

CITY OF MANHATTAN, KANSAS

Comprehensive Annual Financial Report

**Year Ended
December 31, 2011**

Prepared by:

Department of Finance

CITY OF MANHATTAN, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2011

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>PAGE</u>
Letter of Transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting.....	13
City Organizational Chart	14
List of Principal Officials.....	15
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report.....	17
Management’s Discussion and Analysis	19
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	34
Statement of Activities	38
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	40
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds.....	42
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	44
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	46
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	48
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Riley County Police Department Fund.....	50
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) – Debt Service Fund.....	51
Statement of Net Position - Proprietary Funds	52
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	56
Statement of Cash Flows - Proprietary Funds	58
Statement of Fiduciary Net Position - Fiduciary Funds	60
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	61
 <i>Notes to the Financial Statements</i>	 63

TABLE OF CONTENTS

PAGE

Supplementary Information:	
<i>Nonmajor Governmental Funds</i>	101
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	120
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis): Nonmajor Governmental Funds	138
<i>Internal Service Funds</i>	155
Combining Statement of Net Position - Internal Service Funds	156
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	158
Combining Statement of Cash Flows - Internal Service Funds	160

STATISTICAL SECTION

Net Position by Component	164
Changes in Net Position	166
Fund Balances of Governmental Funds	170
Changes in Fund Balances of Governmental Funds	172
Tax Revenues by Source, Governmental Activities	174
Assessed and Estimated Actual Value of Taxable Property	176
City Mill Rates	178
Direct and Overlapping Property Tax Rates	179
Principal Property Taxpayers	180
Property Tax Levies and Collections	181
Taxable Sales by Category	182
Direct and Overlapping Sales Tax Rates	184
Sales Tax Revenue Payers by Industry	185
Ratios of Outstanding Debt by Type	186
Ratios of General Bonded Debt Outstanding	188
Direct and Overlapping Governmental Activities Debt	189
Legal Debt Margin Information	190
Pledged Revenue Coverage	192
Demographic and Economic Statistics	193
Principal Employers	194
City Government Employees by Function	195
Operating Indicators by Function	196
Capital Asset Statistics by Function	197

TABLE OF CONTENTS

PAGE

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	199
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	201
Schedule of Expenditures of Federal Awards - For the Year Ended December 31, 2011	203
Notes to Schedule of Expenditures of Federal Awards	204
Schedule of Findings and Questioned Costs.....	205
Summary Schedule of Prior Audit Findings	206



August 31, 2012

Honorable Mayor, City Commissioners, and Manhattan Citizens
City of Manhattan, Kansas

RE: 2011 Comprehensive Annual Financial Report

Dear Honorable Mayor, Members of the City Commission, and Manhattan Citizens:

We are pleased to submit the Comprehensive Annual Financial Report of the City of Manhattan, Kansas (the City) for the fiscal year ended December 31, 2011.

This report was prepared by the City's Finance Department and Auditor, Varney & Associates, CPAs, LLC. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal control should not outweigh the benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. To the best of our knowledge, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Varney & Associates, CPAs, LLC, an independent firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the City's financial statements for the fiscal year ended December 31, 2011, are presented fairly in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving

administration of federal awards. These reports are included in the Single Audit Section of the Comprehensive Annual Financial Report.

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

Profile of the City of Manhattan

The City of Manhattan was chartered in 1857 and is a city of the first class. The City operates under a Commission-Manager form of government. The City Commission consists of five members. Elections are held every other year in odd-numbered years. Three City Commission positions are chosen at each election. The two highest vote recipients receive four-year terms while the third highest vote recipient receives a two-year term. The City Manager is appointed by the Commission and is charged with the efficient and effective administration of the City.

The City is in Pottawatomie and Riley Counties, and is located at the confluence of the Blue and Kansas Rivers in Northeast Kansas approximately 116 miles west of Kansas City (56 miles west of Topeka, the Kansas State Capital). The City encompasses approximately 18 square miles and has a current estimated population of 53,678 persons (includes Kansas State University which was annexed on July 3, 1994).

The City provides a full range of services including fire protection, construction and maintenance of streets, storm drainage facilities and other infrastructure, comprehensive parks and recreational activities, cemetery, zoo and cultural events, planning, zoning, code enforcement, engineering, airport operations, and general administrative services. The water, wastewater, and storm water management utilities operate as enterprise funds of the City. The City is also financially accountable for a legally separate public library and a legally separate housing authority, both of which are reported separately within the City's financial statements. Additional information on these legally separate entities can be found on Note 1.A. in the notes to the financial statements.

The City is also legally responsible for 80% of the operational budget for the Riley County Police Department, a City/Riley County consolidated law enforcement agency. This legally separate entity does not meet the criteria for inclusion as a component unit in the City's financial statements.

Expenditures are authorized in the annual appropriated budget approved by the City Commission, as required by state statute. Activities of the General Fund, Special Revenue Funds, Debt Service Fund, and Enterprise Funds are included in the annual appropriated budget. A six-year Capital Improvement Plan is also adopted by the City Commission, and the first year of that plan is included in the City Budget. Expenditures cannot exceed the budgeted amount for each fund. Budgetary control is maintained through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved, by the use of encumbrances for later payment, so that appropriations may not be overspent. Kansas statutes also require unencumbered cash be on hand before an obligation can be incurred. Budget-to-actual comparisons are

provided in this report for each individual governmental fund for which an appropriated budget has been adopted. For the General Fund and the Riley County Police Department Fund these comparisons are presented as part of the basic financial statements. For the remaining governmental funds, these comparisons are presented in the governmental fund subsection of this report.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Manhattan operates.

Municipal Services and Utilities

The City owns and operates its own water, wastewater, and storm water management utility systems. Westar Energy and Kansas Gas Service supply electricity and natural gas to the City. Telephone and cable television services are provided by AT&T and Cox Communications, Inc., under franchise agreements with the City.

The City's fire department provides continuous full-time fire protection to the City. The City's police protection is provided by the Riley County Police Department. The ambulance service is provided by Riley County.

Transportation Facilities

Riley County is traversed by Interstate 70, U.S. Highway No. 24, and Kansas Highways No. 113, No.18, and No.177, all leading to Manhattan, Kansas. Seven motor freight lines serve the City. Rail service is provided by Union Pacific Railroad. In addition, air transportation services via regional jet are provided to and from Dallas/Fort Worth and Chicago by American Eagle Airlines. The area is also served by an aircraft charter service and four taxi companies. Public transportation is also provided to Manhattan, Riley County, and Pottawatomie County by the Flint Hills Area Transportation Agency.

Kansas State University

Kansas State University, formerly Kansas State Agricultural College, has nearly 150 years of distinguished service as one of the leading examples of the successful system of land-grant universities developed throughout the United States. Its campus contains over 315 acres and beyond the campus are more than 4,000 acres of university land used for experimental work in agriculture. Kansas State University is fully accredited by the North Central Accrediting Association and by various professional accrediting agencies. The University had an enrollment of 23,863 in the fall of 2011. Kansas State University ranks first nationally among state universities in its total of Rhodes, Marshall, Truman, Goldwater, and Udall scholars since 1986. The University offers many cultural, recreational, educational, and NCAA Division 1, Big XII athletic attractions.

Military-Activity - Fort Riley

Founded in 1853, Fort Riley is a military installation 8 miles west of Manhattan. Originally known as Camp Center, Fort Riley is a permanent post and has long been one of the nation's largest military installations. Today, Fort Riley is widely recognized as the Army's premier division-level installation covering approximately 101,000 acres with a military strength of approximately 19,120 soldiers and 24,751 family members. In addition to the military personnel at Fort Riley, approximately 7,786 civilians work at the installation. Furthermore, 3,517 military retirees live in the Flint Hills Region and obtain retirement services from Fort Riley. This number is anticipated to grow with the ongoing construction of a new \$400 million modern hospital and other medical/dental services facilities. Over the past five years, military construction appropriations and construction has approached \$2 billion on post.

The Fort's utilization changed in 2006, with the return of the 1st Infantry Division to Fort Riley. Since that time, units assigned to Fort Riley have supported Operation Enduring Freedom, Operation Iraqi Freedom, and transitioning to Operation New Dawn. From 2006 to 2009, the Fort Riley Training Mission provided pre-deployment training for an array of Military Transition Teams (MiTTs) deploying as advisors to Foreign Security Forces. Since 2003, Fort Riley has deployed nearly 69,263 soldiers to Iraq, Afghanistan and the Horn of Africa. During the first decade of the new century, Fort Riley has witnessed a large physical transformation. From modernization of the airfield to new barracks, housing, training and work areas, the changes to the installation have postured Fort Riley and the Central Flint Hills Region for the future.

During Fort Riley's service to the nation, many legendary and historic characters have been intertwined with the Fort's history. Some of the more famous were Buffalo Bill Cody, Wild Bill Hickock, George Armstrong Custer, and the famous 7th Cavalry of the early frontier days; Civil War heroes J.E.B. Stuart and Phillip St. George Cook; General "Blackjack" Pershing of World War I; Generals Wainwright, Patton, and Terry Allen of World War II; and Major General Thomas Rhame of the Persian Gulf War.

Impact of Fort Riley

The following is the Economic Impact Summary for Fort Riley for the year ended September 30, 2011 (most recent federal fiscal year available):

Economic Impact of Fort Riley on the State of Kansas

Direct Economic Impact on Kansas	\$1,915,246,693
Payroll (Annually)	\$1,290,259,466
Supplies/Services/Contracts	\$313,294,101
Construction	\$185,000,000
Health Care	\$109,738,022
Education	\$16,950,093
Local Contributions	\$5,010

Medical and Health Facilities

The City's two local hospitals, St. Mary's Hospital, built in 1960, and Riley County owned Memorial Hospital, which was built in 1954, have consolidated into one entity, Mercy Regional Health Center, which employs approximately 800 persons. Mercy recently completed a \$42 million expansion that essentially doubled its space. There are currently over 90 medical doctors practicing in the City. Manhattan Surgical Center provides surgical and post-surgical services to the region. The City also has two major retirement facilities, Meadowlark Hills Retirement Community and Via Christi Village, which provide assisted care as well as independent living. The city has several smaller assisted living facilities as well.

Recreational Facilities

Tuttle Creek Reservoir, one of the largest bodies of water in Kansas, which is located two miles north of the City of Manhattan, and Milford Reservoir which is located approximately 20 miles west of Manhattan, provide substantial area income from recreational activities. The City also has many beautiful parks and ball fields which host youth and adult softball, baseball, soccer and various other sporting events. The Larry Norvell band shell in City Park provides the venue for Arts in the Park, a series of free concerts held every weekend during the summer months. The Wefald Pavilion in City Park is available for public rental when not used as an ice skating rink in the winter months. The City also has three swimming pools. The City Park Aquatic Center was completed July 2010 and features an enhanced shaded area, a 50-meter competition quality pool, a Board Rider/Sting Ray wave pool, and a zero-entry combination pool that has features, including a lazy river, underwater seating and several slides. The CiCo Park and Northview Park pools were renovated in 2010 and opened for the 2011 summer season. City Park also features a Splash Park. In addition, the City offers four golf courses, Sunset Zoo which is an Association of Zoos and Aquariums (AZA) accredited facility, the Flint Hills Discovery Center, and an exceptional trail system featuring the Linear Park Trail.

Employment and Labor Force

The City's economic character is affected largely by two institutions, Kansas State University and Fort Riley. In spite of a low official unemployment rate, Manhattan has an abundant supply of above-average, trainable labor available. This is due to the dependents and students of Kansas State University and the dependents of Fort Riley, which are not counted in the official labor force statistics. Also, being the major community in a rural area, the draw is from a 40-mile radius. All of this contributes to a work ethic creating high productivity and a compatible labor climate. Some of the major employers in the Manhattan area include Fort Riley, Kansas State University, Unified School District No. 383, Mercy Regional Health Center, and GTM Sportswear.

In total, the civilian labor force of Riley County according to the Kansas Department of Labor, Labor Market Information Services, is 36,092 as of December of 2011. Of this number, 34,290, or 95.0%, are employed. The area civilian labor force is primarily employed in the governmental sector. Kansas State University currently employs approximately 6,028 people, and Fort Riley has a complement of approximately 18,553 military and approximately 8,337 civilian employees.

Work Force - Riley County, Kansas As of December 31, 2011

Civilian Work Force	36,092
Unemployed	1,802
Employed	34,290
Estimated % Unemployed	5.0%

Major Employers in the Manhattan Area:

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Fort Riley Military Base	Military training	18,553
Fort Riley Military Base	Civilian employees	8,337
Kansas State University	Higher education	6,028
U.S.D. No. 383 - Manhattan Schools	Public Schools	1,350
Mercy Health Center	Health care	795
GTM Sportswear	Retail & Manufacturing	693
Wal-Mart	Discount department store	480
Meadowlark Hills Retirement Community	Geriatric care	349
City of Manhattan	Government	346

Economic Condition and Outlook

As discussed above, both Fort Riley and Kansas State University have a major influence on the Manhattan economy.

In addition, the City has been successful in using public funds, Industrial Revenue Bonds (IRBs), and limited or partial tax abatements to attract businesses and create economic development opportunities. Current voter approved funding for these economic development activities will expire at the end of 2012. Efforts to renew the sales tax are underway. Some of the most recent success stories include:

- CivicPlus. In May 2012 the Commission approved an economic development agreement with CivicPlus, a local company specializing in cost-effective website solutions to enhance community engagement for public sector clients. CivicPlus is projecting nearly 40% growth in 2012 and plans to add 250 new high wage jobs over the next ten years. The company will make a capital investment of at least \$8.85 million in a new minimum 50,000 square foot office facility in downtown Manhattan. The incentive package includes a \$750,000 forgivable loan and partial tax abatement.
- National Bio and Agro-Defense Facility (NBAF). The United States Department of Homeland Security's Science and Technology Directorate has selected the City and Kansas State University as the site of a state-of-the-art, high security laboratory facility to study foreign animal and zoonotic diseases that may impact livestock. There is currently no laboratory facility in the United States with the capabilities for BSL-4 research on large livestock. The facility design began in 2009 and site work began in 2010 with utility relocation. NBAF will replace the current facilities at the Plum Island Animal Disease Center (PIADC) in New York. Kansas' national leadership in animal health research and industry has made it the preferred location for the federal scientific laboratory that will accelerate animal disease research to protect the American food supply and agricultural economy. The total project estimate now exceeds \$1 billion. Related to this, in 2009 the United States Department of Agriculture (USDA) Arthropod-Borne Animal Diseases Research Unit

was successfully recruited from Laramie, Wyoming. This team occupies renovated space in the current USDA research facility, but more importantly periodically leases space in K-State's state-of-the-art Biosecurity Research Institute.

- KSU Institute for Commercialization (KSU-IC). Once known as National Institute for Strategic Technology Acquisition and Commercialization (NISTAC), KSU Institute for Commercialization, has made significant contributions towards the development of new technical business in the Manhattan area. In addition, it is poised to be very successful with commercialization of University technologies and spin offs and maintains an impressive patent portfolio. KSU-IC occupies and leases the City's 30,000 square foot, \$7 million Innovation Center in the K-State Research Park where the focus is on creating bioscience ventures and university partnerships. Last year the City completed build out of 5,000 square feet of unfinished pilot space that created three new laboratories in the Center. The Kansas Bioscience Authority provided \$1 million in grant funds to match the City's local contribution of \$425,000 from the Economic Development Fund. KSU-IC is also a founding member of Knowledge Based Economic Development (KBED), which was created to establish and actively support a thriving entrepreneurial environment to attract, grow, and retain knowledge-based businesses.
- Flint Hills Beverage. Flint Hills Beverage is a distributor for Anheuser-Busch products throughout the region. In 2005, the City issued IRBs in the amount of \$2.8 million to finance the construction and equipping of a 40,000 square foot manufacturing facility in the City's Corporate Technology Park. The company plans to break ground in 2012 on a 17,000 square foot expansion. In July, the company exercised its option to purchase Lot 21A in the Corporate Technology Park to accommodate future expansions. The sale proceeds were returned to the Industrial Promotion Fund.
- Florence Corporation of Kansas. This company produces mailbox products for central distribution. Since 2003, the company has made capital investments totaling over \$21 million in a 200,000 square foot manufacturing facility in the Corporate Technology Park. The company continues to focus on new products that complement existing products to increase sales.
- Manko Window Systems. Manko Window Systems, a commercial-grade window manufacturer, has completed several expansions of its Manhattan facility. The most recent expansion will allow for addition of a blast-resistant and hurricane-resistant window line. In 2005, the City issued IRBs in the amount of \$2.5 million to finance building additions, including 45,000 square feet of additional manufacturing space and 10,000 square feet of new office space, as well as, over \$1 million in new equipment.
- Mercy Regional Health Center. The Mercy Regional Health Center Board has completed a major expansion and new addition to its facility, providing approximately double the space. The City, through the Manhattan Economic Development Fund, provided \$1 million to the expansion of the Health Center. The City has also issued IRBs in the amount of \$38 million for the expansion. The construction of the expanded space was completed in 2003 and the renovation of the old hospital wing was recently completed.
- Meadowlark Hills Retirement Community. In 2007, Meadowlark Hills Retirement Community began a multi-million dollar four-phase expansion to its facilities. The City has committed to issuing up to \$55 million in IRBs to refinance existing debt and to finance the latest expansion. The City has provided an additional \$750,000 in incentives in the form of conventional and forgivable loans.

- GTM Sportswear. Located in the Pottawatomie County portion of Manhattan, GTM Sportswear sells custom embroidered and screen-printed sportswear and related goods. GTM is in the process of enlarging its current manufacturing facility in several phases over the next 10 years to an ultimate footprint of approximately 200,000 square feet. The City has committed to issuing up to \$28 million in IRBs for GTM and also providing incentives in the form of \$800,000 in forgivable loans and approximately \$2.4 million in tax abatements.
- Kansas Entrepreneurial Center (KEC). In 2007, the City joined with the Manhattan Area Chamber of Commerce, Pottawatomie County Economic Development Corporation, Pottawatomie County, KSU-IC, and the North Central Kansas Community Network to form the KEC Partnership. All of the parties contributed funds for the upkeep of the business incubator which is owned by the City and managed by the Chamber. The Chamber assumes all costs related to maintenance, insurance, utilities and taxes. Rental income for the facility currently exceeds expenses, and the Chamber recently completed a significant maintenance project to repair a structural beam and make other improvements to the facility. The lease is up for renewal in 2012.
- Prathista International. Prathista is an India-based company that develops and manufactures feed supplements and agricultural nutrients to replace existing inorganic plant nutrients and feed additives. Due to a research relationship with Kansas State University, the company plans to establish its North American headquarters in Manhattan with leased space at the former National Guard Armory building and Manhattan Regional Airport. The Commission approved up to \$500,000 in incentives for reimbursements for leasehold improvements to the armory. This is a low-risk investment since none of the funds will be expended until the company has made improvements, and the building asset will remain in the ownership of the City.

Manhattan has experienced steady growth during the past few years although growth has moderated somewhat with the recent economic downturn. In 2011, the value of the property tax base grew about 1.1%. Total sales tax revenues in 2011 were \$22,948,392, which represents a 15.8% increase from 2010. However, some of this increase can be attributed to the increase in the City's sales tax rate that went into effect October 1, 2009. The population has grown 7.4% from five years ago. On July 3, 1994, the City annexed Kansas State University. This annexation of students living on campus added approximately 4,200 individuals to the City's population. The 2011 estimated population for Manhattan is 53,687 persons.

Current Major Initiatives/Planned Activities

In 2012, the City plans to continue or initiate many projects which will further improve and expand the City's infrastructure and facilitate the maintenance and growth of the City. The City has increased its focus on building up reserves not only to help facilitate anticipated growth, but also to help mitigate the impact of any potential revenue shortfalls. Below is a listing of recent accomplishments.

- Downtown Redevelopment. The Downtown Redevelopment project consists of two distinct areas: the North Project Area and the South Project Area. The North Project Area developed by Dial Realty of Omaha, Nebraska, is known as Manhattan Market Place and features approximately 250,000 square feet of commercial property, and 220,000 square feet of residential property with the addition of approximately 200 living units. Private investment is expected to be \$57 million. In December 2009, TIF Bonds were issued to finance approximately \$17.8 million in land acquisition and site preparation associated with the North Project Area.

