COFFEYVILLE POLICE DEPARTMENT

2016 Statistics

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Totals
Total Incidents(PD,FD, EMS, MGSO)	1,640	1,443											
Total Coffeyville PD Incidents	1,288	1,106											
Total Telephone Calls To Dispatch	4,169	3,842											
Traffic Stops	129	93											
Total Traffic Citations Issued	108	60											
KIBRS Offenses	395	251											
Accident - Injury	1	4											
Accident - Non Injury	12	11											
Cases Assigned to Dets	10	7											
Cases Cleared by Dets	7	2											
Homicides	0	0											
Attempted Homicides	0	0											
Robberies	2	2											
Rapes	0	0											
Other Sex Offenses	3	1											
Burglaries	16	7											
Vehicle Burglaries	7	2											
Batteries	8	7											
Domestic Violence/Disturbance	8	8											
Arsons	0	2											
Assaults	3	2											
Thefts	57	24											
Stolen Auto	3	1											
Narcotics Violations	11	3											
DUI	1	3											
Animal Calls	77	75											
Parking In Yard Complaints	0	0											
Parking In Yard Citations	0	0											

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

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Summary:

Coffeyville, Kansas; General Obligation; General Obligation Equivalent Security

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Summary:

Coffeyville, Kansas; General Obligation; General Obligation Equivalent Security

Credit Profile		
US$6.54 mil GO bnds ser 2016A dtd 03/22/2016 due 06/01/2030		
Long Term Rating	A+/Stable	New
Coffeyville GO		
Long Term Rating	A+/Stable	Affirmed

Rationale

Standard & Poor's Ratings Services assigned its 'A+' rating and stable outlook to Coffeyville, Kan.'s series 2016A general obligation (GO) bonds and affirmed its 'A+' rating, with a stable outlook, on the city's existing GO and GO-equivalent debt.

The city's full-faith-and-credit pledge, which includes the pledge of an unlimited ad valorem property tax, secures the series 2016A GO bonds. Officials plan to use series 2016A bond proceeds to finance the cost of certain public building improvements, including the remodeling of city hall.

The city's full-faith-and-credit pledge, which includes the pledge of an unlimited ad valorem property tax, secures the series 2013A GO electric utility system refunding bonds. The city also pledges net electric system revenue on a subordinate basis, but we rate the bonds based on the GO pledge.

Annual rental payments secure Coffeyville Public Building Commission, Kan.'s series 2012 health care facilities refunding revenue bonds, supported by the city; the rental-payment pledge constitutes an unconditional obligation of the city. The city expects to make rental payments under the lease, in part, from revenue derived from payments made by the public building commission to the city pursuant to the terms of the sublease. The city will make the remainder of lease payments from revenue derived from portions of a half-cent sales tax.

In the event revenue from the sublease and sales tax are insufficient to pay required rentals under the lease, Coffeyville is obligated to make up the deficiency from any lawfully available revenue sources. We recognize the city could levy unlimited ad valorem taxes, if necessary, to pay bond debt service. Pursuant to state statute, the city's obligation for rentals payable under the lease for the entire term are specifically exempt from the provisions of Kansas' cash basis and budget laws; in addition, we understand these bonds are not subject to annual appropriation, early cancellation, or termination. Therefore, we do not notch these bonds off the GO debt rating.

The GO debt rating reflects our opinion of the following factors for the city, including its:

- Very weak economy, with projected per capita effective buying income at 69.5% of the national level and market value per capita of $37,442;

- Adequate management, with standard financial management policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with operating results that we expect could improve in the near term relative to fiscal 2014, which closed with an operating surplus in the general fund but an operating deficit at the total governmental fund level in fiscal 2014;
- Very strong budgetary flexibility, with an available cash reserve in fiscal 2014 of 77% of operating expenditures;
- Very strong liquidity, with total government available cash at 107% of total governmental fund expenditures and 38.6x governmental debt service, and access to external liquidity we consider strong;
- Adequate debt and contingent liability position, with debt service carrying charges at 2.8% of expenditures and net direct debt that is 60.7% of total governmental fund revenue; and
- Strong institutional framework score.

