notes Wagon Wheel</u>	<u>Lease purchase firetruck</u>	<u>Candletree 6 infrastructure</u>
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Investment earnings	-	-	-	-
Contribution from property owners	-	-	-	-
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	-	-	-	-
Expenditures:				
General government	-	-	618,310	-
Public safety	-	-	-	-
Public works	64,004	3,525	-	9,497
Culture and recreation	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	64,004	3,525	618,310	9,497
Excess (deficiency) of revenue over expenditures	<hr/> (64,004)	<hr/> (3,525)	<hr/> (618,310)	<hr/> (9,497)
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources and uses	-	-	-	-
Net change in fund balances	<hr/> (64,004)	<hr/> (3,525)	<hr/> (618,310)	<hr/> (9,497)
Fund balances, beginning of year	<hr/> 1,657,866	<hr/> 79,664	<hr/> 626,321	<hr/> -
Fund balances, end of year	<hr/> <u>\$ 1,593,862</u>	<hr/> <u>\$ 76,139</u>	<hr/> <u>\$ 8,011</u>	<hr/> <u>\$ (9,497)</u>

Temporary notes Candletree	GO bonds 2019	GO bonds 2020	Temporary notes National Beef	YMCA building	Total nonmajor capital projects funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,792
-	-	-	-	-	993
-	-	-	-	-	454
-	-	-	625,507	-	625,507
-	-	-	-	-	(3,400)
-	-	-	625,507	-	753,346
-	-	-	-	25,388	643,698
-	-	-	-	-	105,768
455,922	698,670	75,339	368,555	-	5,242,882
-	-	-	-	-	87,824
455,922	698,670	75,339	368,555	25,388	6,080,172
(455,922)	(698,670)	(75,339)	256,952	(25,388)	(5,326,826)
594,714	1,939,274	-	663,012	-	3,572,000
-	(16,450)	-	-	-	(16,450)
594,714	1,922,824	-	663,012	-	3,555,550
138,792	1,224,154	(75,339)	919,964	(25,388)	(1,771,276)
(37,536)	-	-	-	-	8,547,878
<u>\$ 101,256</u>	<u>\$ 1,224,154</u>	<u>\$ (75,339)</u>	<u>\$ 919,964</u>	<u>\$ (25,388)</u>	<u>\$ 6,776,602</u>

CITY OF DODGE CITY, KANSAS

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

December 31, 2019

	<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>\$ 123,707</u>	<u>\$ 1,771</u>	<u>\$ 1,048</u>	<u>\$ 3,695</u>
<u>LIABILITIES</u>				
Due to bondholders	<u>\$ 123,707</u>	<u>\$ 1,771</u>	<u>\$ 1,048</u>	<u>\$ 3,695</u>

Star bond debt service 2015	Star bond debt service 2017	Special obligation debt service 2018	Total
<u>\$ 1,036,455</u>	<u>\$ 152</u>	<u>\$ 1,505,600</u>	<u>\$ 2,672,428</u>
<u>\$ 1,036,455</u>	<u>\$ 152</u>	<u>\$ 1,505,600</u>	<u>\$ 2,672,428</u>

APPENDICES

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

The Honorable Mayor
and City Commissioners
Dodge City, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Dodge City, Kansas, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the City of Dodge City's basic financial statements and have issued our report thereon dated August 28, 2020. Our report was modified to include a reference to other auditors. The financial statements of the Special Events Center, a special revenue fund, the Dodge City Public Library and the Dodge City-Ford County Development Corporation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kennedy McKee & Company LLP

August 28, 2020

Kennedy
McKee & Company LLP Certified Public Accountants

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

The Honorable Mayor
and City Commissioners
Dodge City, Kansas

Report on Compliance for Each Major Federal Program

We have audited the City of Dodge City, Kansas' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Dodge City, Kansas' major federal programs for the year ended December 31, 2019. The City of Dodge City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

The City of Dodge City's basic financial statements include the operations of the Housing Authority of Dodge City, which expended \$1,211,358 in federal awards which is not included in the schedule during the year ended December 31, 2019. Our audit described below, did not include the operations of the Housing Authority of Dodge City because they engaged other auditors to perform an audit in accordance with Uniform Guidance.

Opinion on Each Major Federal Program

In our opinion, the City of Dodge City, Kansas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

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

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

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

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

Kennedy McKee & Company LLP

August 28, 2020

CITY OF DODGE CITY, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2019

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantors number	Expenditures of federal awards
U.S. Department of Justice			
Direct program: DARE Grant	16.922	-	\$ <u>300</u>
U.S. Department of Transportation Federal Aviation Administration			
Direct programs: Runway 14-32 Design	20.106	3-20-0017-029	<u>5,466,739</u>
U.S. Department of Transportation			
Passed through Kansas Department of Transportation:			
Heritage Parking Lot Landscaping	20.205	29-TE-04449-01	154,152
Formula Grants for other than Urbanized Areas			
Mini-Bus Operating Grant 2018-2019	20.509	-	185,765
Mini-Bus Operating Grant 2019-2020	20.509	-	176,436
Section 5311 Capital Grants	20.509		238,125
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants (DUI)	20.601	-	<u>11,553</u>
Total U.S. Department of Transportation			<u>766,031</u>
U.S. Department of Agriculture			
Direct program: Rural Business Development Grant	10.351	-	<u>36,472</u>
Total federal awards			<u>\$ 6,269,542</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF DODGE CITY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2019

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Dodge City, Kansas under programs of the federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of the City of Dodge City, Kansas, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Dodge City, Kansas.

B. BASIS OF ACCOUNTING

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

C. INDIRECT COST RATE

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

D. AWARDS TO SUBRECIPIENTS

There were no awards passed through to subrecipients.

CITY OF DODGE CITY KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2019

A. SUMMARY OF AUDITOR'S RESULTS

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

Airport Improvement Program – Runway 14-32 Design	CFDA 20.106
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8. The threshold for distinguishing Type A and Type B programs was \$750,000.
9. The City of Dodge City qualified as a low-risk auditee.

CITY OF DODGE CITY KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended December 31, 2019

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None noted.

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

None noted.