Approximately \$5.6 million in TDD bonds were issued in 2010 to fund several infrastructure projects within the North Project Area. The South Project features a City owned and operated 35,000 square foot Flint Hills Discovery Center which opened in April 2012, enhancing tourism locally and statewide, as well as a new privately owned 30,000 square foot Conference Center and 135 room Hilton Garden Inn hotel. A public 440 stall parking structure is also connected to the Conference Center. This new entertainment area also features Blue Earth Plaza, a robust public park with a fountain, river, splash component synchronized with music and light shows as well as a central shade gathering area. Two additional hotels and a mixed use building bordering the periphery have been approved, with a Candlewood Suites hotel under construction. A four-story mixed-use building with restaurant and retail as well as 24 living units has also been approved for construction.. Total private investment by Dial Realty, HCW, and McCullough Development for this South Project is nearly \$36 million with the City contributing an additional \$31 million. Of this \$31 million, \$9.5 million will be used to pay for the Conference Center, \$7.2 million for the Discovery Center exhibits, \$3.2 million for the parking garage, and approximately \$11.1 million for site preparation and infrastructure improvements. In 2006, the City received approval for \$50 million in Sales Tax and Revenue (STAR) Bonds for the South Project Downtown Redevelopment. STAR bonds were issued in December 2009 with a portion of these bonds being issued as Build America Bonds under the American Recovery and Reinvestment Act. STAR Bonds will cover an additional \$50 million for the construction of the Discovery Center, land acquisition, and infrastructure costs. The 2011 accomplishments related to Downtown Redevelopment include:

- The Hilton Garden Inn Hotel Conference Center and Parking Garage concluded construction and held a grand opening to the public on November 30, 2011. Construction for the Flint Hills Discovery Center continued throughout 2011 with an opening date of April 14, 2012.
- Construction of planned residential housing along North 4th Street from Fremont Street to Leavenworth Street is expected to be complete by summer of 2013. The apartments were originally scheduled to be complete spring of 2012, however, a fire occurred in November 2011 during construction, destroying the entire complex. This delayed completion of the project by a year.
- Several businesses in the North End Manhattan Market Place opened in 2011 including Longhorns, Long John Silver's, Noodles & Company, and Dicks Sporting Goods.
- Revenues associated with the Downtown Redevelopment STAR and TIF bonds are keeping pace with projections. In 2011, the City was able to retire \$4.745 million of principal early on the STAR bonds.
- Residential Annexations. In 2011, the City annexed approximately 92 acres of land which included the Scenic Woods and Bellerive additions as well as several public road rights-of-way including: North Scenic Drive from Anderson Avenue southward to the proposed intersection with Miller Parkway, and West Anderson Avenue from Scenic Drive to the western city limits, and Marlatt Avenue from Tuttle Creek Boulevard eastward to Casement Road.

- Community Development. The City administered grants totaling approximately \$1,371,660 for projects such as homeless prevention, historic preservation, energy efficiency, emergency home repairs, and an update to the City's Emergency Response Plan.
- Public Works. The intersection at US-24 and Marlatt Avenue was completed to correct an ongoing problem with vehicular accidents. McCall Road improvements upgraded the corridor from a rural three-lane section roadway to an urban five-lane roadway, and an upgraded intersection was also completed at US 24 and McCall Road. The most significant infrastructure improvement taking place in Manhattan is the K-18 improvement project from Ogden to Manhattan. This \$96 million project will be partially financed by funds from the 2009 American Recovery and Reinvestment Act (ARRA) as well as the State of Kansas T-Works program. The K-18 project, will include an interchange, four bridges, a four-lane freeway over a two-mile stretch and more, is needed to support the significant population and economic growth that will occur between Fort Riley and Manhattan. The project will be constructed in three phases. Phase one construction began in June 2010 and is expected to be completed in fall 2012. Phase two and three construction began in early summer 2011 and is expected to be completed in fall 2013. The improvements will include an interchange directly serving the airport and surrounding area. The City has also agreed to contribute \$1.5 million toward this interchange.
- Utilities. Due to existing and expected continuing growth in Manhattan, the Water and Wastewater Treatment Plants began major expansions in 2010 at costs of \$16 million and \$23 million, respectively. The expansion of the Water Treatment Plant is expected to be completed in June 2012. The Wastewater Treatment Plant's expansion is expected to be complete in January 2013. Low-interest loans from the Kansas Department of Health and Environment are financing these expansions. Utility rate increases may be necessary over the next several years in order to meet the debt service requirements of these loans.
- Parks and Recreation. In 2009, City voters approved an increase in the City's sales tax rate from 1.00% to 1.25%. The additional 0.25% is dedicated to the payment of debt service on debt issued to finance the construction the new City Park Aquatic Center, renovations and improvements to the CiCo Park and Northview Park pools, and construction of a new Nature Education Center at Sunset Zoo. Construction on City Park Aquatic Center started in 2009 and was completed July 2010. CiCo Park pool was completed in June 2011, and Northview pool opened to the public on July 4, 2011. Construction continued on the Zoo Education and Visitor's Center at Sunset Zoo, with a completion of June 2012.
- Fire Department. Construction commenced in the spring of 2011 for both the Southwest Fire Station on Amherst (a relocation), and the Northwest Fire Station in Grand Mere Vanesta. Both stations are expected to be completed in the summer of 2012. The Northwest Fire Station will staff 12 new firefighters while the Southwest Fire Station will require no new personnel.
- Airport. American Eagle Airlines has grown to three (3) daily regional jet flights to and from Dallas/Fort Worth and Manhattan and two (2) daily non-stop service to and from Chicago O'Hare International Airport. Parking lot improvements are underway while the design process for a major terminal expansion and additional parking is anticipated to take place in 2012 along with a new general aviation ramp.

Financial Policies

The City has focused on adopting policies which provide ongoing guidance in the administration of City financial decisions. The following policies are considered most relevant to this report:

- **Capital Improvements Program (CIP)**. This policy establishes a process for a six-year CIP which shall set priorities and provide for the scheduling of capital improvements, major purchases of equipment and major studies or surveys. The first year of the CIP is considered in the development of the annual operating budget. The CIP is adopted by resolution approved by the City Commission after a public hearing has been conducted for the purpose of soliciting community comments on the proposed CIP.
- **Investment Policy**. This policy establishes that, giving due regard to the safety and risk of investments, all available funds shall be invested in conformance with legal and administrative guidelines and, to the maximum extent possible, at the highest rates obtainable at the time of investment. Annually, the City is granted expanded investment powers by the state's Pooled Money Investment Board (PMIB) and is one of only eight municipal entities in Kansas holding this designation.
- **Long-term Obligation Financing Policy**. This policy establishes a management committee to oversee the issuance of City debt and restricts total annual debt issuances to a predetermined amount unless approved by the City Commission. This restriction was waived in 2010, as it was determined that the issuance of debt in 2010 for various projects related to Downtown Redevelopment was vital to the overall success of the City's efforts to revitalize the downtown corridor. This policy also establishes benchmarks for the rapid payback of general obligation debt and present value savings to be achieved when refunding existing debt.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Manhattan for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. This was the 14th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its budget document for fiscal year 2012. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

Preparation of this report would not have been possible without the professional, efficient, and dedicated services of the staff of the Finance Department. Credit should also be given to the City Commission and the City Manager's Office for providing the direction and support necessary to maintain the highest standards of professionalism in conducting the financial operations of the City. Thanks should also be extended to Varney & Associates, CPAs, LLC, for the cooperation and professional assistance provided during the audit of the City's 2011 financial records.

Respectfully submitted,

A handwritten signature in black ink that reads "Ron R. Fehr". The signature is fluid and cursive, with the first name "Ron" being particularly prominent.

Ron R. Fehr
City Manager

A handwritten signature in blue ink that reads "Bernie Hayen". The signature is cursive and somewhat stylized, with a long horizontal flourish at the end.

Bernie Hayen
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Manhattan
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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



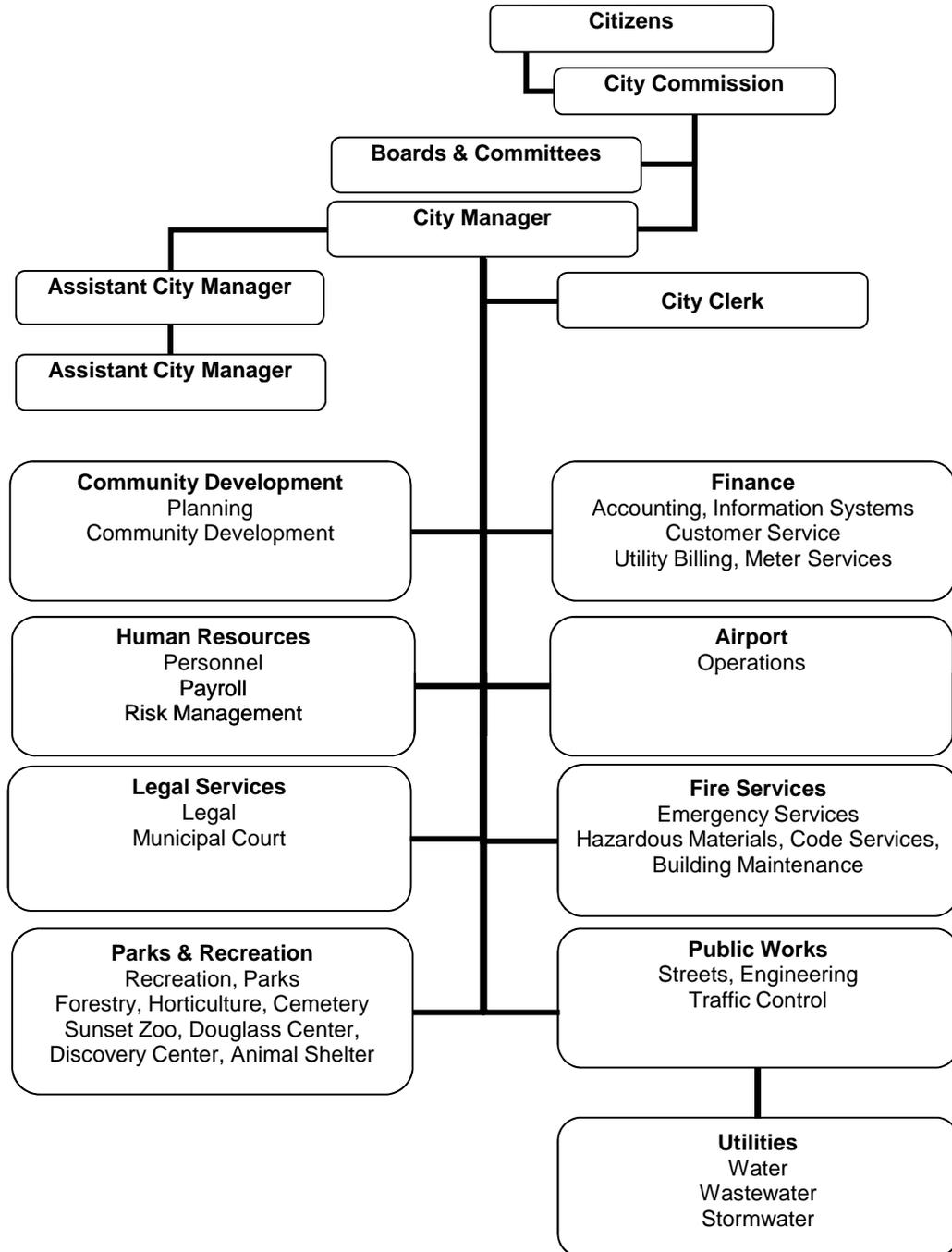
Linda C. Dandson

President

Jeffrey R. Emer

Executive Director

City of Manhattan, Kansas Organizational Structure



There is a county-wide police department which was created by state statute in 1971. The Law Board sets policy for the Riley County Police Department. The City contributes 80% of the Law Board's budget. This expenditure is made from the Riley County Police Department Fund (Special Revenue Fund).

CITY OF MANHATTAN, KANSAS

List of Principal Officials

ELECTED OFFICIALS

Mayor	James E. Sherow
City Commissioner, Mayor Pro-tem	Loren J. Pepperd
City Commissioner	John Matta
City Commissioner	Winfried Butler
City Commissioner	Richard Jankovich

APPOINTED OFFICIALS

City Manager	Ron Fehr
Assistant City Manager	Jason Hilgers
Assistant City Manager	Lauren Palmer
Airport Director	Peter Van Kuren
Director of Community Development	Karen Davis
Director of Parks and Recreation	Curt Loupe
City Clerk	Gary Fees
City Attorney	Bill Frost
Director of Human Resources/Personnel	Cathy Harmes
Director of Fire Services	Jerry Snyder
Director of Public Works/Utilities	Dale Houdeshell
Director of Finance	Bernie Hayen

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The Honorable Mayor and City Commission
City of Manhattan, Kansas

INDEPENDENT AUDITORS' REPORT

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 City of Manhattan, Kansas (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Manhattan Housing Authority, one of the discretely presented component units. These financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Manhattan Housing Authority, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the applicable provisions of the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, 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 Manhattan, Kansas, as of December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the Riley County Police Department special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 24, 2012, on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in accessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Manhattan, Kansas' financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, budgetary comparison schedules for the debt service fund and budgeted non-major governmental funds, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Certified Public Accountants

Management's Discussion and Analysis

This section of the City of Manhattan's annual financial report presents our discussion and analysis of the City's financial performance during the year that ended on December 31, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section, for a well-rounded picture of the City's financial condition.

Financial Highlights

- The assets of the City of Manhattan exceeded its liabilities at the close of 2011 by \$194,796,370. Of this amount, \$(7,112,250) may be used to meet the City's ongoing obligations.
- The City's total net position increased by \$11,593,485 over the course of this year's operations. The net position of our governmental activities increased by \$11,381,086 (12.2 percent) and the net position of our business-type activities increased by \$212,399 (less than 1.0 percent).
- As of the end of 2011, the City of Manhattan's governmental funds reported combined ending fund balances of \$40,961,381, a decrease of \$15,955,608 in comparison with the prior year. Approximately 26 percent of this total amount, \$10,820,811 is assigned for purchases on order and subsequent year budget appropriations while 3 percent, \$1,210,166 is considered unassigned and available for spending at the City's discretion.
- At the end of 2011, the assigned fund balance for the general fund was \$2,358,505, or 10.9 percent of total general fund expenditures. The unassigned fund balance for the general fund was \$1,224,557, or 5.7 percent of total general fund expenditures.
- The City's total debt increased by \$44,181,477 during 2011. Much of this increase resulted from draws made on the state revolving loans to finance expansions and upgrades to the water treatment and wastewater treatment plants. General bonds outstanding increased by nearly \$775,000 in 2011. Bonds in the amount of \$13,325,000 were issued in 2011, while \$12,550,000 were retired. Several special assessment projects that were in progress at the end of 2010 were completed and bonded in 2011. In addition, several large city-at-large capital projects that were started in 2010, including the renovation of CiCo Park Pool, the replacement of Northview Park Pool, and Stormwater Project No. 15 related to the Southend Redevelopment area were completed and bonded in 2011. There was an increase of \$19,650,000 in temporary notes outstanding at the end of 2011 as compared to 2010. Several large city-at-large capital projects continued in 2011, including the CiCo Park Pool renovation, the Northview Park Pool replacement, and the Sunset Zoo Education Center. Temporary notes were also issued for projects that started in 2011, including the Parking Garage, the two new fire stations, and various projects related to the downtown redevelopment project.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Manhattan's basic financial statements. The City of Manhattan's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Manhattan's finances, in a manner similar to private-sector businesses.

The statement of net position presents information on all of the City of Manhattan's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Manhattan is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Manhattan that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City of Manhattan include general government, public safety, public works, urban development and housing, and culture and recreation. The business-type activities of the City of Manhattan include water, wastewater, and storm water management.

The government-wide financial statements include not only the City of Manhattan itself (known as the primary government), but also the legally separate library and housing authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself in the government-wide financial statements. Separately issued audited financial statements for the Manhattan Public Library may be obtained at 629 Poyntz Avenue, Manhattan, KS 66502. Separately issued audited financial statements for the Manhattan Housing Authority may be obtained at 300 North 5th, Manhattan, KS 66502.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Manhattan, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Manhattan can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Manhattan maintains 72 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Riley County Police Department fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other 68 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Manhattan adopts an annual appropriated budget for its general fund and the Riley County Police Department Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with budget.

Proprietary funds. The City of Manhattan maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Manhattan uses enterprise funds to account for its water, wastewater, and storm water management operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Manhattan's various functions. The City of Manhattan uses internal service funds to account for its motor pool services, its health care program, its workers' compensation program, and its photocopy services. Because these four services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, wastewater, and storm water management operations. Only the water and wastewater operations are considered to be major funds. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Manhattan's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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.

Other Information. In addition to the financial statements and the notes described above, the combining statements for nonmajor governmental funds and internal service funds are presented as other supplementary information immediately following the notes.

Government-wide Financial Analysis.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Manhattan, assets exceeded liabilities by \$194,796,370 at the close of 2011.

A large portion of the City of Manhattan's net position (46.7 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Manhattan uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Manhattan's investment in its capital assets is reported net of

related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MANHATTAN'S NET POSITION

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$169,044,239	\$182,458,875	\$ 13,674,161	\$ 11,986,537	\$182,718,400	\$194,445,412
Capital assets	186,210,525	149,216,281	130,230,885	101,195,621	316,441,410	250,411,902
Total assets	355,254,764	331,675,156	143,905,046	113,182,158	499,159,810	444,857,314
Long-term liabilities outstanding	218,367,694	203,365,774	51,338,708	22,159,151	269,706,402	225,524,925
Other liabilities	32,422,098	35,225,496	2,234,940	904,008	34,657,038	36,129,504
Total liabilities	250,789,792	238,591,270	53,573,648	23,063,159	304,363,440	261,654,429
Net position:						
Invested in capital assets, net of related debt	11,604,164	4,933,739	79,345,330	79,402,336	90,949,494	84,336,075
Restricted	110,959,126	115,871,934	-	-	110,959,126	115,871,934
Unrestricted	(18,098,318)	(27,721,787)	10,986,068	10,716,663	(7,112,250)	(17,005,124)
Total net position	\$104,464,972	\$ 93,083,886	\$90,331,398	\$90,118,999	\$194,796,370	\$183,202,885

An additional portion of the City's net position (57.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (-\$7,112,250) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2011, the City is able to report positive balances in two of the three categories of net position for the government as a whole. However, a negative balance is being reported for unrestricted net position for the governmental activities and the government as a whole. Significant debt was issued in 2009 which was not related to capital asset additions that remains outstanding at the end of 2011. In addition, there are significant unspent proceeds from other debt issued in 2010 still on hand at the end of 2011.

The City's net position increased by \$11,593,485 during 2011. This is approximately \$9,768,984 more than the increase for 2010.