Very weak economy

We consider Coffeyville's economy very weak. The city, with an estimated population of 9,840, is in Montgomery County. The city has a projected per capita effective buying income of 69.5% of the national level and per capita market value of $37,442. Overall, the city's market value grew by 0.5% over the past year to $368.4 million in 2016. The county unemployment rate was 5.8% in 2014.

Coffeyville is in the region known as the Osage Prairies in southeast Kansas along the Oklahoma border, about 138 miles southeast of Wichita. The 8.5-square-mile city's local economy is, in our opinion, somewhat limited. Leading city employers include:

- Coffeyville Resources LLC (550 employees), a nitrogen fertilizer plant and refinery;
- Coffeyville Regional Medical Center (400);
- John Deere Coffeyville Works (350), power transmission;
- Acme Foundry (325), castings; and
- Windsor Place (243), a skilled-nursing facility.

Equalized assessed valuation (AV) has remained fairly steady for the past three fiscal years. AV is $55.2 million in fiscal 2016. The property tax base saw about a 50% reduction in fiscal 2014 due to a property tax settlement agreement between the county and Coffeyville Resources Nitrogen Fertilizers LLC (CRNF). Under the terms of the settlement, the city retained all taxes paid, or to be paid, by CRNF for tax years 2009-2012; in addition, both parties agreed on an appraisal for CRNF's property of $35 million for property tax purposes during tax years 2013-2016 as a compromise for the eight-year settlement. We understand that CRNF's property will receive a fair market value appraisal in tax year 2017 but that CRNF's values should not see any reductions from current levels. The 10 leading taxpayers account for 26.4% of fiscal 2016 AV.

Adequate management

We view the city's management as adequate, with standard financial management policies and practices under our FMA methodology, indicating that the finance department maintains adequate policies in some but not all key areas.

Highlights include management's:

- Revenue and expenditure assumptions based, in part, on five years of historical data and the use of outside sources;
- Monthly budget updates to the commission--including year-to-date performance on sales taxes, the city's major

revenue source--and a quarterly treasurer's report published in the newspaper and available on the city's website that details fund balances, revenue, and expenditures for the year;
- Five-year capital improvement plan (CIP) with funding sources identified for most, but not all, projects;
- Investment practices that follow state guidelines with monthly reports on performance and holdings available to the commission;
- Formal debt management policy that includes quantitative measurable parameters and benchmarks; and
- Formal fund balance policy of maintaining unencumbered cash in the general fund equal to 15% of current-fiscal-year budgeted operating expenditures before any transfers out.

Coffeyville currently lacks a formal long-term financial planning policy.

Strong budgetary performance

Coffeyville's budgetary performance is strong in our opinion. The city had surplus operating results in the general fund of 1.6% of expenditures, but a deficit result across all governmental funds of 5.3% of expenditures in fiscal 2014. Our assessment accounts for the fact that we expect budgetary results could improve from 2014 results in the near term. General fund operating results of the city have been stable over the past three years, with a result of 1.2% of expenditures in 2013 and 2.2% of expenditures in 2012.

We believe budgetary performance will likely remain strong for the next two fiscal years. Management estimates near break-even operations with a deficit of just 0.5% of expenditures for the general fund and a surplus of 2.7% of expenditures across all governmental funds for unaudited fiscal 2015, after adjusting for transfers. Officials expect fiscal 2016 will look fairly similar. In fiscal 2014, sales taxes generated 42% of general receipts, utility funds transfers accounted for 28%, and property taxes generated 12%.