Governmental activities. Governmental activities increased the City's net position by \$11,381,086 accounting for 98.2 percent of the total growth in net position. Key elements of this increase are as follows:

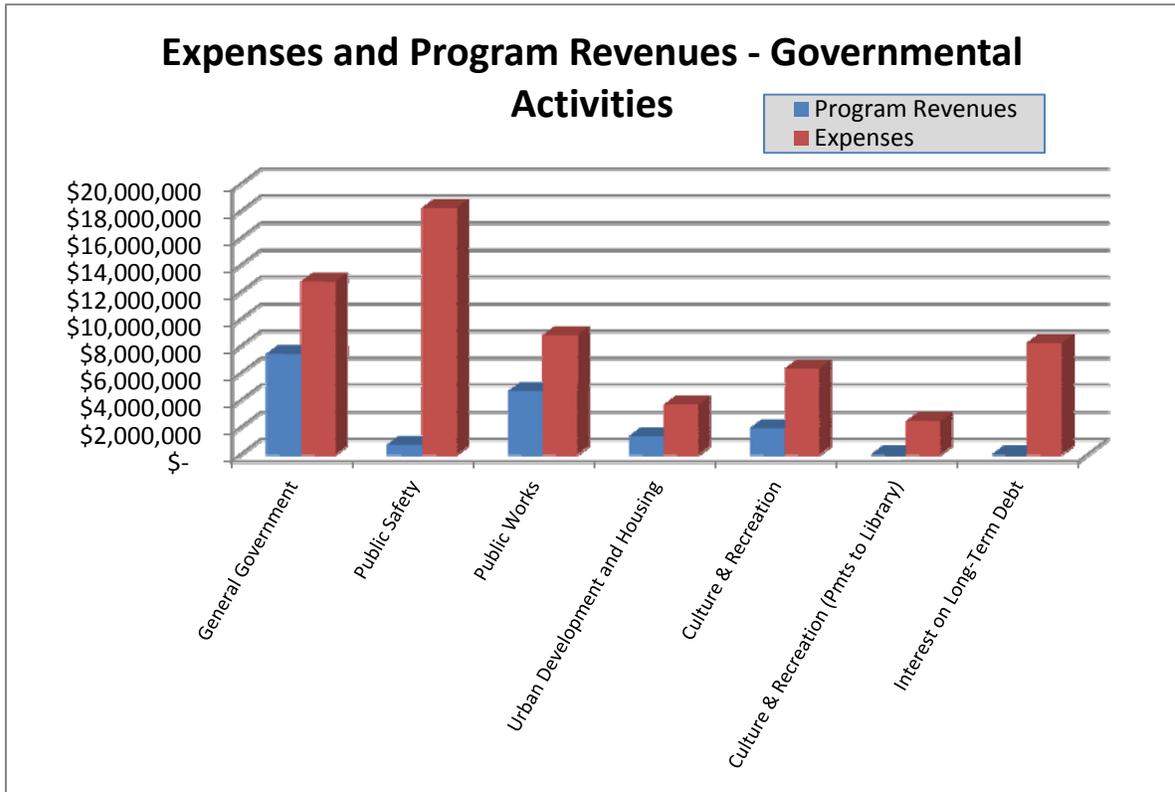
CITY OF MANHATTAN'S CHANGES IN NET POSITION

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$7,282,832	\$7,488,712	\$17,033,309	\$14,331,454	\$24,316,141	\$21,820,166
Operating grants and contributions	4,586,011	4,494,839	-	-	4,586,011	4,494,839
Capital grants and contributions	4,248,884	11,975,164	80,000	780,026	4,328,884	12,755,190
General revenues:						
Property taxes	19,983,844	17,559,399	-	-	19,983,844	17,559,399
Other taxes	31,510,093	24,017,398	-	-	31,510,093	24,017,398
Other	2,575,986	1,727,255	254,129	325,644	2,830,115	2,052,899
Total revenues	70,187,650	67,262,767	17,367,438	15,437,124	87,555,088	82,699,891
Expenses:						
General government	12,783,282	20,972,740	-	-	12,783,282	20,972,740
Public safety	18,221,529	17,638,865	-	-	18,221,529	17,638,865
Public works	8,820,381	8,833,653	-	-	8,820,381	8,833,653
Urban development and housing	3,668,229	3,805,938	-	-	3,668,229	3,805,938
Culture and recreation	6,350,056	5,672,709	-	-	6,350,056	5,672,709
Culture and recreation (payments to Library)	2,439,394	2,419,344	-	-	2,439,394	2,419,344
Interest on long-term debt	8,240,975	7,748,900	-	-	8,240,975	7,748,900
Water	-	-	8,068,281	7,203,256	8,068,281	7,203,256
Wastewater	-	-	6,258,103	5,710,774	6,258,103	5,710,774
Storm water management	-	-	1,111,373	869,211	1,111,373	869,211
Total expenses	60,523,846	67,092,149	15,437,757	13,783,241	75,961,603	80,875,390
Increase in net assets before transfers	9,663,804	170,618	1,929,681	1,653,883	11,593,485	1,824,501
Transfers	1,717,282	(6,020,007)	(1,717,282)	6,020,007	-	-
Increase in net assets	11,381,086	(5,849,389)	212,399	7,673,890	11,593,485	1,824,501
Net assets - 01/01	93,083,886	98,933,275	90,118,999	82,445,109	183,202,885	181,378,384
Net assets - 12/31	\$104,464,972	\$93,083,886	\$90,331,398	\$90,118,999	\$194,796,370	\$183,202,885

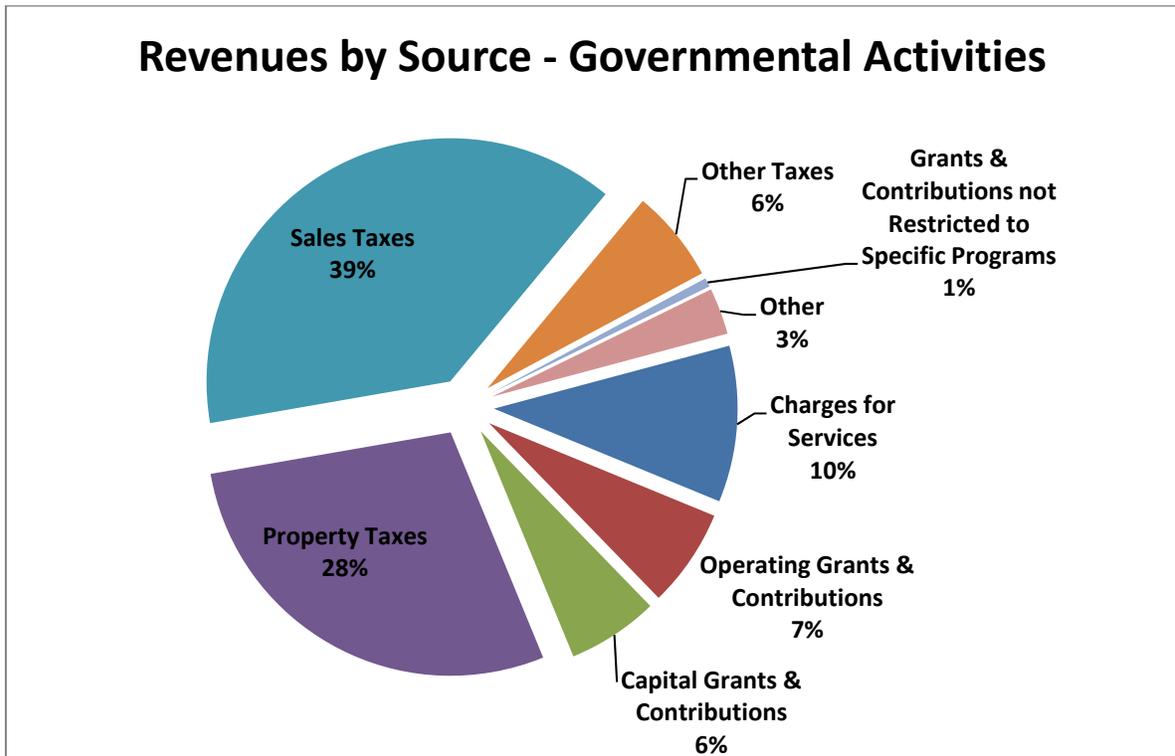
- Capital grants for governmental activities decreased by \$7,726,280 from 2010 to 2011. Some of this decrease is due to a decrease in special assessments revenue. Residential development activity, although still growing, declined in 2011 compared to 2010. In addition, there was a decline in grant revenues received from the Federal Aviation Administration in 2011 as compared to 2010 for improvements to two airport runways.
- Operating grants and contributions increased by \$91,172 from 2010 to 2011. Over half of this increase can be attributed to the Vacek Trust which was established for the general support of the Sunset Zoo. The remaining increase reflects the normal fluctuation in several of the City's grant funds.
- Charges for services for governmental activities decreased by \$205,880 from 2010 to 2011. Some of this decrease is due to a decrease in building permit fees. Construction of new commercial buildings was up significantly in 2010 as compared to 2011. Rental inspection fees also contributed to the decrease. The rental inspection program started in 2010 but was repealed early in 2011. Internal engineering fees that were charged to completed special assessment projects decreased in 2011 as compared to 2010. As previously discussed, residential development activity continued to decline in 2011. These decreases were somewhat offset by an increase in Pool admission fees due to the opening of the new City Park Aquatics Center in 2010. Property taxes increased by \$2,424,445 from 2010 to 2011. This is consistent with the increase in taxes levied from 2010 to 2011.
- Other taxes increased by \$7,492,695 during 2011. The majority of this increase was due to State and local sales tax revenue generated within the STAR bond district and remitted by the State of Kansas for payment of the outstanding STAR Bonds. The remaining increase was due to increased sales tax revenue as a result of enhanced local retail sales - partially from increased tourism and partially from an upswing in the local economy.
- Other general revenues increased by \$848,731 from 2010 to 2011. A large portion of this increase can be attributable to the growth of the airport. Due to the success of the American Airline flights to Dallas/Ft. Worth, revenue set aside as part of the revenue guarantee contract with American Airlines was transferred back to the City from the escrow account. Additionally, excess dirt remaining from road improvements surrounding the airport was sold in the amount of \$300,000 in 2011. Other revenues received in 2011 include insurance reimbursements for a major flood that took place along Wildcat Creek, excess TIF tax revenues as partial reimbursement for the City's investment in the North End Redevelopment, and property tax reimbursement for City Property that was deemed tax-exempt.

Total expenses decreased by \$6,568,303 from 2010 to 2011. Expenses for the general government function decreased by \$8,189,458 (39.1 percent) while expenses in public safety, culture and recreation, and interest on long-term debt increased by \$1,752,086. The decrease in expenses for the general government function is due in large part to losses on land transfers to the developer in 2010 related to the south project area of the downtown redevelopment project. In addition, payment for the settlement of a lawsuit was made in 2010. No similar transactions took place in 2011. Expenses for culture and recreation increased by \$677,347 (11.9 percent) from 2010 to 2011. Much of the increase can be attributed to increased costs associated with the three newly renovated swimming pools in Manhattan. 2011 was the first year all three pools were open and operating the entire summer since 2007. Construction of two new fire stations has also led to increased personnel costs. Expenses for public safety increased \$582,664 (3.3 percent) as a result of adding 12 new firefighters midway through 2011 in order to properly train and prepare for the opening of the facilities in 2012.

The following chart compares expenses with program revenues for the various governmental activities of the City.

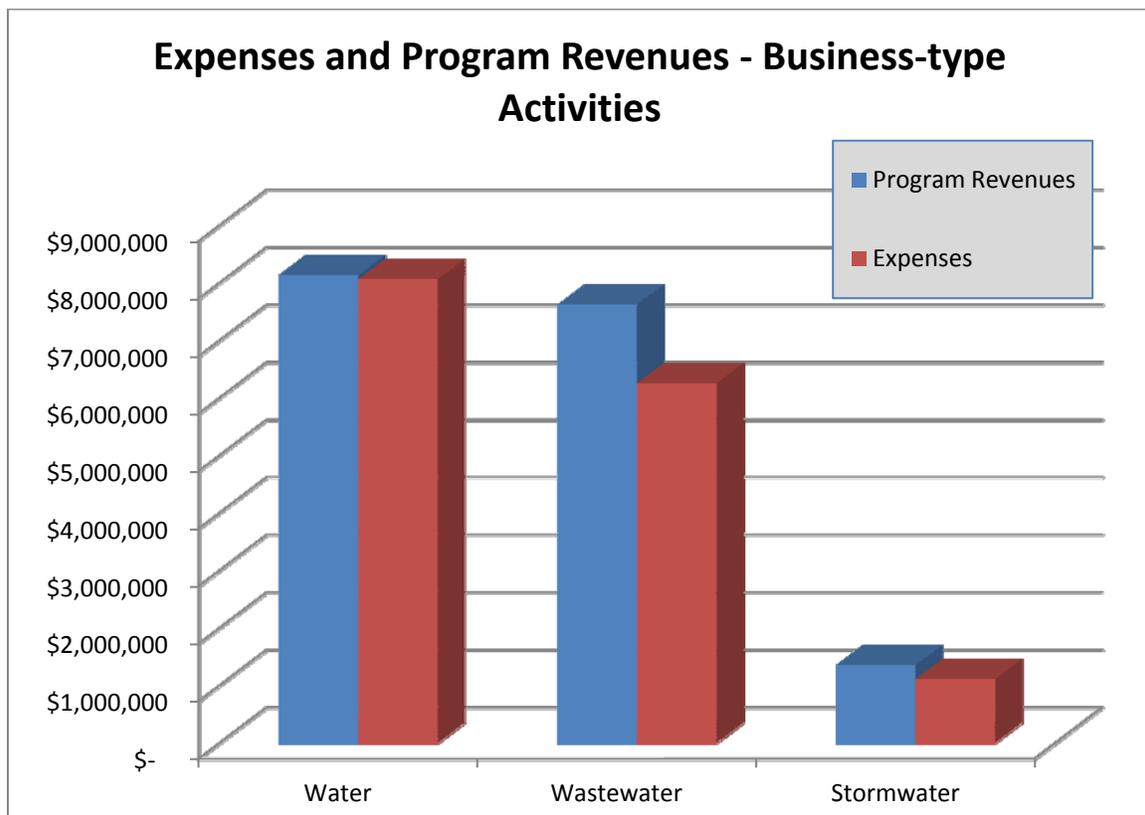


The following graph shows the composition of 2011 revenues for the governmental activities.

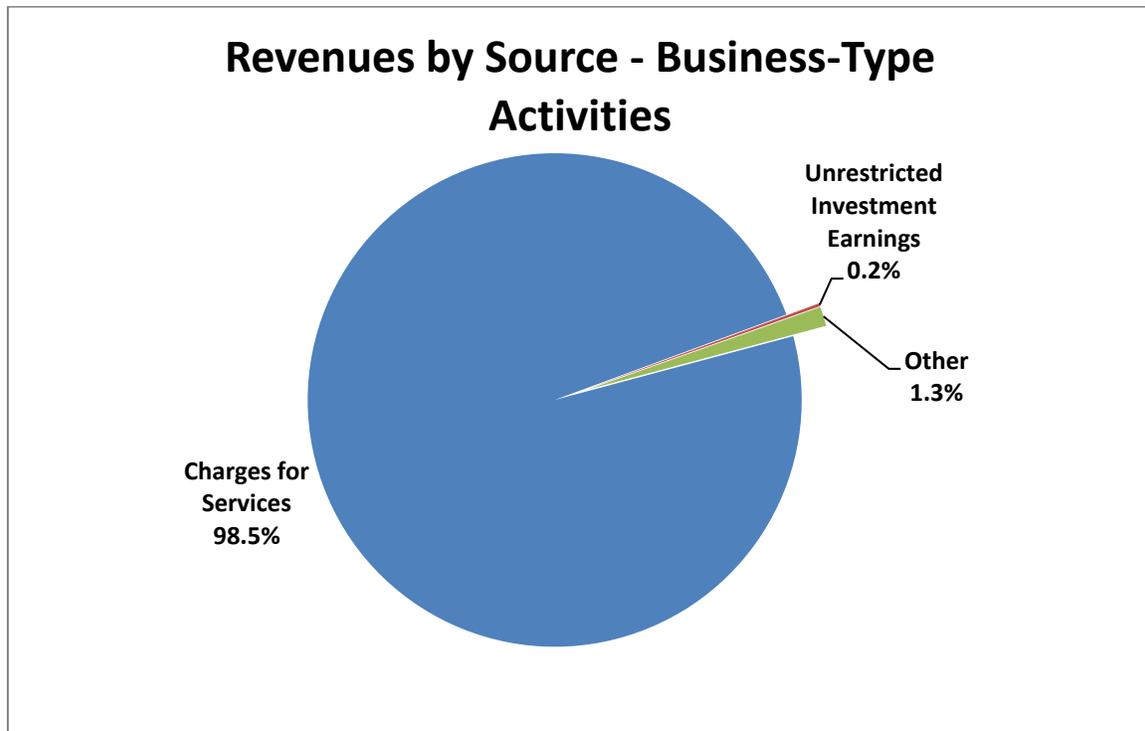


Business-type activities. Business-type activities increased the City’s net position by \$212,399 accounting for 1.8 percent of the total growth in the City’s net position in 2011. This is \$7,461,491 less than the increase for 2010. This minimal increase is due to an increase in service charges combined with a decrease in capital contributions received by the enterprise funds. Revenue received from service charges in 2011 totaled \$17,033,309 compared to service charges received in 2010 in the amount of \$14,331,454. This is an increase of \$2,701,855 (18.9 percent) from 2010 to 2011. More than half of this increase is attributable to the wastewater fund. A rate increase of 20 percent went into effect January 1, 2011. Rate increases of seven percent and five percent also went into effect January 1, 2011, for the water and storm water management funds respectively. Consumption rates were also up nearly 11% in 2011 over 2010. Capital contributions received in 2011 totaled \$2,501,969, while these contributions totaled \$6,714,805 in 2010. The vast majority of these contributions resulted from capital assets that were acquired by the enterprise funds through contributions from the governmental funds. The decrease from 2010 to 2011 can be attributed in large part to projects that occurred in 2010 related to the downtown redevelopment project and utility relocation required for the construction of the National Bio and Agro-Defense Facility. Total expenses increased \$1,654,516 (12.0 percent) from 2010 to 2011. Contractual and commodity expenses increased nearly \$1 million partly as a result of the expanded water and wastewater treatment plants. Hot summer months also contributed to increased expenses related to the water fund. As the City services provided by the enterprise funds continue to expand, more services and supplies are required to support operations. Also contributing to the increase in expenses was an increase in depreciation expense from 2010 to 2011. This is consistent large amount of infrastructure placed in service over the last several years.

The following chart compares expenses with program revenues for the various business-type activities of the City.



The following graph shows the composition of 2011 revenues for the business-type activities.



Financial Analysis of the City's Funds

As noted earlier, the City of Manhattan uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2011, the City of Manhattan's governmental funds reported combined ending fund balances of \$40,961,381 a decrease of \$15,955,608 in comparison with the prior year. Approximately 3.0 percent of this total amount (\$1,210,166) constitutes unassigned fund balance which is available for spending at the City's discretion. The remainder of fund balance is classified as assigned, committed, restricted, or nonspendable to indicate that it is not available for new spending. The assigned fund balance is 26.4 percent (\$10,820,811) of the total and is dedicated to 1) liquidate contracts and purchase orders for the year (\$58,505) and 2) to appropriate funds for the subsequent year's budget allocation (\$10,762,306). The committed fund balance is 0.1 percent (\$54,977) of the total and is legally constrained by the governing body for City-University projects, capital projects, park development, and support for the Sunset Zoo. The restricted fund balance is 69.4 percent (\$28,433,007) of the total and represents resources that are externally restricted by parties outside the government such as creditors, grantors, and contributors, or by laws or regulations of other governments. Several of the City's special revenue funds and grant funds are included in this balance. The nonspendable fund balance is 1.1

percent (\$442,420) of the total balance and is used to pay for the perpetual care of one of the municipal cemeteries.

The general fund is the chief operating fund of the City of Manhattan. At the end of 2011, unassigned fund balance of the general fund was \$1,224,557, while total fund balance was \$5,138,147. As a measure of the general fund's liquidity, it may be useful to compare the unassigned and assigned fund balance as well as the total fund balance to total fund expenditures. In total, the assigned and unassigned fund balance represents 16.6 percent of total general fund expenditures, while total fund balance represents 23.8 percent of that same amount.

The fund balance of the City's general fund decreased by \$65,902 during 2011. An increase of \$332,148 was shown in 2010. Key elements of this are as follows:

- Taxes increased \$422,746 in 2011. Sales tax revenues increased by \$479,655 in 2011, which is attributable primarily to increases in sales for local retailers as a result of the economic downturn starting to reverse itself. Franchise taxes decreased by \$66,042 from 2010 to 2011. This decrease can be attributed to a myriad of factors including a decrease in consumption and an increase in rates. Property taxes increased modestly from 2009 to 2010, consistent with the levy increase for the general fund.
- Licenses and permits decreased by \$189,197 in 2011. Much of this decrease was due to a decrease in code inspection permits resulting from the repeal of the rental inspection program in 2011. Building permit fees were also down in 2011 due to a slow in construction of new commercial buildings.
- Intergovernmental revenues increased by approximately \$14,000 from 2010 to 2011. All of this increase is due to increased revenue received from the special liquor tax.
- Charges for services increased by \$148,954. Some of this increase is due to an increase in airport revenues. Passenger activity at the airport increased significantly in 2010 with twice-daily flights to and from Dallas/Fort Worth and the addition of a flight to and from Chicago in November. The increased demand for this service continued into 2011. Pool admission fees also showed an increase in 2011. This was due to the opening of the newly renovated CICO and Northview Pools in 2011. The summer of 2011 was the first year all three municipal pools had been open at once since 2007. These increases were somewhat offset by a decrease in the internal engineering fees that were charged to completed special assessment projects. As previously discussed, residential development activity continued to decline in 2011.
- Investment income decreased by just under \$3,000 from 2010 to 2011. Rates remained at historical lows throughout 2011 resulting in minimal investment income for the year.
- Miscellaneous revenues decreased by \$135,504 from 2010 to 2011. Much of this decrease was due to farm income generated on airport land in 2011. No crop sales occurred in 2011 as had previously in 2010.
- Insurance recoveries of just over \$175,000 were received during 2010 as a result of storm damage sustained by City property in June and August 2010. Similar recoveries were not received in 2011.
- Expenditures increased by just over \$619,500 in 2011. Some functions showed increases in expenditures, while others showed decreases. General government expenditures decreased \$25,670. Public safety expenditures increased just over \$114,000. This increase can be attributed to the hiring of 12 new firefighters midway through the year. These positions are needed to staff the two new fire stations opening in 2012. Urban development and housing expenditures decreased by nearly \$5,000. However, public works expenditures increased by just under \$184,000. Most of this increase can be attributed to expenditures made for snow

and ice control commodities in response to above-average snowfall. Culture and recreation expenditures increased nearly \$384,957. A significant portion of this increase was due to an increase in expenditures for the swimming pools. As previously discussed, the CICO and Northview swimming pools were renovated in 2010 and reopened in 2011 resulting in the first year all three swimming pools had been open since 2007. Capital outlay expenditures decreased by just under \$43,000 from 2010 to 2011.

- Transfers out increased nearly \$126,000 from 2010 to 2011. This increase was due primarily to an increase in transfers to the capital projects fund. In 2011 a transfer was made to cover a portion of the land acquisition expense associated with one of the new fire stations that was ineligible to be debt financed. A similar transfer was not made in 2010.

The Riley County Police Department fund provides for expenditures made to the Riley County Police Department (RCPD). Police protection is provided to the City by the RCPD under a statutory arrangement whereby the City is responsible for 80 percent of RCPD's budget. This fund has a total fund balance of \$91,029, all of which is restricted.

The debt service fund has total fund balance of \$8,052,900. The net increase in fund balance during the current year was \$1,360,751. Debt service expenditures outpaced revenues by nearly \$5,161,954. However, this deficit was offset by transfers in from made from other funds. The deficit of revenues over debt service expenditures in 2011 was \$2,905,960 lower than in 2010.

The capital projects fund is used to account for the acquisition and construction of major facilities which are financed predominately through the issuance of general obligation bonds. This fund has a total fund balance of \$3,294,944, all of which is restricted. This fund balance decreased by \$14,778,911 during the current year, following a decrease of \$14,863,331 in 2010. Nearly \$31,135,000 in unspent debt proceeds, mostly from the Taxable STAR Bonds-Series 2009-2 issued to finance eligible facilities and infrastructure costs within the south project area of the downtown redevelopment project, were still on hand at the end of 2009. This amount had declined to approximately \$15,000,000 at the end of 2011, as eligible expenditures were made. The temporary notes payable liability decreased by \$1,445,000 from 2010 to 2011. This represents temporary notes maturing in the upcoming year for which the legal steps and ability to consummate refinancing have not been met. The City typically issues general obligation bonds in June and December of each year. Also contributing to the decline in fund balance was the completion of several of the large projects associated with the Downtown Redevelopment.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water fund at the end of 2011 amounted to \$5,360,873, those for the wastewater fund amounted to \$4,074,749 and those for the storm water management fund amounted to \$1,550,446. The total growth (reduction) in net position for each fund was (\$327,443), \$1,830,303, and (\$1,290,461), respectively. A key element of these changes is as follows:

- Capital contributions are typically a significant revenue source for all of the enterprise funds. Capital contributions result primarily from the fact that a large portion of the infrastructure assets for these funds are financed from the proceeds of general obligation bonds which are repaid from governmental funds rather than these enterprise funds. Some capital assets are also donated by outside parties. During the current year, total capital contributions were \$1,522,168, \$806,449 and \$173,352, respectively, as compared to just \$3,474,922, \$1,460,588 and \$1,779,295 in 2010. The overall decrease from 2010 to 2011 was \$4,212,836.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Revenues exceeded budgetary estimates in all categories with the exception of fines and forfeitures and investment income. While municipal court fines and fees were under the 2011 budgeted amount, it was an increase of \$34,304 over 2010. Much of this decline in comparison to past history resulted from a significant decline in the number of both non-parking offenses and parking violations, which was not anticipated at the time the budget was prepared. Investment income has also declined dramatically since 2007, and while the 2011 budget figure was lowered in comparison to previous years, the magnitude of the decline was not anticipated. The most significant variance from budget was in taxes, which exceeded the budgeted amount by approximately \$600,000. The majority of this increase stemmed from increased sales taxes over 2010 (\$479,655) due to the turnaround of the local economy. Charges for services also exceeded budget by more than \$375,000 due to the increase from an uptick in airport revenues. Passenger activity at the airport increased significantly with twice-daily flights to and from Dallas/Fort Worth and Chicago. This was not anticipated at the time the budget was prepared. The remainder of the increase can be contributed to the significant increase in pool admission revenues. The new City Park Aquatics Center was open for an entire operating year, while Cico Pool opened on June 8th and Northview Pool on July 4th. The success of the new facilities was underestimated at the time the budget was prepared. Total expenditures were less than budgetary estimates by \$1,449,910 or 6.3 percent of total budgeted expenditures.

Capital Asset and Debt Administration

Capital assets. The City of Manhattan's investment in capital assets for its governmental and business-type activities as of December 31, 2011, amounts to \$316,441,410 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, park and pool facilities, streets, storm sewers, bridges, and water and sewer lines. The total increase in the City's investment in capital assets was 26.4 percent (a 24.8 percent increase for governmental activities and a 28.7 percent increase for business-type activities).

Major capital asset events during 2011 included the following:

- The parking garage in the South Redevelopment Project area was completed during 2011 at cost of \$6.3 million.
- The construction of two new fire stations began in 2011. Construction in progress on the fire stations had reached more than \$3.2 million at the end of 2011.
- The McCall Road Expansion project continued in 2011. Construction in progress for the McCall Road Project reached more than \$3.0 million at the end of 2011. Street improvement projects related to the downtown redevelopment project, including Third Street from Leavenworth to Humboldt were completed in 2011 at a total cost of nearly \$1.5 million. Other street improvement projects related to the downtown redevelopment project were still in progress at the end of 2011 with expenditures to date of more than \$5.5 million.
- The renovation of CiCo Park pool was completed during 2011 at a cost of nearly \$1.9 million.
- The replacement of Northview Park pool was completed during 2011 at a cost of \$3.2 million.
- Construction of the Sunset Zoo Education Center continued in 2011. Construction in progress had reached more than \$3.3 million at the end of 2011.

- Construction on the Flint Hills Discovery Center, including the museum exhibits, continued in 2011. Construction in progress had reached nearly \$21.1 million at the end of 2011.
- Construction on the expansions and upgrades to the water treatment and wastewater treatment plants continued during 2011. Construction in progress on the water treatment plant had reached more than \$16.3 million at the end of 2011. Construction in progress on the wastewater treatment plant had reached more than \$20.5 million at the end of 2011.

CITY OF MANHATTAN'S CAPITAL ASSETS

(Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 18,851,808	\$ 17,606,738	\$ 499,272	\$ 499,272	\$ 19,351,080	\$ 18,106,010
Buildings and improvements	46,116,380	35,618,788	6,471,311	6,661,999	52,587,691	42,280,787
Contents and equipment	2,146,002	2,162,968	1,439,320	967,687	3,585,322	3,130,655
Vehicles	1,516,593	1,837,404	532,454	546,020	2,049,047	2,383,424
Infrastructure	72,874,275	73,404,426	74,584,663	72,802,801	147,458,938	146,207,227
Construction in progress	44,705,467	17,585,267	46,703,865	19,717,842	91,409,332	37,303,109
Total	\$ 186,210,525	\$ 148,215,591	\$ 130,230,885	\$ 101,195,621	\$ 316,441,410	\$ 249,411,212

Additional information on the City's capital assets can be found in note 3.F on pages 79-81 of this report.

Long-term debt. At the end of 2011, the City had total bonded debt outstanding of \$179,300,000. Of this amount, \$38,393,273 comprises debt backed by the full faith and credit of the City and \$64,321,727 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. The remainder of the City's bonded debt represents bonds secured solely by specific revenue sources (i.e., special obligation bonds).

CITY OF MANHATTAN'S OUTSTANDING DEBT

General Obligation and Special Obligation Bonds

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 31,393,273	\$ 29,305,246	\$ 7,000,000	\$ 5,485,000	\$ 38,393,273	\$ 34,790,246
General obligation bonds (special assessment debt with governmental commitment)	64,321,727	67,149,754	-	-	64,321,727	67,149,754
Sales tax revenue bonds	5,980,000	6,050,000	-	-	5,980,000	6,050,000
Special obligation bonds	70,605,000	75,380,000	-	-	70,605,000	75,380,000
Total	\$ 172,300,000	\$ 177,885,000	\$ 7,000,000	\$ 5,485,000	\$ 179,300,000	\$ 183,370,000

The City's total debt increased by \$44,181,477 during 2011. Much of this increase resulted from draws made on the state revolving loans to finance expansions and upgrades to the water treatment and wastewater treatment plants. General bonds outstanding increased by nearly \$775,000 in 2011. Bonds in the amount of \$13,325,000 were issued in 2011, while only \$12,550,000 were retired. Several special assessment projects that were in progress at the end of

2010 were completed and bonded in 2011. In addition, several large city-at-large capital projects that were started in 2010, including the renovation of CiCo Park Pool, the replacement of Northview Park Pool, and Stormwater Project No. 15 related to the Southend Redevelopment area were completed and bonded in 2011. There was an increase of \$19,650,000 in temporary notes outstanding at the end of 2011 as compared to 2010. Several large city-at-large capital projects continued in 2011, including the CiCo Park Pool renovation, the Northview Park Pool replacement, and the Sunset Zoo Education Center. Temporary notes were also issued for projects that started in 2011, including the Parking Garage, the two new fire stations, and various projects related to the downtown redevelopment project.

The City maintains a “AA+” rating from Fitch, a “AA” rating from Standard & Poor’s, and a “Aa2” rating from Moody’s for its general obligation bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 30 percent of its total assessed valuation. The current debt limitation for the City is \$142,176,832, which is significantly in excess of the City’s outstanding general obligation bonds.

Additional information on the City’s long-term debt can be found in note 3.J on pages 83-96 of this report.

Economic Factors and Next Year’s Budget and Rates

- The unemployment rate for the City of Manhattan at the end of 2011 was 4.7 percent. This rate has remained consistent with the unemployment rate reported at the end of 2010 and still is very favorable compared to the state’s average unemployment rate of 5.9 percent and the national average rate of 8.5 percent.
- Inflationary trends in the region compare favorably to national indices.

Highlights of the City’s 2011 budget are as follows:

- The mill levy rate was increased from 2011 by 0.239 mills to 42.156 mills. This rate compares favorably to mill levy rates over the last 20 years.
- Capital improvements anticipated for 2012 and beyond are incorporated into the proposed 2012-2017 Capital Improvements Program. The plan totals \$161,547,737 and includes the following for 2012:
 - Reconfiguration and expansion of the short-term parking lot at the airport
 - Design of the airport terminal in accordance with the Airport Master Plan
 - Purchase of a pumper apparatus truck for one of the new fire stations
 - Expansion of North Manhattan Avenue from Claflin to Kimball
 - Construction of a new traffic maintenance public works facility
 - Wastewater improvements to the central basin system
 - Wastewater main upsizing improvements of the Fort Riley sewer main system
 - Stormwater improvements along Hartford Road

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the City’s finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the Finance Department, City of Manhattan, 1101 Poyntz Avenue, Manhattan, Kansas 66502.

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CITY OF MANHATTAN, KANSAS
STATEMENT OF NET POSITION

December 31, 2011

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 27,959,126	\$ 11,958,624	\$ 39,917,750
Cash with refunding escrow agent	2,800,410	-	2,800,410
Cash with special obligation bonds trustee	14,814,160	-	14,814,160
Investment in joint venture	607,646	-	607,646
Receivables:			
Accounts (net of allowance for uncollectibles)	1,547,612	1,431,314	2,978,926
Intergovernmental	856,895	-	856,895
Franchise tax	418,936	-	418,936
Sales tax	3,873,206	-	3,873,206
Transient guest tax	284,140	-	284,140
Property tax	18,932,078	-	18,932,078
Interfund	1,459,946	-	1,459,946
Economic development loans	2,331,710	-	2,331,710
Other loans	9,578,216	-	9,578,216
Notes:			
Current	-	28,516	28,516
Noncurrent	-	-	-
Inventories	42,597	20,430	63,027
Prepaid expenses	-	-	-
Restricted assets:			
Cash and investments			
Construction accounts	-	235,277	235,277
Special assessments:			
Current	6,946,468	-	6,946,468
Noncurrent	76,591,093	-	76,591,093
Capital assets:			
Land	18,851,808	499,272	19,351,080
Infrastructure, net of accumulated depreciation	72,874,275	74,584,663	147,458,938
Other capital assets, net of accumulated depreciation	49,778,975	8,443,085	58,222,060
Construction in progress	44,705,467	46,703,865	91,409,332
Total capital assets	<u>\$ 186,210,525</u>	<u>\$ 130,230,885</u>	<u>\$ 316,441,410</u>
 TOTAL ASSETS	 \$ 355,254,764	 \$ 143,905,046	 \$ 499,159,810

(Continued)

Component Units

Manhattan Public Library	Manhattan Housing Authority
\$ 863,319	\$ 889,274
-	-
-	-
-	-
-	45,413
-	-
-	-
-	-
2,513,710	-
-	-
-	-
-	-
-	-
-	8,568
-	-
-	341,053
-	-
-	-
-	-
579,493	1,879,527
-	-
<u>\$ 579,493</u>	<u>\$ 1,879,527</u>
 <u>\$ 3,956,522</u>	 <u>\$ 3,163,835</u>

CITY OF MANHATTAN, KANSAS
STATEMENT OF NET POSITION (CONTINUED)
December 31, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 7,630,342	\$ 450,911	\$ 8,081,253
Estimated insurance claims payable	859,590	-	859,590
Sales tax payable	-	1,741	1,741
Interfund payable	-	1,459,946	1,459,946
Accrued interest payable	968,765	276,208	1,244,973
Accrued payroll	261,323	46,134	307,457
Security deposits	-	-	-
Unearned revenue	18,932,078	-	18,932,078
Temporary notes payable	3,770,000	-	3,770,000
Long-term liabilities:			
Due within one year	13,457,234	3,770,967	17,228,201
Due in more than one year	204,910,460	47,567,741	252,478,201
TOTAL LIABILITIES	\$ 250,789,792	\$ 53,573,648	\$ 304,363,440
NET POSITION			
Invested in capital assets, net of related debt	\$ 11,604,164	\$ 79,345,330	\$ 90,949,494
Restricted for:			
Culture and recreation	951,429	-	951,429
Public safety	694,917	-	694,917
Public works	539,486	-	539,486
Urban development and housing	11,230,015	-	11,230,015
Debt service	96,686,569	-	96,686,569
Perpetual care:			
Nonexpendable	442,420	-	442,420
Other purposes	414,290	-	414,290
Unrestricted	(18,098,318)	10,986,068	(7,112,250)
TOTAL NET POSITION	\$ 104,464,972	\$ 90,331,398	\$ 194,796,370

Component Units

Manhattan Public Library	Manhattan Housing Authority
\$ 72,331	\$ 88,881
-	-
-	-
-	-
-	11,768
-	58,891
2,513,710	4,272
-	-
25,471	4,248
296,473	53,807
<u>\$ 2,907,985</u>	<u>\$ 221,867</u>

\$ 579,493	\$ 1,879,527
129,679	-
-	-
-	-
-	325,474
-	-
-	-
-	-
339,365	736,967
<u>\$ 1,048,537</u>	<u>\$ 2,941,968</u>

CITY OF MANHATTAN, KANSAS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

FUNCTIONS/PROGRAMS	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities			
General government	\$ 12,783,282	\$ 5,073,680	\$ 1,106,298
Public safety	18,221,529	711,309	-
Public works	8,820,381	108,039	1,588,098
Urban development and housing	3,668,229	108,209	1,239,242
Culture and recreation	6,350,056	1,281,595	652,373
Culture and recreation (payments to Library)	2,439,394	-	-
Interest on long-term debt	8,240,975	-	-
Total governmental activities	<u>\$ 60,523,846</u>	<u>\$ 7,282,832</u>	<u>\$ 4,586,011</u>
Business-type activities			
Water	\$ 8,068,281	\$ 8,057,214	\$ -
Wastewater	6,258,103	7,621,553	-
Storm water management	1,111,373	1,354,542	-
Total business-type activities	<u>\$ 15,437,757</u>	<u>\$ 17,033,309</u>	<u>\$ -</u>
Total primary government	<u>\$ 75,961,603</u>	<u>\$ 24,316,141</u>	<u>\$ 4,586,011</u>
Component units			
Manhattan Public Library	\$ 2,923,282	\$ 79,229	\$ -
Manhattan Housing Authority	2,404,967	556,587	1,882,009
Total component units	<u>\$ 5,328,249</u>	<u>\$ 635,816</u>	<u>\$ 1,882,009</u>
General revenues:			
Taxes:			
Property taxes, levied for general purposes			
Property taxes, levied for debt service			
Franchise taxes			
Sales taxes			
Transient guest taxes			
Payments from the City of Manhattan			
Grants and contributions not restricted to specific programs			
Unrestricted investment earnings			
Miscellaneous			
Transfers-internal activities			
Total general revenues and transfers			
Change in net position			
Net position-beginning, as previously stated			
Prior period adjustment			
Net position-beginning, as restated			
Net position-ending			

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position			Component Units	
	Primary Government			Manhattan Public Library	Manhattan Housing Authority
	Governmental Activities	Business-type Activities	Total		
\$ 1,242,427	\$ (5,360,877)	\$ -	\$ (5,360,877)		
3,517	(17,506,703)	-	(17,506,703)		
2,987,824	(4,136,420)	-	(4,136,420)		
5,874	(2,314,904)	-	(2,314,904)		
9,242	(4,406,846)	-	(4,406,846)		
-	(2,439,394)	-	(2,439,394)		
-	(8,240,975)	-	(8,240,975)		
<u>\$ 4,248,884</u>	<u>\$ (44,406,119)</u>	<u>\$ -</u>	<u>\$ (44,406,119)</u>		
\$ 80,000	\$ -	\$ 68,933	\$ 68,933		
-	-	1,363,450	1,363,450		
-	-	243,169	243,169		
<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ 1,675,552</u>	<u>\$ 1,675,552</u>		
<u>\$ 4,328,884</u>	<u>\$ (44,406,119)</u>	<u>\$ 1,675,552</u>	<u>\$ (42,730,567)</u>		
\$ -				\$ (2,844,053)	\$ -
-				-	33,629
<u>\$ -</u>				<u>\$ (2,844,053)</u>	<u>\$ 33,629</u>
	\$ 17,541,340	\$ -	\$ 17,541,340	\$ -	\$ -
	2,442,504	-	2,442,504	-	-
	3,279,897	-	3,279,897	-	-
	27,194,560	-	27,194,560	-	-
	1,035,636	-	1,035,636	-	-
	-	-	-	2,436,150	-
	408,281	-	408,281	167,149	-
	185,320	33,182	218,502	7,238	7,434
	1,982,385	220,947	2,203,332	-	134,780
	1,717,282	(1,717,282)	-	-	-
	<u>\$ 55,787,205</u>	<u>\$ (1,463,153)</u>	<u>\$ 54,324,052</u>	<u>\$ 2,610,537</u>	<u>\$ 142,214</u>
	<u>\$ 11,381,086</u>	<u>\$ 212,399</u>	<u>\$ 11,593,485</u>	<u>\$ (233,516)</u>	<u>\$ 175,843</u>
	<u>\$ 93,083,886</u>	<u>\$ 90,118,999</u>	<u>\$ 183,202,885</u>	<u>\$ 1,282,053</u>	<u>\$ 2,787,468</u>
	-	-	-	-	(21,343)
	<u>\$ 93,083,886</u>	<u>\$ 90,118,999</u>	<u>\$ 183,202,885</u>	<u>\$ 1,282,053</u>	<u>\$ 2,766,125</u>
	<u>\$ 104,464,972</u>	<u>\$ 90,331,398</u>	<u>\$ 194,796,370</u>	<u>\$ 1,048,537</u>	<u>\$ 2,941,968</u>