Very strong budgetary flexibility

Coffeyville's budgetary flexibility is very strong, in our view, with an available cash reserve in fiscal 2014 of 77% of operating expenditures, or $9.6 million. We expect the available cash reserve to remain above 30% of expenditures for the current and next fiscal years, which we view as a positive credit factor. The cash reserve includes $1.1 million (9% of expenditures) in the general fund and $8.5 million (68% of expenditures) that is outside the general fund but legally available for operations in the capital improvement fund. Negatively affecting budgetary flexibility, in our view, is Coffeyville's use of cash accounting, which reduces clarity about the amount of funds that are truly available.

For unaudited fiscal 2015, officials estimate an available cash reserve of $10 million, or 82.4% of expenditures. Although the city is likely to draw from capital improvement reserves to fund the projects outlined in its five-year CIP, we believe budgetary flexibility will likely remain very strong for the next two fiscal years.

Very strong liquidity

In our opinion, Coffeyville's liquidity is very strong, with total government available cash at 107% of total governmental fund expenditures and 38.6x governmental debt service in 2014. In our view, the city has strong access to external liquidity if necessary.

Coffeyville's access to the market in the past decade demonstrates its strong access to external liquidity. Coffeyville has issued GO-backed bonds and utility revenue bonds over the past 20 years. It has historically had, what we consider, very strong cash balances; despite our expectation that management could use a portion of cash reserves

over the next two fiscal years for capital projects, we do not believe the cash position will worsen. Currently, all city investments comply with Kansas statutes; we do not consider them aggressive.

Adequate debt and contingent liability profile

In our view, Coffeyville's debt and contingent liability profile is adequate. Total governmental fund debt service is 2.8% of total governmental fund expenditures, and net direct debt is 60.7% of total governmental fund revenue.

After accounting for self-support from the electric utility system, overall net debt is 4.8% of market value. Coffeyville does not currently plan to issue additional GO debt.

Coffeyville's pension contributions totaled 4.7% of total governmental fund expenditures in fiscal 2014. The city made its full annual required pension contribution in fiscal 2014.

Coffeyville participates in the Kansas Public Employees' Retirement System (KPERS) and the Kansas Police & Firemen's Retirement System (KP&F). Both plans are cost-sharing, multiemployer, defined-benefit pension plans as provided by Kansas law. The city funds KPERS and KP&F on an actuarial reserve basis. Kansas law sets a limitation on annual increases in employer contribution rates. At fiscal year-end 2013, KPERS was about 64% funded. We understand retirees can participate in Coffeyville's group health insurance plan as long as the retiree pays the full premium.

Strong institutional framework

The institutional framework score for Kansas municipalities with more than $275,000 in annual gross receipts and more than $275,000 in GO or revenue bonds outstanding is strong.

Outlook

The stable outlook reflects Standard & Poor's opinion that it will likely not change the rating over the two-year outlook period. We expect Coffeyville to maintain its very strong budgetary flexibility and liquidity, supported by adequate management practices. We do not expect that the underlying economy will experience any major changes and that the tax base, market value, and incomes will likely remain relatively stable.

Upside scenario

We could raise the rating if the economy factor score were to improve to adequate or better, which could occur if income and market value per capita were to improve, coupled with reaching and sustaining general fund unencumbered cash reserves at the 15% of current-fiscal-year budgeted operating expenditures policy level. We could also raise the rating if the city's debt and contingent liability profile were to improve to, what we view as, strong levels.

Downside scenario

We could lower the rating if budgetary performance were to decrease to a weak level or if the debt profile were to diminish to a very weak level.

Related Criteria And Research

Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Methodology: Rating Approach To Obligations With Multiple Revenue Streams, Nov. 29, 2011
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Kansas Local Governments

Ratings Detail (As Of March 3, 2016)		
Coffeyville GO elec util rfdg bnds ser 2013-A dtd 12/03/2013 due 06/01/2021		
Long Term Rating	A+/Stable	Affirmed
Coffeyville Pub Bldg Comm, Kansas		
Coffeyville, Kansas		
Coffeyville Pub Bldg Comm (Coffeyville) (Coffeyville Regl Med Ctr)		
Long Term Rating	A+/Stable	Affirmed

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