CITY OF MANHATTAN, KANSAS
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2011

	Riley County		
	General	Police Department	Debt Service
ASSETS			
Cash and cash equivalents	\$ 2,517,209	\$ 91,029	\$ 4,894,831
Cash with refunding escrow agent	-	-	2,800,410
Cash with special obligation bonds trustee	-	-	-
Investment in joint venture	-	-	-
Receivables			
Accounts	1,249,307	-	-
Intergovernmental	-	-	-
Franchise tax	418,936	-	-
Sales tax	1,552,366	-	421,276
Transient guest tax	-	-	-
Property tax	1,097,977	12,287,858	2,429,181
Interfund	1,462,461	-	-
Economic development loans	-	-	-
Other loans	81,000	-	-
Special assessments			
Current	-	-	6,946,468
Noncurrent	-	-	76,591,093
	<u>\$ 8,379,256</u>	<u>\$ 12,378,887</u>	<u>\$ 94,083,259</u>
TOTAL ASSETS	<u>\$ 8,379,256</u>	<u>\$ 12,378,887</u>	<u>\$ 94,083,259</u>
LIABILITIES			
Accounts payable	\$ 636,939	\$ -	\$ 63,617
Accrued payroll	257,355	-	-
Interfund payable	-	-	-
Temporary notes payable	-	-	-
Deferred revenue	1,248,838	-	-
TOTAL LIABILITIES	<u>\$ 2,143,132</u>	<u>\$ -</u>	<u>\$ 63,617</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 1,097,977	\$ 12,287,858	\$ 2,429,181
Unavailable revenue - special assessments	-	-	83,537,561
TOTAL DEFERRED INFLOWS	<u>\$ 1,097,977</u>	<u>\$ 12,287,858</u>	<u>\$ 85,966,742</u>
FUND BALANCES (DEFICITS)			
Nonspendable:			
Perpetual care	\$ -	\$ -	\$ -
Restricted:			
Urban Development & Housing	-	-	-
General Government	-	-	-
Capital Projects	-	-	-
Public Safety	-	91,029	-
Culture & Recreation	-	-	-
Public Works	-	-	-
Debt Service	1,555,085	-	6,512,813
Committed:			
Urban Development & Housing	-	-	-
Culture & Recreation	-	-	-
Capital Projects	-	-	-
Assigned:			
Purchases on Order	58,505	-	-
Subsequent Year's Budget Appropriations	2,300,000	-	1,540,087
Unassigned	1,224,557	-	-
TOTAL FUND BALANCES	<u>\$ 5,138,147</u>	<u>\$ 91,029</u>	<u>\$ 8,052,900</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,379,256</u>	<u>\$ 12,378,887</u>	<u>\$ 94,083,259</u>

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 17,558,743	\$ 25,061,812
-	-	2,800,410
12,282,167	2,531,993	14,814,160
-	607,646	607,646
-	53,411	1,302,718
-	806,088	806,088
-	-	418,936
105,318	1,794,246	3,873,206
-	284,140	284,140
-	3,117,062	18,932,078
1,459,946	-	2,922,407
-	2,331,710	2,331,710
-	-	81,000
-	-	6,946,468
-	-	76,591,093
<u>\$ 13,847,431</u>	<u>\$ 29,085,039</u>	<u>\$ 157,773,872</u>
\$ 5,946,103	\$ 900,160	\$ 7,546,819
-	3,968	261,323
836,384	626,077	1,462,461
3,770,000	-	3,770,000
-	53,411	1,302,249
<u>\$ 10,552,487</u>	<u>\$ 1,583,616</u>	<u>\$ 14,342,852</u>
\$ -	\$ 3,117,062	\$ 18,932,078
-	-	83,537,561
<u>\$ -</u>	<u>\$ 3,117,062</u>	<u>\$ 102,469,639</u>
\$ -	\$ 442,420	\$ 442,420
-	8,769,801	8,769,801
-	1,716,743	1,716,743
3,294,944	27,698	3,322,642
-	89,294	180,323
-	376,921	376,921
-	-	-
-	5,998,679	14,066,577
-	18,322	18,322
-	36,655	36,655
-	-	-
-	-	58,505
-	6,922,219	10,762,306
-	(14,391)	1,210,166
<u>\$ 3,294,944</u>	<u>\$ 24,384,361</u>	<u>\$ 40,961,381</u>
<u>\$ 13,847,431</u>	<u>\$ 29,085,039</u>	<u>\$ 157,773,872</u>

CITY OF MANHATTAN, KANSAS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS

December 31, 2011

Fund balances of governmental funds \$ 40,961,381

Amounts reported for governmental activities in the statement of net position are different because:

Certain receivables, net of an allowance for doubtful accounts, are not available to pay current period expenditures and therefore are deferred in the funds. 11,094,589

Capital assets net of depreciation are not financial resources and therefore have not been included in the funds. 186,210,525

Long-term debt and compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.

General Obligation Bonds Payable	\$(95,715,000)	
Special Obligation Bonds Payable	(76,585,000)	
Temporary Notes Payable	(37,365,000)	
Notes Payable	(180,000)	
Transportation Revolving Fund Loan Payable	(3,578,444)	
Capital Leases Payable	(1,555,084)	
Compensated absences	<u>(1,968,385)</u>	(216,946,913)

Accrued interest payable on long-term debt has not been reported in the governmental funds. (968,765)

Other long-term assets related to special assessments are not available to pay current period expenditures and therefore are deferred in the funds. 83,537,561

In the statement of net assets, a long-term liability is recorded for the unfunded portion of postemployment benefits other than pensions, while in the governmental funds, liabilities that do not require satisfaction with current resources are not recorded. (1,420,781)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 1,997,375

Net position of governmental activities \$ 104,464,972

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CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended December 31, 2011

	General	Riley County Police Department
REVENUES		
Taxes	\$ 12,423,482	\$ 12,412,917
Special assessments	-	-
Licenses and permits	824,265	-
Intergovernmental revenues	479,975	-
Charges for services	3,878,510	-
Fines and forfeitures	1,507,722	-
Investment income	23,387	-
Miscellaneous revenues	586,297	-
Total Revenues	\$ 19,723,638	\$ 12,412,917
EXPENDITURES		
Current		
General government	\$ 7,607,645	\$ -
Public safety	5,015,452	12,321,888
Public works	3,071,259	-
Urban development and housing	549,787	-
Culture/recreation	5,119,406	-
Culture/recreation-payments to Library	-	-
Capital outlay	267,533	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	\$ 21,631,082	\$ 12,321,888
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (1,907,444)	\$ 91,029
OTHER FINANCING SOURCES (USES)		
General obligation bonds issued	\$ -	\$ -
Premium on general obligation bonds	-	-
Refunding bonds issued	-	-
Premium on refunding bonds	-	-
Temporary notes issued	-	-
Temporary notes retired	-	-
Capital leases	-	-
Transfers in	2,346,589	-
Transfers out	(505,047)	-
Insurance recoveries	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Total Other Financing Sources (Uses)	\$ 1,841,542	\$ -
NET CHANGE IN FUND BALANCES	\$ (65,902)	\$ 91,029
FUND BALANCE - BEGINNING OF YEAR	5,204,049	-
FUND BALANCE - END OF YEAR	\$ 5,138,147	\$ 91,029

The notes to the financial statements are an integral part of this statement.

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 4,047,934	\$ 1,347,339	\$ 21,262,264	\$ 51,493,936
6,634,031	-	-	6,634,031
-	-	-	824,265
-	-	5,723,356	6,203,331
-	-	310,335	4,188,845
-	-	-	1,507,722
31,230	2	119,864	174,483
137,953	1,179,916	495,001	2,399,167
<u>\$ 10,851,148</u>	<u>\$ 2,527,257</u>	<u>\$ 27,910,820</u>	<u>\$ 73,425,780</u>
\$ 119,871	\$ 28,647	\$ 2,512,011	\$ 10,268,174
-	-	602,462	17,939,802
-	-	910,191	3,981,450
-	-	3,097,706	3,647,493
-	-	244,660	5,364,066
-	-	2,439,394	2,439,394
-	53,636,245	2,667,767	56,571,545
12,034,662	-	4,845,000	16,879,662
191,048	-	270	191,318
3,667,521	375,691	4,227,548	8,270,760
<u>\$ 16,013,102</u>	<u>\$ 54,040,583</u>	<u>\$ 21,547,009</u>	<u>\$ 125,553,664</u>
<u>\$ (5,161,954)</u>	<u>\$ (51,513,326)</u>	<u>\$ 6,363,811</u>	<u>\$ (52,127,884)</u>
\$ 208,715	\$ 8,081,285	\$ -	\$ 8,290,000
183,103	-	-	183,103
2,790,000	-	-	2,790,000
66,119	-	-	66,119
-	28,475,000	-	28,475,000
(295,000)	(8,530,000)	-	(8,825,000)
-	1,053,802	-	1,053,802
3,569,768	8,974,926	4,218,983	19,110,266
-	(1,320,598)	(13,145,369)	(14,971,014)
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 6,522,705</u>	<u>\$ 36,734,415</u>	<u>\$ (8,926,386)</u>	<u>\$ 36,172,276</u>
\$ 1,360,751	\$ (14,778,911)	\$ (2,562,575)	\$ (15,955,608)
6,692,149	18,073,855	26,946,936	56,916,989
<u>\$ 8,052,900</u>	<u>\$ 3,294,944</u>	<u>\$ 24,384,361</u>	<u>\$ 40,961,381</u>

CITY OF MANHATTAN, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2011

Net change in fund balances - total governmental funds \$ (15,955,608)

Amounts reported for governmental activities in the statement of activities differ because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Expenditures for capital assets	\$ 48,573,425	
Less current year depreciation	<u>(8,156,523)</u>	40,416,902

Capital asset transfers are not recorded in the governmental funds because there has been no flow of current financial resources. (2,421,969)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which repayments exceeded proceeds.

Long-term debt proceeds	\$ (31,783,802)	
Principal payments	<u>17,125,609</u>	(14,658,193)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	\$ 31,258	
Other postemployment benefits other than pensions	(374,985)	
Accrued interest on bonds	<u>29,785</u>	(313,942)

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds.

Receivables	\$ 8,706,650	
Special assessments	<u>(3,646,207)</u>	5,060,443

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues of the internal service funds are reported with governmental activities. (746,547)

Change in net position of governmental activities \$ 11,381,086

The notes to the financial statements are an integral part of this statement.

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CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GENERAL FUND

For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 11,822,807	\$ 11,822,807	\$ 12,423,482	\$ 600,675
Licenses and permits	757,706	757,706	824,265	66,559
Intergovernmental revenues	476,000	476,000	479,975	3,975
Charges for services	3,502,695	3,502,695	3,878,510	375,815
Fines and forfeitures	1,580,150	1,580,150	1,507,722	(72,428)
Investment income	125,000	125,000	23,387	(101,613)
Miscellaneous revenues	551,700	551,700	586,297	34,597
Total Revenues	\$ 18,816,058	\$ 18,816,058	\$ 19,723,638	\$ 907,580
EXPENDITURES				
Current				
General government				
Administration	\$ 665,560	\$ 665,560	\$ 631,417	\$ 34,143
Finance	1,033,450	1,033,450	970,260	63,190
Airport	646,930	646,930	626,862	20,068
Human Resources	422,650	422,650	364,300	58,350
Animal Shelter	512,035	512,035	474,768	37,267
Legal Services	838,430	838,430	834,400	4,030
General Services	3,760,700	3,760,700	3,086,599	674,101
Outside Services	640,665	640,665	634,338	6,327
Public safety				
Fire Department				
Administration	228,900	228,900	213,637	15,263
Operations	3,910,000	3,910,000	3,718,034	191,966
Technical Services	666,380	666,380	641,618	24,762
Municipal Building Maintenance	404,190	404,190	348,763	55,427
Rental Inspection Program	177,656	177,656	88,440	89,216
Public works				
Administration	210,590	210,590	203,304	7,286
Street	1,731,572	1,731,572	1,701,951	29,621
Engineering	803,380	803,380	756,726	46,654
Traffic Control	458,795	458,795	386,178	72,617
Urban development and housing	581,700	581,700	549,787	31,913
Culture/recreation				
Administration	180,425	180,425	175,225	5,200
Douglass Center	206,090	206,090	211,607	(5,517)
City Parks	2,018,373	2,018,373	1,818,306	200,067
Swimming Pools	408,840	408,840	610,881	(202,041)
Sunset Zoo	858,235	858,235	831,555	26,680
Recreation	1,329,520	1,329,520	1,223,881	105,639
Discovery Center	239,066	239,066	240,684	(1,618)
Capital Outlay	107,000	107,000	247,701	(140,701)
Total Expenditures	\$ 23,041,132	\$ 23,041,132	\$ 21,591,222	\$1,449,910
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (4,225,074)	\$ (4,225,074)	\$ (1,867,584)	\$2,357,490

(Continued)

CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,352,254	\$ 2,352,254	\$ 2,346,589	\$ (5,665)
Transfers out	(212,180)	(212,180)	(505,046)	(292,866)
Insurance recoveries	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 2,140,074</u>	<u>\$ 2,140,074</u>	<u>\$ 1,841,543</u>	<u>\$ (298,531)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,085,000)</u>	<u>\$ (2,085,000)</u>	(26,041)	<u>\$2,058,959</u>
FUND BALANCE - BEGINNING OF YEAR			<u>5,105,683</u>	
FUND BALANCE - END OF YEAR			\$ 5,079,642	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>58,505</u>	
FUND BALANCE - GAAP BASIS			<u>\$ 5,138,147</u>	

CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
RILEY COUNTY POLICE DEPARTMENT FUND
For The Year Ended December 31, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 12,321,888	\$ 12,321,888	\$ 12,412,917	\$ 91,029
Total Revenues	<u>\$ 12,321,888</u>	<u>\$ 12,321,888</u>	<u>\$ 12,412,917</u>	<u>\$ 91,029</u>
EXPENDITURES				
Current				
Public safety	\$ 12,321,888	\$ 12,321,888	\$ 12,321,888	\$ -
Total Expenditures	<u>\$ 12,321,888</u>	<u>\$ 12,321,888</u>	<u>\$ 12,321,888</u>	<u>\$ -</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,029</u>	<u>\$ 91,029</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,029</u>	<u>\$ 91,029</u>
FUND BALANCE - BEGINNING OF YEAR			-	
FUND BALANCE - END OF YEAR			\$ 91,029	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE - GAAP BASIS			<u>\$ 91,029</u>	

The notes to the financial statements are an integral part of this statement.

CITY OF MANHATTAN, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
DEBT SERVICE FUND

For The Year Ended December 31, 2011

	Budg		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 3,570,003	\$ 3,570,003	\$ 4,047,934	\$ 477,931
Special assessments	6,123,164	6,123,164	6,634,031	510,867
Investment income	-	-	31,230	31,230
Miscellaneous revenues	3,070,717	3,070,717	137,953	(2,932,764)
Total Revenues	\$ 12,763,884	\$ 12,763,884	\$ 10,851,148	\$ (1,912,736)
EXPENDITURES				
Current				
General government	\$ 106,662	\$ 106,662	\$ 119,871	\$ (13,209)
Debt service				
Bonds to be issued	1,000,000	1,000,000	-	1,000,000
Principal	9,092,662	9,092,662	12,034,662	(2,942,000)
Interest and fiscal charges	4,459,484	4,459,484	3,667,521	791,963
Bond issuance costs	-	-	191,048	(191,048)
Other	2,996,717	2,996,717	-	2,996,717
Total Expenditures	\$ 17,655,525	\$ 17,655,525	\$ 16,013,102	\$ (1,354,294)
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	\$ (4,891,641)	\$ (4,891,641)	\$ (5,161,954)	\$ (270,313)
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	\$ -	\$ -	\$ 208,715	\$ 208,715
Premium on general obligation bonds	-	-	183,103	183,103
Refunding bonds issued	-	-	2,790,000	2,790,000
Premium on refunding bonds	-	-	66,119	-
Temporary notes retired	-	-	(295,000)	(295,000)
Transfers in	3,422,619	3,422,619	3,569,768	147,149
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	\$ 3,422,619	\$ 3,422,619	\$ 6,522,705	\$ 3,033,967
NET CHANGE IN FUND BALANCES	\$ (1,469,022)	\$ (1,469,022)	\$ 1,360,751	\$ 2,763,654
FUND BALANCE-BEGINNING OF YEAR			6,692,149	
FUND BALANCE - END OF YEAR			\$ 8,052,900	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE - GAAP BASIS			\$ 8,052,900	

CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF NET POSITION

December 31, 2011

	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 6,204,678	\$ 4,158,998	\$ 1,594,948
Accounts receivable (net of allowance for uncollectibles)	519,808	755,405	156,101
Current portion of note receivable	28,516	-	-
Inventories	17,530	2,900	-
Total Current Assets	\$ 6,770,532	\$ 4,917,303	\$ 1,751,049
Noncurrent Assets			
Restricted cash and cash equivalents	\$ -	\$ 235,277	\$ -
Note receivable	-	-	-
Capital assets:			
Land	281,430	217,842	-
Buildings and improvements	6,133,766	8,342,595	19,335
Equipment, contents and vehicles	1,398,274	2,210,199	525,078
Infrastructure	40,777,775	70,374,547	14,210,875
Construction in progress	18,697,593	27,500,050	506,222
Less accumulated depreciation	(19,544,839)	(39,151,625)	(2,268,232)
Total capital assets (net of accumulated depreciation)	\$ 47,743,999	\$ 69,493,608	\$ 12,993,278
Total Noncurrent Assets	\$ 47,743,999	\$ 69,728,885	\$ 12,993,278
TOTAL ASSETS	\$ 54,514,531	\$ 74,646,188	\$ 14,744,327

(Continued)

<u>Funds</u>	<u>Governmental Activities- Internal Service Funds</u>
<u>Total</u>	
\$ 11,958,624	\$ 2,897,314
1,431,314	577
28,516	-
20,430	42,597
<u>\$ 13,438,884</u>	<u>\$ 2,940,488</u>
\$ 235,277	\$ -
-	-
499,272	-
14,495,696	-
4,133,551	19,673
125,363,197	-
46,703,865	-
(60,964,696)	(19,673)
<u>\$ 130,230,885</u>	<u>\$ -</u>
<u>\$ 130,466,162</u>	<u>\$ -</u>
<u>\$ 143,905,046</u>	<u>\$ 2,940,488</u>

CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF NET POSITION (CONTINUED)

December 31, 2011

	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 268,231	\$ 166,293	\$ 16,387
Accrued payroll	25,843	18,218	2,073
Estimated insurance claims payable	-	-	-
Sales tax payable	1,741	-	-
Interfund payable	943,371	516,575	-
Accrued interest	49,703	213,579	12,926
Compensated absences	76,085	102,794	5,523
Current portion of capital leases payable	-	-	51,293
Current portion of state revolving loan	625,075	2,000,197	-
Current portion of general obligation bonds payable	130,000	410,000	370,000
Total Current Liabilities	\$ 2,120,049	\$ 3,427,656	\$ 458,202
Noncurrent Liabilities			
Compensated absences	\$ 44,685	\$ 60,372	\$ 3,244
Capital leases payable	-	-	109,157
State revolving loan	14,425,853	26,834,430	-
General obligation bonds payable	900,000	2,960,000	2,230,000
Total Noncurrent Liabilities	\$ 15,370,538	\$ 29,854,802	\$ 2,342,401
Total Liabilities	\$ 17,490,587	\$ 33,282,458	\$ 2,800,603
NET POSITION			
Invested in capital assets, net of related debt	\$ 31,663,071	\$ 37,288,981	\$ 10,393,278
Unrestricted	5,360,873	4,074,749	1,550,446
TOTAL NET POSITION	\$ 37,023,944	\$ 41,363,730	\$ 11,943,724

<u>Funds</u>	<u>Governmental Activities- Internal Service Funds</u>
<u>Total</u>	
\$ 450,911	\$ 83,523
46,134	-
-	859,590
1,741	-
1,459,946	-
276,208	-
184,402	-
51,293	-
2,625,272	-
910,000	-
<u>\$ 6,005,907</u>	<u>\$ 943,113</u>
\$ 108,301	\$ -
109,157	-
41,260,283	-
6,090,000	-
<u>\$ 47,567,741</u>	<u>\$ -</u>
<u>\$ 53,573,648</u>	<u>\$ 943,113</u>
\$ 79,345,330	\$ -
<u>10,986,068</u>	<u>1,997,375</u>
<u>\$ 90,331,398</u>	<u>\$ 1,997,375</u>

CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For The Year Ended December 31, 2011

	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
OPERATING REVENUES			
Service charges	\$ 8,057,214	\$ 7,621,553	\$ 1,354,542
Rent income	134,711	-	-
Miscellaneous revenue	16,555	66,514	3,167
Total Operating Revenues	\$ 8,208,480	\$ 7,688,067	\$ 1,357,709
OPERATING EXPENSES			
Personnel services	\$ 1,822,619	\$ 1,525,637	\$ 144,149
Commodities	1,336,498	331,882	5,119
Contractual services	3,559,226	1,901,322	472,678
Depreciation	1,275,740	1,890,749	444,591
Total Operating Expenses	\$ 7,994,083	\$ 5,649,590	\$ 1,066,537
OPERATING INCOME (LOSS)	\$ 214,397	\$ 2,038,477	\$ 291,172
NON-OPERATING REVENUE (EXPENSE)			
Investment income	\$ 16,797	\$ 11,275	\$ 5,110
Interest and fiscal charges	(74,198)	(608,513)	(44,836)
Total Non-Operating Revenue (Expense)	\$ (57,401)	\$ (597,238)	\$ (39,726)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$ 156,996	\$ 1,441,239	\$ 251,446
Capital contributions	1,522,168	806,449	173,352
Transfers in	-	-	57,000
Transfers (out)	(2,006,607)	(417,385)	(1,772,259)
CHANGE IN NET POSITION	\$ (327,443)	\$ 1,830,303	\$ (1,290,461)
TOTAL NET POSITION - BEGINNING	37,351,387	39,533,427	13,234,185
TOTAL NET POSITION - ENDING	\$ 37,023,944	\$ 41,363,730	\$ 11,943,724

The notes to the financial statements are an integral part of this statement.

<u>Funds</u>	Governmental Activities- Internal Service Funds
<u>Total</u>	
\$ 17,033,309	\$ 4,191,566
134,711	-
86,236	-
<u>\$ 17,254,256</u>	<u>\$ 4,191,566</u>
\$ 3,492,405	\$ -
1,673,499	47,129
5,933,226	4,901,820
3,611,080	-
<u>\$ 14,710,210</u>	<u>\$ 4,948,949</u>
<u>\$ 2,544,046</u>	<u>\$ (757,383)</u>
\$ 33,182	\$ 10,836
(727,547)	-
<u>\$ (694,365)</u>	<u>\$ 10,836</u>
\$ 1,849,681	\$ (746,547)
2,501,969	-
57,000	-
(4,196,251)	-
<u>\$ 212,399</u>	<u>\$ (746,547)</u>
90,118,999	2,743,922
<u>\$ 90,331,398</u>	<u>\$ 1,997,375</u>

CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2011

	Business-type Activities-	
	Major	
	Water	Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 8,210,110	\$ 7,502,299
Payments to suppliers	(2,746,061)	(1,061,982)
Payments to employees	(1,820,794)	(1,524,140)
Payments for interfund services used	(1,362,098)	(746,250)
Miscellaneous revenue	16,555	66,514
Net Cash Provided (Used) by Operating Activities	\$ 2,297,712	\$ 4,236,441
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	\$ -	\$ -
Transfers (out)	(2,006,607)	(417,385)
Net Cash Provided (Used) by Non-Capital Financing Activities	\$ (2,006,607)	\$ (417,385)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	\$ 12,501,502	\$ 16,048,854
Acquisition and construction of capital assets	(12,595,508)	(17,189,004)
Interest payments on long-term debt	(36,800)	(527,812)
Principal payments on long-term debt	(150,000)	(823,086)
Net Cash (Used) by Capital and Related Financing Activities	\$ (280,806)	\$ (2,491,048)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	\$ 16,797	\$ 11,275
Net Cash Provided by Investing Activities	\$ 16,797	\$ 11,275
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 27,096	\$ 1,339,283
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,177,582	3,054,992
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,204,678	\$ 4,394,275
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 214,397	\$ 2,038,477
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	\$ 1,275,740	\$ 1,890,749
(Increase) decrease in accounts receivable	(9,552)	(119,254)
(Increase) decrease in note receivable	27,737	-
(Increase) decrease in inventory	5,716	340
Increase (decrease) in interfund payable	943,371	516,575
Increase (decrease) in accounts payable and accrued expenses	(159,697)	(90,446)
Total Adjustments	\$ 2,083,315	\$ 2,197,964
Net Cash Provided (Used) by Operating Activities	\$ 2,297,712	\$ 4,236,441
Noncash investing, capital, and financing activities:		
Capital assets acquired through contributions from governmental funds	\$ 1,442,168	\$ 806,449
Capital assets donated by outside parties	80,000	-

<u>Enterprise Funds</u>		Governmental
<u>Non-Major</u>		Activities-
<u>Storm Water</u>		Internal
<u>Management</u>	<u>Total</u>	Service
		Funds
\$ 1,344,190	\$ 17,056,599	\$ 4,220,993
(480,381)	(4,288,424)	(4,617,446)
(140,763)	(3,485,697)	-
-	(2,108,348)	-
3,167	86,236	-
<u>\$ 726,213</u>	<u>\$ 7,260,366</u>	<u>\$ (396,453)</u>
\$ 57,000	\$ 57,000	\$ -
(1,772,259)	(4,196,251)	-
<u>\$ (1,715,259)</u>	<u>\$ (4,139,251)</u>	<u>\$ -</u>
\$ 1,715,000	\$ 30,265,356	\$ -
(250,530)	(30,035,042)	-
(40,583)	(605,195)	-
(224,071)	(1,197,157)	-
<u>\$ 1,199,816</u>	<u>\$ (1,572,038)</u>	<u>\$ -</u>
\$ 5,110	\$ 33,182	\$ 10,836
<u>\$ 5,110</u>	<u>\$ 33,182</u>	<u>\$ 10,836</u>
\$ 215,880	\$ 1,582,259	\$ (385,617)
1,379,068	10,611,642	3,282,931
<u>\$ 1,594,948</u>	<u>\$ 12,193,901</u>	<u>\$ 2,897,314</u>
\$ 291,172	\$ 2,544,046	\$ (757,383)
\$ 444,591	\$ 3,611,080	\$ -
(10,352)	(139,158)	29,427
-	27,737	-
-	6,056	(4,710)
-	1,459,946	-
802	(249,341)	336,213
<u>\$ 435,041</u>	<u>\$ 4,716,320</u>	<u>\$ 360,930</u>
<u>\$ 726,213</u>	<u>\$ 7,260,366</u>	<u>\$ (396,453)</u>
\$ 173,352	\$ 2,421,969	\$ -
-	80,000	-

CITY OF MANHATTAN, KANSAS
STATEMENT OF FIDUCIARY NET POSITION-FIDUCIARY FUNDS
December 31, 2011

	ASSETS	Private- purpose Trust
Cash and cash equivalents		\$ 94,648
TOTAL ASSETS		\$ 94,648
LIABILITIES		
Current Liabilities		
Accounts payable		\$ -
TOTAL LIABILITIES		\$ -
NET POSITION		
Held in trust for various purposes		\$ 94,648

CITY OF MANHATTAN, KANSAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-
FIDUCIARY FUNDS
For The Year Ended December 31, 2011

	<u>Private- purpose Trust</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 315
Total additions	<u>\$ 315</u>
 DEDUCTIONS	
Maintenance	\$ 1,980
Total deductions	<u>\$ 1,980</u>
Change in net assets	\$ (1,665)
 NET POSITION - BEGINNING	 <u>96,313</u>
 NET POSITION - ENDIN	 <u><u>\$ 94,648</u></u>

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CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 1: Summary of Significant Accounting Policies:

The City of Manhattan, Kansas was chartered May 30, 1857 under the first session of the legislature of the Kansas Territory.

The City operates under a Commission-Manager form of government.

The accounting policies of the City of Manhattan, Kansas relating to the funds included in the accompanying combined financial statements conform to accounting principles generally accepted in the United States of America (U.S. GAAP) as applicable to state and local governments. U.S. GAAP for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB) and by the Financial Accounting Standards Board (FASB) (when applicable). The more significant policies of the City are described below.

A. Financial Reporting Entity

The City's combined financial statements include the accounts of all City operations. The criteria for including organizations as component units within the City's reporting entity, as set forth in section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization on the City

Based on the aforementioned criteria, the City of Manhattan has two discretely presented component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the City.

Manhattan Public Library

The City of Manhattan Library Board is appointed by the City Commission and oversees the operations of the Library. Acquisition or disposition of real property by the board must be approved by the City. The issuance of bonds must also be approved by the City.

Manhattan Housing Authority

Effective January 1, 2001, the City of Manhattan Housing Authority became a separate entity and agent of the City. The City of Manhattan Housing Authority consists of seven (7) commissioners appointed by the Mayor of the City with the consent of the City Commission and oversees the operations of the Housing Authority. The issuance of bonds must be approved by the City.

Complete financial statements for each of the component units may be obtained at the entity's administrative offices.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Joint Venture

A joint venture is a legal entity or other organization that results from a contractual arrangement (or interlocal agreement) and that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain (a) an on-going financial interest or (b) an on-going financial responsibility. The City participates in one joint venture:

Manhattan Holdings, LLC

The City is a participant in a joint venture agreement with Kansas Technology Enterprise Corporation Holdings, Inc. (KTEC Holdings) and Kansas State University Foundation (KSU Foundation) for the purpose of providing early stage risk capital for the commercialization of new products and technologies with apparent high growth potential.

The City of Manhattan appoints three members to the ten member Board of Members. Interest in the Joint Venture is proportionate to the amount of Class A units of Stock purchased by each entity. Each participant receives a pro-rata share of the Joint Venture's annual net income, if any, or remit a pro-rata share of any operating loss. The initial and December 31, 2011 percent interest and investments in the venture of each participant is as follows:

<u>Entity</u>	<u>Initial Percent Interest</u>	<u>Initial Investment</u>	<u>12/31/11 Percent Interest</u>	<u>12/31/11 Share of Contributed Capital</u>
KTEC Holdings	57.90%	\$550,000	33.334%	\$ 600,000
City of Manhattan	21.05%	\$200,000	33.333%	\$ 600,000
KSU Foundation	<u>21.05%</u>	<u>\$200,000</u>	<u>33.333%</u>	<u>\$ 600,000</u>
Total	<u>100%</u>	<u>\$950,000</u>	<u>100%</u>	<u>\$1,800,000</u>

KTEC Holdings made an initial investment of \$550,000 in 1996 with a subsequent investment of \$50,000 in 1998. The City of Manhattan made an initial investment of \$200,000 in 1996, with subsequent investments of \$200,000 in 1997 and \$200,000 in 1998. KSU Foundation made an initial investment of \$200,000 in 1996, with subsequent investments of \$200,000 in 1997 and \$200,000 in 1998.

The City's net investment is recorded in the Economic Development Special Revenue Fund, which provided the funds for the initial and subsequent investments. The City's equity interest as of December 31, 2011 was \$607,646, which includes \$195,303 for the City's share of the joint venture's net income from 1997 to 2011 less distributions of \$137,657 and \$50,000 in 2001 and 2011, respectively. The City's share of the joint venture's income is reported in investment income in these financial statements.

Complete separate financial statements for the Joint Venture may be obtained from Manhattan Holdings, LLC, 2005 Research Park Circle, Manhattan, KS 66502.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period (within 60 days of year-end). Most expenditures, including capital outlays, are recorded when a liability is incurred. However, principal and interest on general long-term debt which have not matured are recognized when paid.

Sales taxes, franchise taxes, licenses, interest, and certain state and federal grants and entitlements associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Property taxes and special assessments, though measurable, are not available to finance current period obligations, as they are legally required to fund the expenditures of the upcoming fiscal year. Therefore, property tax and special assessment receivables are recorded and deferred until they become available.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Riley County Police Department Fund - The Riley County Police Department Fund is a special revenue fund used to account for ad valorem property tax revenue received by the City to fund expenditures made to the Riley County Police Department for police protection.

Debt Service Fund - The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the governmental funds.

Capital Projects Fund - The Capital Projects Fund accounts for the financing and acquisition and construction of various citywide improvements.

The City reports the following major proprietary funds:

Water Fund - The Water Fund is used to account for revenues and expenditures related to the operation and maintenance of the water system operated within the City.

Wastewater Fund - The Wastewater Fund is used to account for revenues and expenditures related to the operation and maintenance of the wastewater system operated within the City.

Additionally, the City reports the following fund types:

Internal service funds account for motor pool and photocopy services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. These funds also account for the City's partially self-funded health care and workers' compensation programs.

Private-purpose trust funds are used to account for bequests received from individual citizens, the interest income from which is used for the upkeep of lots designated by the donor and also for flowers for these lots each Memorial Day at Sunset Cemetery. Private-purpose trust funds are also used to account for revenue received from the sale of bricks for the Mall Plaza. Maintenance costs are paid from the interest earned.

Permanent funds are used to account for the perpetual care endowment of Sunrise Cemetery.

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, wastewater, and storm water management functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all of the City's proprietary funds are charges to customers for sales and services. The City's water utility also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Position

Cash, Cash Equivalents and Investments

The City's cash and cash equivalents are considered to be cash on hand; demand deposits, including all certificates of deposit; and short-term investments with original maturities of three months or less from the date of acquisition.

In accordance with the City's formal investment policy adopted by the governing body, the City may pool idle cash from all funds for the purpose of increasing income through temporary investment activities. Cash and investments of the individual funds are combined to form a pool which is managed by the Director of Finance. Each fund's equity in the pool is included in "cash and cash equivalents" in the financial statements. These pooled investments consist primarily of operating accounts, nonnegotiable certificates of deposit and money market investments, such as U.S. Treasury and Agency obligations. As provided for in GASB Statement No. 31, the nonnegotiable certificates of deposit are recorded at cost, as they are not affected by market rate changes. GASB Statement No. 31 also provides that governmental entities may report all other investments at fair value or they may elect to report certain money market investments at amortized cost. The City has elected to report all other investments at fair value. Fair value was determined using the bid price of each security as reported in the *Wall Street Journal*. There were no material changes in fair value and therefore no investment gain or loss was recorded. Investment earnings are allocated to the funds required to accumulate earnings based upon their average daily equity balances.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position (Continued)

Cash, Cash Equivalents and Investments (Continued)

If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2011, investment earnings allocated to the various funds were \$126,100.

Receivables and Payables

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable are considered uncollectible in varying percentages based on the specific type of receivable and its age. However, the majority are considered uncollectible in the percentages below based on the following criteria:

Up to one year old	0%
More than one and up to two years old	10%
More than two and up to three years old	25%
More than three and up to four years old	50%
More than four and up to five years old	75%
More than five years old	100%

No allowance for uncollectibles has been established for property taxes receivable, as the actual delinquency rate on property taxes has historically been very low.

Inventories

Inventories which benefit future periods, other than those recorded in the proprietary fund types, are recorded as expenditures during the year of purchase. For the proprietary fund types, inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (streets, drainage systems and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position (Continued)

Capital Assets (Continued)

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	45 years
Improvements other than buildings	20 years
Vehicles	10 years
Machinery	10-15 years
Office equipment	7-10 years
Treatment plants	40 years
Water and sewer mains	40 years
Streets	20 years
Storm drainage systems	40 years

Vacation and Sick Pay

The City's policy regarding vacation pay permits employees to accumulate vacation leave not to exceed two (2) times their annual rate (maximum hours depending on the rate are 192, 264, 312, 384 or 432) unless approved by the City Manager, as of December 31 of each year. The accumulated vacation is governed by agreements with the International Association of Fire Fighters (IAFF) for union employees, and the City's Personnel Rules and Regulations for non-union employees. Policy prohibits payment for vacation time in lieu of time off. At December 31, 2011, the City estimates the accumulated unpaid vacation amount to be \$1,014,080 for governmental funds and \$173,577 for proprietary funds.

There is no limit to the amount of sick leave that may be accumulated. However, there are limits to the amount of accumulated sick leave that will be paid on the date of employment termination. Shift employees who belong to the IAFF with from one to nineteen years of service with the City will receive payment for 1/3 of accumulated sick leave up to a maximum of 480 hours. Shift employees who belong to the IAFF with twenty or more years of service with the City will receive payment for 1/2 of accumulated sick leave up to a maximum of 720 hours. Other City employees with from one to nineteen years of service with the City will receive payment for 1/3 of accumulated sick pay up to a maximum of 320 hours. Other City employees with twenty or more years of service with the City will receive payment for 1/2 of accumulated sick pay up to a maximum of 480 hours. At December 31, 2011, the City estimates the accumulated unpaid sick pay amount to be \$954,305 for governmental funds and \$119,127 for proprietary funds. These amounts include only accumulated sick leave that would be paid on the date of employment termination.

The total liability for compensated absences for vacation and sick leave for governmental funds is \$1,968,385. This liability is recorded in the governmental activities column of the government-wide financial statements but not the governmental fund financial statements. The total liability for compensated absences for vacation and sick leave for proprietary funds is \$292,704. This liability is recorded in both the business-type activities column of the government-wide financial statements and the proprietary fund financial statements.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position (Continued)

Long-term Liabilities

The accounting treatment of long-term debt depends on whether the debt relates to governmental fund operations or proprietary fund operations and whether it is being reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. This long-term debt consists primarily of bonds and notes payable and accrued compensated absences. Long-term debt for governmental funds is not reported as liabilities in the governmental fund financial statements. The debt proceeds are reported as other financing sources and principal payments are reported as expenditures.

The long-term debt and other long-term obligations of the proprietary fund types are recorded as liabilities in both the proprietary fund statements and the government-wide statements.

Special Assessments

Kansas Statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments received prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service Fund. Accordingly, special assessments receivable are accounted for within the Debt Service Fund. Special assessments may be levied over various periods, but are generally levied over 20 years. The annual installments are due and payable with the annual ad valorem property taxes. Special assessments receivable are offset with a corresponding amount of deferred revenue in the governmental fund financial statements, but not in the government-wide financial statements. Special assessments in the amount of \$593,224 were delinquent at December 31, 2011.

Fund Balance

The City of Manhattan elected to implement GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, in calendar year 2011. In the governmental fund financial statements, fund balances are classified as follows:

- Non-Spendable: amounts legally or contractually required to be maintained or not in spendable form, such as inventory or prepaid times. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.
- Restricted: amounts with externally imposed constraints, such as those mandated by creditors, grantors and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, law or regulations.
- Committed: amounts with a purpose formally imposed by resolution by the Governing Body of the City, binding unless modified or rescinded by the Governing Body.
- Assigned: amounts constrained by the express intent of the Governing Body, City Manager or designee. Encumbrances shall be considered as assigned, unless they specifically meet the requirements to be committed or restricted.
- Unassigned: all amounts not included in other fund balance classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balances.

In circumstances when an expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position (Continued)

Net Position

In the government-wide statements, equity is shown as net position and classified into three components:

1. Invested in capital assets, net of related debt – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted for – consisting of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
3. Unrestricted – all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Interfund Receivable/Liability

As previously discussed, the City pools cash from all funds. From time to time, a fund will overdraw its share of pooled cash. The overdrawn amount is reported as a liability in the overdrawn fund. An interfund receivable is reported in the General Fund or another fund as determined by management.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Pending Governmental Accounting Standards Board Statements

At December 31, 2011, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, was issued in November 2010. This statement is intended to improve financial reporting by addressing issues related to service concession arrangements, which are a type of public-private partnership. This statement applies to those arrangements in which specific criteria determining whether a transferor (a government) has control over the facility are met. The provisions of this statement are effective for periods beginning after December 15, 2011.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Position (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 61, "The Financial Reporting Entity: Omnibus", was issued in November 2010. This statement modifies certain requirements for inclusion of component units in the financial statements when the component unit was included based on the fiscal dependency requirement. The new statement clarifies the manner in which a government's management determines a component unit should be included, even if the financial accountability criterion is not met. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) when the component unit is blended based on the "substantively in the same governing body" criterion. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. The provisions of this statement are effective for periods beginning after June 15, 2012.

GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", was issued in December 2010. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financing Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports. The provisions of this statement are effective for periods beginning after December 15, 2011.

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", was issued July 13, 2011. This statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. The statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the residual amount of the other elements). The statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. Statement 63 also amends certain provisions of Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets. The provisions of this statement are effective for periods beginning after December 15, 2011. The City has elected early implementation for this statement.

GASB Statement No. 64, "Derivative Instruments: application of Hedge Accounting Termination Provisions", was issued July 13, 2011. This statement is intended to improve financial reporting by state and local governments by clarifying the circumstances in which hedge accounting continues to be applied when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The provisions of this statement are effective for periods beginning after June 15, 2011.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", was issued April 2, 2012. This statement clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The provisions of this statement are effective for periods beginning after December 15, 2012.

GASB Statement No. 66, "Technical Corrections-2012", was issued April 2, 2012. This statement amends Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund types. This statement also amends Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements, by modifying the specific guidance on accounting for various items. The provisions of this statement are effective for periods beginning after December 15, 2012.

GASB Statement No. 67, "Financial Reporting for Pension Plans", was issued June 25, 2012. This statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. The provisions of this statement are effective for periods beginning after June 15, 2013.

GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", was issued June 25, 2012. This statement establishes the methodology to be used by governments to value and report the liability associated with their participation in a defined benefit pension plan. The provisions of this statement are effective for periods beginning after June 15, 2014.

Note 2: Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

Kansas statutes require that an annual operating budget be legally adopted for the General Fund, Special Revenue Funds (unless specifically exempted by statute), the Debt Service Fund and all Enterprise Funds.

The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any funds must be approved by the City Commission. The legal level of control is at the fund level basis.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Budgeted Special Revenue Funds, Enterprise Funds, and Budgeted Debt Service Funds.

Budgets for the General, Budgeted Special Revenue, and Budgeted Debt Service Funds are adopted on a basis consistent with U.S. GAAP except that encumbrances are included in expenditures. Budgetary comparisons for the General, Special Revenue, and Debt Service Funds in this report are on this non-GAAP budgetary basis. Budgeted amounts are as originally adopted or amended by the City Commission.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 2: Stewardship, Compliance, and Accountability (Continued)

A. Budgets and Budgetary Accounting (Continued)

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.

The funds below were included as budgeted special revenue funds and have legally adopted annual budgets:

Aggieville Business Improvement District	Library Employee Benefit Contribution
City/University Projects	Library
Capital Improvement Reserve	Park Development
Downtown Business Improvement District	Riley County Health Department
Economic Development	Riley County Police Department
Employee Benefit Contribution	Sales Tax
Federal Entitlement Fund	Special Alcohol Programs
Fire Equipment Reserve	Special Parks and Recreation
Fire Pension KP&F	Special Street and Highway
General Improvement	Special Sunset Zoo
Industrial Promotion	Tourism and Convention Promotion

The following debt service funds also have legally adopted annual budgets:

Debt Service	Downtown Redevelopment Senior Lien TIF Bonds
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The following enterprise funds also have legally adopted annual budgets:

Water
Wastewater
Storm Water Management

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances in the governmental fund statements since they do not constitute expenditures or liabilities, except in budgetary comparisons shown. All unencumbered appropriations lapse at year-end.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 2: Stewardship, Compliance, and Accountability (Continued)

A. Budgets and Budgetary Accounting (Continued)

By statute, the City prepares its annual budget on a non-GAAP basis of accounting as described above. A reconciliation of these budgetary statements to the GAAP statements is as follows:

	Major Governmental Funds		
	General Fund	Riley County Police Department	Debt Service
Revenues - Budgetary basis	\$ 19,724,384	\$ 12,412,917	\$ 10,851,148
Canceled encumbrances	(746)	-	-
Revenues - GAAP basis	\$ 19,723,638	\$ 12,412,917	\$ 10,851,148
Expenditures - budgetary basis	\$ 21,591,967	\$ 12,321,888	\$ 16,013,102
Encumbrances, beginning of year	98,366	-	-
Encumbrances, end of year	(58,505)	-	-
Canceled encumbrances	(746)	-	-
Expenditures - GAAP basis	\$ 21,631,082	\$ 12,321,888	\$ 16,013,102
Fund balances - budgetary basis	\$ 5,079,642	\$ 91,029	\$ 8,052,900
Encumbrances, end of year	58,505	-	-
Fund balance - GAAP basis	\$ 5,138,147	\$ 91,029	\$ 8,052,900

B. Property Taxes

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis, levied by the County Treasurer on November 1 of each year, and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31 such taxes are a lien on the property and are recorded as taxes receivable with a corresponding amount recorded as deferred revenue.

A. Deficit Fund Equity

The Federal Entitlement 2010 Special Revenue Fund had a deficit balance of \$3,594 as of December 31, 2011. The Airport Small Community Air Service Development Special Revenue Fund had a deficit balance of \$14,391 as of December 31, 2011. The Airport TVOR Land Acquisition Grant Special Revenue Fund had a deficit balance of \$19,571 as of December 31, 2011. Any deficits remaining in these funds after all grant revenues have been received will be covered with transfers from the General Fund. The Yes! Grant-2011 Special Revenue Fund had a deficit balance of \$1,874 as of December 31, 2011. A transfer from the Special Sunset Zoo Special Revenue Fund was made in 2012 to cover this deficit.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 3: Detailed Notes on All Funds

A. Cash and Investments

At December 31, 2011, the City's investment balances were:

	Reported Amount/ Fair Value
Investment Type:	
Cash with refunding escrow agent	\$ 2,800,410
Cash with special obligation bonds trustee	14,814,160
Total Investments	\$ 17,614,570
Deposits	\$ 40,242,898
Cash on Hand	4,777
Total Deposits	\$ 40,247,675
TOTAL DEPOSITS AND INVESTMENTS	\$ 57,862,245
 Reconciliation of Government-wide Statement of Net Assets to Total Deposits and Investments:	
Cash and Cash Equivalents	\$ 39,917,750
Cash with refunding escrow agent	2,800,410
Cash with special obligation bonds trustee	14,814,160
Restricted Construction Accounts	235,277
Add Fiduciary Funds cash and cash equivalents: Private Purpose Trusts	94,648
TOTAL DEPOSITS AND INVESTMENTS	\$ 57,862,245

Interest rate risk – The City's exposure to declines in fair values is limited by the fact that, in accordance with Kansas statutes and expanded investment powers, investments are purchased with maturities of four years or less.

Credit Risk - Kansas statutes authorize Kansas Municipalities to invest in U.S. Treasury bills and notes, repurchase agreements, and the State Municipal Investment Pool. In October, 1995 the Kansas State Pooled Money Investment Board granted the City expanded investment powers. In addition to the above, the City is allowed to invest in U.S. Agency discount notes with a maturity of four years or less, agency bullet bonds with a maturity of four years or less, and repurchase agreements, through primary security dealers, with a maturity of less than 30 days. The City's credit risk is minimized due to these limitations on the types of investments that may be purchased.

Concentration of Credit Risk – The City's investment policy does not place any limitations on the percentage of the City's total investments that may be with any one issuer. Kansas statutes indirectly prohibit such a limitation, as local banks must be given preference on each investment of idle funds.

Custodial Credit Risk—deposits - In the case of deposits, this is the risk that in the event of bank failure, the City's deposit may not be returned to it. The City's investment policy requires that 100% of the City's deposits not covered by FDIC insurance be collateralized. All collateral must be held by a third-party custodian in the City's name. Consequently, the City is not exposed to custodial credit risk.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

A. Cash and Investments (Continued)

Custodial Credit Risk—investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy and Kansas statutes require that all securities purchased be held by a safekeeping agent independent of the counterparty in the City's account and in the City's name. This requirement, along with the statutory limitations on the types of investments that may be purchased, limits the City’s exposure to this type of custodial credit risk.

Manhattan Public Library component unit cash and cash equivalents of \$863,319 are stated at cost which approximates fair value. Manhattan Housing Authority component unit cash and cash equivalents of \$889,274 are stated at cost which approximates fair value. As these entities are governed by the same Kansas statutes as the City, their exposure to the various investment-related risks is similar to that of the City.

B. Receivables

Accounts receivable for the governmental activities are reported net of an allowance for uncollectible accounts in the amount of \$500,393.

Accounts receivable for the Enterprise Funds are reported net of allowances for uncollectible accounts. The allowances at December 31, 2011, are as follows:

Water Fund	\$48,155
Wastewater Fund	<u>67,970</u>
Total	<u>\$116,125</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

C. Economic Development Loans

Economic Development Loans receivable, aggregating \$2,331,710 at December 31, 2011, consist of loans to seven companies in Manhattan as part of an economic development incentive program which included grants and tax abatements. The loans were funded from the Economic Development Fund. New loans made during 2011 totaled \$291,000. Loans are secured by either property and/or life insurance policies on key personnel of the company, and therefore an allowance for uncollectibles has not been recorded.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

D. Conference Center Promissory Note

In December 2009, the City entered into an economic development agreement with HCW-Manhattan, LLC for the construction of several components within the South End Redevelopment including the construction of a 30,000 square foot conference center as required by the Amended South Project Final Development Agreement (the 'Amended South FDA'). According to the Amended South FDA, the City passed Ordinance 6810 authorizing the issuance of up to \$9,500,000 in economic development funds for the design and construction of the conference center. Per the economic development agreement, the City is required to provide HCW-Manhattan, LLC up to \$5,000,000 in the form of a repayable note followed by \$4,500,000 in the form of a forgivable note. The repayable note shall be repaid in annual installments of \$100,000 per year for 29 years with a single balloon payment in the amount of \$2,100,000 or the remaining unpaid balance in year 30. Under the forgivable note, 1/30 of the note shall be deemed forgiven on each due date of the repayable loan, as long as the developer is in compliance with the terms of the Notes. The payment of these notes is secured by a mortgage on the property which contains the conference center and that mortgage is subordinate to a lien in favor of the developer's lending bank.

E. FCIP Reimbursement from the Manhattan Public Library

The City entered into a Memorandum of Understanding (MOU) with the Library for the Facility Conservation Improvement Program (FCIP) during 2011. This project provided for various improvements to the Library which is intended to result in savings in annual energy costs. The MOU states that the City will pay all of the costs associated with the project and the Library will reimburse the City a total of \$254,710 over a ten year period. The payments will be made annually in the amount of \$25,471 beginning in 2012. The total balance is reflected on the Government Wide statements as a receivable and as a reduction of expense, with the receivable reduced each year by the payment received. Only the payment each year will be reflected on the governmental fund financial statements.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

F. Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

Primary Government

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 17,606,738	\$ 1,245,070	\$ -	\$ 18,851,808
Construction in progress	17,585,267	44,705,467	17,585,267	44,705,467
TOTAL	\$ 35,192,005	\$ 45,950,537	\$ 17,285,267	\$ 63,557,275
Capital assets being depreciated:				
Buildings and improvements	\$ 58,742,835	\$ 12,646,143	\$ -	\$ 71,388,978
Contents and equipment	6,934,016	457,587	58,262	7,333,341
Vehicles	7,177,002	96,231	218,531	7,054,702
Infrastructure	114,898,277	4,577,388	-	119,475,665
TOTAL	\$ 187,752,130	\$ 17,777,349	\$ 276,793	\$ 205,252,686
Less accumulated depreciation:				
Buildings and improvements	\$ 23,124,047	\$ 2,148,551	\$ -	\$ 25,272,598
Contents and equipment	4,771,048	455,591	39,300	5,187,339
Vehicles	5,339,598	359,385	160,874	5,538,109
Infrastructure	41,493,851	5,107,539	-	46,601,390
TOTAL	\$ 74,728,544	\$ 8,071,066	\$ 200,174	\$ 82,599,436
Total capital assets being depreciated, net	113,023,586	9,706,283	76,619	\$ 122,653,250
Governmental activities capital assets, net	\$ 148,215,591	\$ 55,656,820	\$ 17,661,886	\$ 186,210,525
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 499,272	\$ -	\$ -	\$ 499,272
Construction in progress	19,717,842	46,703,865	19,717,842	46,703,865
TOTAL	\$ 20,217,114	\$ 46,703,865	\$ 19,717,842	\$ 47,203,137
Capital assets being depreciated:				
Buildings and improvements	\$ 14,364,658	\$ 131,038	\$ -	\$ 14,495,696
Contents and equipment	1,967,904	687,705	50,000	2,605,609
Vehicles	1,518,448	103,912	94,417	1,527,943
Infrastructure	120,622,197	4,740,999	-	125,363,196
TOTAL	\$ 138,473,207	\$ 5,663,654	\$ 144,417	\$ 143,992,444
Less accumulated depreciation:				
Buildings and improvements	\$ 7,702,659	\$ 321,726	\$ -	\$ 8,024,385
Contents and equipment	1,000,217	212,739	46,667	1,166,289
Vehicles	972,428	117,478	94,417	995,489
Infrastructure	47,819,396	2,959,137	-	50,778,533
TOTAL	\$ 57,494,700	\$ 3,611,080	\$ 141,084	\$ 60,964,696
Total capital assets being depreciated, net	\$ 80,978,507	\$ 2,052,574	\$ 3,333	\$ 83,027,748
Business-type activities capital assets, net	\$ 101,195,621	\$ 48,756,439	\$ 19,721,175	\$ 130,230,885

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

F. Capital Assets (Continued)

Discretely Presented Component Units

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Manhattan Public Library				
Capital assets not being depreciated:				
Construction in progress	\$ 6,798	\$ -	\$ 6,798	\$ -
Works of Art	32,400	-	-	32,400
	<u>\$ 39,198</u>	<u>\$ -</u>	<u>\$ 6,798</u>	<u>\$ 32,400</u>
Capital assets being depreciated:				
Contents and equipment	1,829,103	86,303	4,598	1,910,808
TOTAL	<u>1,829,103</u>	<u>86,303</u>	<u>4,598</u>	<u>1,910,808</u>
Less accumulated depreciation	1,274,294	91,147	1,726	1,363,715
Total capital assets being depreciated, net	<u>554,809</u>	<u>(4,844)</u>	<u>2,872</u>	<u>547,093</u>
Library capital assets, net	<u>\$ 594,007</u>	<u>\$ (4,844)</u>	<u>\$ 9,670</u>	<u>\$ 579,493</u>
Manhattan Housing Authority				
Capital assets not being depreciated:				
Construction in progress	\$ 663,433	\$ -	\$ 635,984	\$ 27,449
Capital assets being depreciated:				
Buildings and leasehold improvements	\$ 7,512,341	\$ 635,984	\$ -	\$ 8,148,325
Contents and equipment	190,957	999	-	191,956
TOTAL	<u>7,703,298</u>	<u>636,983</u>	<u>-</u>	<u>8,340,281</u>
Less accumulated depreciation	6,388,465	99,738	-	6,488,203
Total capital assets being depreciated, net	<u>1,314,833</u>	<u>537,245</u>	<u>-</u>	<u>1,852,078</u>
Housing Authority capital assets, net	<u>\$ 1,978,266</u>	<u>\$ 537,245</u>	<u>\$ 635,984</u>	<u>\$ 1,879,527</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

F. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 1,694,084
Public safety	358,401
Public works	4,883,262
Urban development and housing	34,132
Culture/Recreation	947,030
Downtown Redevelopment	<u>141,333</u>
Total depreciation expense for governmental activities	<u>\$ 8,058,242</u>

Business-type activities:

Water	\$ 1,275,740
Wastewater	1,890,749
Storm Water Management	<u>444,591</u>
Total depreciation expense for business-type activities	<u>\$ 3,611,080</u>

G. Capital Projects

At December 31, 2011 the City had contractual commitments for the construction of various projects:

	Expenditures to Date	Amount Authorized
Flint Hills Discovery Center	\$ 21,350,112	\$ 21,999,868
Miscellaneous governmental activities projects	282,023	358,107
Miscellaneous downtown redevelopment projects	489,231	957,411
Fire stations	3,274,103	5,116,125
Sunset Zoo Visitors Center	3,339,154	4,400,000
Sunset Zoo gibbon exhibit	220,987	375,318
National Institute for Strategic Technology Acquisition and Commercialization laboratory (design)	1,106,417	1,425,000
Storm water improvements	506,222	2,830,104
Sanitary sewer improvements	27,500,050	49,227,667
Street improvements	14,643,439	23,682,000
Water improvements	<u>18,697,593</u>	<u>23,242,534</u>
Total	<u>\$ 91,409,332</u>	<u>\$ 133,614,133</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

H. Interfund Receivable/Liability

Individual fund receivable/payable balances at December 31, 2011, are as follows.

	Receivable	Payable
Major Funds:		
Governmental Funds:		
General Fund	\$ 1,462,461	\$ -
Capital Projects Fund	1,459,946	836,384
Proprietary Funds:		
Water Fund		943,371
Wastewater Fund		516,575
Non-major Governmental Funds		626,077
TOTAL	\$ 2,922,407	\$ 2,922,407

The amounts payable to the general fund relate to amounts drawn by other funds in excess of their respective shares of pooled cash while awaiting reimbursements from outside entities. The amounts payable to the Capital Projects Fund relate to amounts drawn by the Water and Wastewater Fund for KDHE Loan draws.

I. Interfund Transfers

A summary of 2011 interfund transfers is as follows:

	Transfer In	Transfer Out
Major Funds:		
Governmental Funds:		
General	\$ 2,346,589	\$ 505,047
Riley County Police Department	-	-
Debt Service	3,569,768	-
Capital Projects	8,974,926	1,320,598
Proprietary Funds:		
Water	-	2,006,607
Wastewater Fund	-	417,385
Non-major Governmental Funds	4,218,982	13,145,369
Non-major Proprietary Funds	57,000	1,772,259
TOTAL TRANSFERS	\$ 19,167,265	\$ 19,167,265

Transfers are used primarily to move revenues from the funds with collection authorization to finance the expenditures of other funds in need of additional revenue sources.

On the government-wide statement of activities, capital asset transfers of \$2,421,969 were made from the governmental activities to the business-type activities.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt

The following is a summary of the debt transactions of the City for the year ended December 31, 2011:

	Balance January 1, 2011	Issued	Retired/ Refunded	Balance December 31, 2011	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 96,455,000	\$ 11,080,000	\$ (11,820,000)	\$ 95,715,000	\$ 9,470,000
Senior Lien special obligation bonds-					
Series 2009A	21,220,000	-	-	21,220,000	460,000
Subordinate lien special obligation bonds-					
Series 2009B	4,160,000	-	(30,000)	4,130,000	-
STAR bonds-Series 2009-1	16,855,000	-	(4,745,000)	12,110,000	-
Taxable STAR bonds-Series 2009-2	33,145,000	-	-	33,145,000	1,710,000
Temporary notes	17,715,000	28,475,000	(8,825,000)	37,365,000	-
Notes payable	240,000	-	(60,000)	180,000	60,000
Transprtation Development District Sales					
Tax Revenue Bonds-Series 2009	440,000	-	(40,000)	400,000	-
Transprtation Development District Sales					
Tax Revenue Bonds-Series 2010	5,610,000	-	(30,000)	5,580,000	95,000
Transportation Revolving Fund Loan	3,793,106	-	(214,662)	3,578,444	222,648
Capital leases	687,229	1,053,802	(185,947)	1,555,084	199,504
Other postemployment benefits	1,045,796	374,985	-	1,420,781	-
Compensated absences	1,999,643	1,309,337	(1,340,595)	1,968,385	1,240,082
Total for governmental activities	\$ 203,365,774	\$ 42,293,124	\$ (27,291,204)	\$ 218,367,694	\$13,457,234
Business-type Activities					
General obligation bonds	\$ 5,485,000	\$ 2,245,000	\$ (730,000)	\$ 7,000,000	\$ 910,000
State revolving loans	16,308,285	28,020,357	(443,086)	43,885,556	2,625,272
Capital leases	75,188	109,333	(24,072)	160,449	51,293
Compensated absences	290,678	196,902	(194,876)	292,704	184,402
Total for business-type activities	\$ 22,159,151	\$ 30,571,592	\$ (1,392,034)	\$ 51,338,709	\$ 3,770,967

Of the \$95,715,000 in general obligation bond debt shown above, \$64,321,727 is special assessment debt with government commitment.

For governmental activities, compensated absences and other long-term debt are generally liquidated by the general fund.

For governmental activities, other postemployment benefits would be liquidated by the general fund.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

General Obligation Bonds and Temporary Notes

General obligation bonds currently outstanding consist of the following:

General Obligation Bonds	Type of Bond	Original Issue Amount	Date of Issue	Remaining Principal Annual Installments		Interest Rate	Maturity Date	Balance December 31, 2011
				Lowest	Highest			
1995 Series 198	Serial	\$ 404,200	11/1/95	\$ 25,000	\$ 35,000	5.2% to 5.3%	11/1/15	\$ 120,000
1999 Series 209	Serial	560,000	6/1/99	30,000	40,000	5.0% to 5.5%	11/1/19	285,000
1999 Series 210	Serial/Term	314,000	12/1/99	15,000	55,000	5.4% to 5.6%	11/1/19	165,000
2000 Series 213	Serial	340,000	12/1/00	15,000	25,000	5.0% to 5.45%	11/1/20	195,000
2002 Series 2002B	Serial/Term	1,390,000	11/15/02	95,000	95,000	3.75%	11/1/12	95,000
2003 Series 2003A	Serial	3,600,000	6/1/03	310,000	310,000	3.00%	11/1/12	310,000
2003 Refunding, Series 2003C	Serial	3,415,000	9/1/03	140,000	300,000	3.9% to 4.3%	11/1/16	1,170,000
2003 Series 2003D	Serial	2,850,000	12/1/03	150,000	155,000	3.5% to 3.6%	11/1/13	305,000
2004 Series 2004A	Serial/Term	1,130,000	6/1/04	55,000	85,000	3.9% to 4.9%	11/1/23	800,000
2004 Series 2004B	Serial/Term	950,000	12/1/04	40,000	65,000	3.3% to 4.25%	11/1/24	685,000
2005 Series 2005A	Serial	1,795,000	6/1/05	80,000	130,000	3.25% to 4.2%	11/1/24	1,350,000
2005 Series 2005B	Serial/Term	1,010,000	12/1/05	45,000	70,000	3.6% to 4.15%	11/1/25	780,000
2005 Refunding, Series 2005C	Serial	6,150,000	12/1/05	450,000	535,000	3.5% to 3.85%	11/1/19	3,955,000
2006 Series 2006A	Serial/Term	1,540,000	6/1/06	60,000	185,000	4.0% to 4.65%	11/1/26	1,265,000
2006 Series 2006B	Serial	7,460,000	12/1/06	310,000	445,000	4.0% to 4.25%	11/1/26	5,745,000
2007 Series 2007A	Serial	6,790,000	6/1/07	270,000	495,000	4.0% to 4.25%	11/1/27	5,910,000
2007 Series 2007B	Serial	5,645,000	6/1/07	545,000	705,000	5.125% to 5.25%	11/1/17	3,725,000
2007 Series 2007C	Serial/Term	3,275,000	12/1/07	130,000	460,000	4.0% to 4.5%	11/1/27	2,795,000
2008 Series 2008A	Serial	15,385,000	6/1/08	670,000	995,000	3.5% to 4.5%	11/1/28	13,440,000
2008 Refunding, Series 2008B	Serial	2,495,000	6/1/08	205,000	270,000	3.5% to 3.75%	11/1/20	2,110,000
2008 Series 2008C	Serial/Term	1,865,000	12/1/08	135,000	255,000	3.25% to 5.0%	11/1/28	1,495,000
2009 Series 2009A	Serial	3,830,000	6/1/09	170,000	245,000	2.5% to 4.3%	11/1/29	3,500,000
2009 Refunding Series 2009B	Serial	4,325,000	6/1/09	155,000	665,000	2.0% to 3.5%	11/1/19	2,370,000
2009 Series 2009C	Serial	11,110,000	12/1/09	260,000	880,000	3.0% to 4.0%	11/1/29	9,555,000
2009 Refunding Series 2009D	Serial	8,820,000	12/1/09	705,000	1,075,000	2.375% to 3.375%	11/1/21	8,490,000
2010 Series 2010A	Serial	6,700,000	6/1/10	160,000	535,000	2.0% to 4.0%	11/1/30	6,250,000
2010 Series 2010B	Serial	10,860,000	12/1/10	1,040,000	1,140,000	2.0% to 4.0%	11/1/20	9,815,000
2011 Series 2011A	Serial	10,535,000	12/1/11	110,000	990,000	2.0% to 3.75%	11/1/31	10,535,000
2011 Refunding Series 2011B	Serial	2,790,000	12/1/11	160,000	405,000	2.0% to 3.0%		2,790,000
								<u>\$ 100,005,000</u>
Series 2002B, Crossover Refunded		1,390,000	12/1/02			3.85% to 4.75%	11/1/12*	485,000
Series 2003A, Crossover Refunded		3,600,000	6/1/03			3.1% to 4.0%	11/1/12*	785,000
Series 2003D, Crossover Refunded		2,850,000	12/1/03			3.7% to 4.5%	11/1/13*	1,440,000
								<u>\$ 102,715,000</u>
Less amount to be paid by Enterprise Funds								<u>(7,000,000)</u>
Total General Obligation Bonds Payable-Governmental Activities								<u>\$ 95,715,000</u>

*Represents call/crossover date

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

The annual requirements to amortize governmental activities general obligation bonds outstanding as of December 31, 2011, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 9,470,000	\$ 3,333,151	\$ 12,803,151
2013	9,430,000	3,053,181	12,483,181
2014	7,475,000	2,743,185	10,218,185
2015	7,510,000	2,511,169	10,021,169
2016	7,555,000	2,277,658	9,832,658
2017-2021	32,275,000	7,578,248	39,853,248
2022-2026	15,635,000	3,167,978	18,802,978
2027-2031	6,365,000	490,121	6,855,121
TOTALS	<u>\$ 95,715,000</u>	<u>\$ 25,154,691</u>	<u>\$ 120,869,691</u>

General obligation bonds in the amount of \$7,000,000 are included as liabilities of the Water, Wastewater, and Storm Water Management Funds because the City intends to retire them through the operations of these funds. The annual requirements to amortize business-type activities general obligation bonds outstanding as of December 31, 2011, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 910,000	\$ 190,092	\$ 1,100,092
2013	840,000	168,183	1,008,183
2014	805,000	145,337	950,337
2015	815,000	123,538	938,538
2016	845,000	101,387	946,387
2017-2021	2,785,000	200,150	2,985,150
TOTALS	<u>\$7,000,000</u>	<u>\$928,687</u>	<u>\$7,928,687</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

Temporary notes currently outstanding consist of the following:

Series	Maturity Date	Rate	12/31/11 Balance
2008-02	6/15/2012	2.7%	\$ 515,000
2008-03	12/15/2012	3.0%	390,000
2009-01	12/15/2012	1.75%	75,000
2009-02	06/15/2013	2.0%	170,000
2009-03	06/15/2013	1.9%	470,000
2009-04	12/15/2013	1.65%	1,800,000
2010-01	12/15/2013	1.6%	355,000
2010-02	06/15/2012	1.1%	80,000
2010-03	06/15/2013	0.85%	1,465,000
2010-04	12/15/2012	1.0%	2,710,000
2010-04	12/15/2013	1.15%	3,240,000
2011-01	12/15/2013	1.0%	3,360,000
2011-02	12/15/2013	1.5%	4,750,000
2011-03	06/15/2013	1.0%	190,000
2011-03	06/15/2014	1.25%	6,440,000
2011-03	06/15/2015	2.0%	120,000
2011-04	06/15/2014	1.3%	4,750,000
2011-05	06/15/2013	0.5%	1,565,000
2011-05	06/15/2014	0.65%	2,165,000
2011-05	06/15/2015	0.9%	275,000
2011-06	12/15/2014	0.9%	4,585,000
2011-06	12/15/2015	1.2%	1,665,000
Total			\$41,135,000

\$6,512,813 is available in the Debt Service Fund to service the general obligation and special assessment bonds. Future tax revenues will pay off the remaining general long-term debt.

Bond proceeds and temporary notes issued have been reported in the Capital Projects Fund. Temporary notes paid have also been reported in the Capital Projects Fund, except for \$295,000, which have been reported in the Debt Service Fund.

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. All temporary notes issued by the City have initial maturities of at least two years. Therefore, they are considered long-term debt and have been included in long-term liabilities on the statement of net position. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds or other available funds or refinanced with temporary notes. Temporary notes in the amount of \$2,635,000 outstanding December 31, 2011, were retired June 15, 2012, with funds on hand. Temporary notes in the amount of \$37,365,000 will mature in 2013, 2014 and 2015.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

At December 31, 2011 there were temporary notes in the amount of \$3,770,000 maturing in 2012 for which the legal steps and the ability to consummate refinancing have not been met. Therefore, this balance is reported as a fund liability in the Capital Projects Fund at December 31, 2011. The coupon rates on the notes range from 1.0 to 3.0 percent.

Changes in this short-term debt during 2011 are summarized in the following table:

Balance at January 1, 2011	\$5,215,000
Issued	3,770,000
Retired	<u>(5,215,000)</u>
 Balance at December 31, 2011	 <u><u>\$3,770,000</u></u>

Debt Service Limit

The December 31, 2011 debt limit is \$142,176,832. There was \$90,779,021 in outstanding long and short-term G.O. debt applicable to the debt limit as of December 31, 2011. Sewer, water, storm water and refunding G.O. bonds are exempt from the state-imposed debt limit.

Transportation Development District Sales Tax Revenue Bonds-Series 2009

In 2009, the City issued Transportation Development District Sales Tax Revenue bonds in the amount of \$505,000. The proceeds were used to finance infrastructure improvements needed for the development of the Limey Pointe area in the City. An excise/sales tax has been imposed on purchases made within the transportation development district. The excise/sales tax collected will be used to retire the bonds. The bonds are considered a special obligation to the City secured by a pledge of the excise/sales tax revenues. The bonds are not a general obligation of the City, nor do they go against the City's debt limit. Interest on the bonds is payable semiannually at 4.0%.

The annual requirements to amortize these bonds are as follows:

Years Ending December 31,	Principal	Interest	Total
2012	\$ -	\$ 16,000	\$16,000
2013	-	16,000	16,000
2014	-	16,000	16,000
2015	-	16,000	16,000
2016	<u>400,000</u>	<u>16,000</u>	<u>456,000</u>
 TOTALS	 <u><u>\$400,000</u></u>	 <u><u>\$80,000</u></u>	 <u><u>\$520,000</u></u>

The bonds are subject to special mandatory redemption provisions starting June 1, 2010, and on any interest payment date thereafter. Since June 1, 2010, bonds in the amount of \$105,000 have been redeemed.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

Transportation Development District Sales Tax Revenue Bonds-Series 2010

In 2010, the City issued Transportation Development District Sales Tax Revenue bonds in the amount of \$5,610,000. The proceeds were used to finance infrastructure improvements needed for the north project area of the downtown redevelopment project. An excise/sales tax has been imposed on purchases made within the transportation development district. The excise/sales tax collected will be used to retire the bonds. The bonds are considered a special obligation to the City secured by a pledge of the excise/sales tax revenues. The bonds are not a general obligation of the City, nor do they go against the City's debt limit. Interest on the bonds is payable semiannually. The interest rates on the bonds range from 2.0 to 5.0 percent.

The annual requirements to amortize these bonds are as follows:

Years Ending December 31,	Principal	Interest	Total
2012	\$ 95,000	\$ 244,513	\$ 339,513
2013	-	242,613	242,613
2014	-	242,612	242,612
2015	370,000	242,612	612,612
2016	145,000	234,750	379,750
2017-2021	715,000	1,103,000	1,818,000
2022-2026	1,265,000	975,200	2,240,200
2027-2031	-	747,500	747,500
2032	2,990,000	149,500	3,139,500
TOTALS	\$5,580,000	\$4,182,300	\$9,762,300

The bonds include term bonds that are subject to mandatory redemption and payment prior to stated maturity. The annual requirement to amortize the bonds under these mandatory redemption provisions are as follows:

Years Ending December 31,	Principal	Interest	Total
2012	\$ 95,000	\$ 244,513	\$ 339,513
2013	110,000	242,612	352,612
2014	125,000	240,275	365,275
2015	135,000	237,619	372,619
2016	145,000	234,750	379,750
2017-2021	930,000	1,097,800	2,027,800
2022-2026	1,365,000	870,125	2,235,125
2027-2031	1,980,000	485,250	2,465,250
2031-2032	695,000	34,750	729,750
TOTALS	\$5,580,000	\$3,687,694	\$9,267,694

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

Senior Lien Tax Increment Financing (TIF) Special Obligation Bonds-Series 2009A and Subordinate Lien TIF Special Obligation Bonds-Series 2009B

The Senior Lien TIF Special Obligation Bonds-Series 2009A and the Subordinate Lien TIF Special Obligation Bonds-Series 2009B were issued December 1, 2009, at a principal amount of \$21,220,000 and \$4,160,000, respectively. These bonds were issued to retire the Taxable Special Obligation Revenue Bonds-Series 2006 issued to finance land acquisition and site preparation of the North Redevelopment District. Because the retired bonds were never intended to be a permanent financing mechanism and because of the variable structure of the retired bonds, a meaningful comparison of debt service between the new debt and the retired debt and a meaningful analysis of the economic gain or loss on the transaction cannot be made. Funds from these issuances will also be used to construct a public plaza in the North District. The Series 2009B Bonds shall constitute subordinate lien bonds and shall be junior and subordinate with respect to the payment of debt service from the incremental tax revenues to the Series 2009A Bonds. Both series of bonds shall not constitute a debt or liability of the City nor any pledge of the full faith and credit of the City. Revenue available for debt service from the North District consists of incremental property taxes, City sales tax, compensating use tax, and the City's portion of the County's sales tax. Revenue available from the South District consists of incremental property taxes.

The 2009 TIF bonds shall become due on the stated maturity dates and in the amounts listed below. Interest is payable semiannually at the following annual rates:

Series 2009A Bonds

Serial Bonds		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2012	\$460,000	3.000%
2013	\$780,000	3.250%
2014	\$855,000	3.125%
2015	\$935,000	3.500%
2016	\$1,010,000	3.750%
Term Bonds		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2026	\$17,180,000	5.000%

Series 2009B Bonds

Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2027	\$4,130,000	7.500%

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

At the option of the City, the Series 2009A bonds maturing on or after December 1, 2018 are subject to redemption and payment prior to their stated maturity on December 1, 2017 at the redemption prices set forth below plus accrued interest to the redemption date:

Redemption Dates	Redemption Price
December 1, 2017 through November 30, 2018	102%
December 1, 2018 through November 30, 2019	101%
December 1, 2019 and thereafter	100%

The Series 2009B Bonds are subject to redemption and payment prior to their stated maturity at the Redemption Price of 100% plus accrued interest to the redemption date; provided, however, the Series 2009B Bonds cannot be redeemed prior to maturity until all Senior Lien Bonds have been paid and are no longer outstanding.

The Series 2009A term bonds maturing December 1, 2026, are subject to mandatory redemption and payment prior to maturity on December 1 in the years set forth below at a redemption price of 100% of the principal amount plus accrued interest to the redemption date:

Principal Amount	Year
\$1,090,000	2017
\$1,185,000	2018
\$1,290,000	2019
\$1,400,000	2020
\$1,520,000	2021
\$1,640,000	2022
\$1,775,000	2023
\$1,910,000	2024
\$2,055,000	2025
\$3,315,000	2026

Sales Tax and Revenue (STAR) Bonds-Series 2009-1

The Sales Tax and Revenue (STAR) Bonds-Series 2009-1 were issued December 1, 2009, at a principal amount of \$16,855,000. This series of STAR Bonds was issued to retire the Special Obligation Revenue Bonds-Series 2008A (see above) issued to finance the South District land acquisition. Because the retired bonds were never intended to be a permanent financing mechanism and because of the structure of the retired bonds (a maturity of less than three years with all principal due at maturity), a meaningful comparison of debt service between the new debt and the retired debt and a meaningful analysis of the economic gain or loss on the transaction cannot be made. These bonds shall not constitute a debt or liability of the City nor any pledge of the full faith and credit of the City. Revenue available for debt service from the North District consists of State sales tax. Revenue available from the South District consists of State sales tax, City sales tax, compensating use tax, and the City's portion of the County's sales tax. These bonds have a stated maturity date of December 1, 2026. Interest is payable semiannually at an annual rate of 5.25%. In 2011, \$4,745,000 in principal has been redeemed on the 2009-1 STAR Bonds, resulting in a current balance of \$12,110,000.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

The Series 2009-1 term bonds maturing December 1, 2026, are subject to mandatory redemption and payment prior to maturity on December 1 in the years set forth below at a redemption price of 100% of the principal amount plus accrued interest to the redemption date:

Principal Amount	Year
\$2,105,000	2021
\$2,275,000	2022
\$2,445,000	2023
\$2,365,000	2024
\$2,380,000	2025
\$540,000	2026

Taxable STAR Bonds-Series 2009-2

The Taxable STAR Bonds-Series 2009-2 were issued December 1, 2009, at a principal amount of \$33,145,000. This series of STAR Bonds was issued to finance eligible facilities and infrastructure costs within the South Redevelopment District. The 2009-2 STAR Bonds will be treated as "Build America Bonds" under the Recovery Act and will receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the bonds. These bonds shall not constitute a debt or liability of the City nor any pledge of the full faith and credit of the City. Revenue available for debt service from the North District consists of State sales tax. Revenue available from the South District consists of State sales tax, City sales tax, compensating use tax, and the City's portion of the County's sales tax. The 2009-2 STAR bonds shall become due on the stated maturity date and in the amount listed below. Interest is payable semiannually at the following annual rates:

Serial Bonds		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2012	\$1,710,000	2.876%
2013	\$1,905,000	3.276%
2014	\$2,080,000	3.824%
2015	\$2,220,000	4.224%
2016	\$2,370,000	4.613%
2017	\$2,520,000	4.863%
2018	\$2,690,000	5.232%
2019	\$2,865,000	5.332%
2020	\$3,055,000	5.482%
Term Bonds		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2026	\$11,730,000	6.515%

At the option of the City, the Series 2009-2 serial bonds maturing on or after December 1, 2020, are subject to redemption and payment prior to their stated maturity on December 1, 2019, and thereafter at the redemption price of 100% plus accrued interest to the redemption date.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

The Series 2009-2 term bonds maturing December 1, 2026, are subject to mandatory redemption and payment prior to maturity on December 1 in the years set forth below at a redemption price of 100% of the principal amount plus accrued interest to the redemption date:

Principal Amount	Year
\$1,150,000	2021
\$1,230,000	2022
\$1,325,000	2023
\$1,690,000	2024
\$1,965,000	2025
\$4,370,000	2026

Capital Leases

In the current and prior years, the City agreed to lease equipment through capital leasing arrangements. The assets acquired through capital leases outstanding are as follows:

Equipment Leased	Amount Financed	Gross Cost of Assets Under Capital Leases	Accumulated Amortization 12/31/2011	Lease Balance 12/31/2011
Governmental Activities:				
Aerial Truck	\$ 80,252	\$ 80,252	\$ 40,126	\$ -
Rubber Tire Loader	117,691	117,691	58,845	-
Tandem-axle Dump Truck	80,246	80,246	40,123	-
Truck/Knuckle Boom Loader	94,300	94,300	47,150	-
Single-axle Dump Truck	75,338	75,338	37,669	-
Fire Truck	622,452	722,025	216,608	433,025
Motor Grader	85,000	108,900	21,780	43,183
25-passenger Bus	33,335	49,272	9,854	25,075
Patch Machine	32,823	55,923	3,728	32,823
Single-axle Dump Truck	44,396	67,496	13,499	44,396
Single-axle Dump Truck	46,583	69,683	13,937	46,583
Facilities Conservation Improv. Prog.	930,000	285,815	14,291	930,000
Total	\$ 2,242,416	\$ 1,806,941	\$ 517,610	\$ 1,555,085
Business-type Activities:				
Street Sweeper	\$ 100,000	\$ 178,117	\$ 106,870	\$ 51,116
Street Sweeper	109,333	203,990	40,798	109,333
Total	\$ 209,333	\$ 382,107	\$ 147,668	\$ 160,449

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

Future minimum lease obligations as of December 31, 2011, are:

Year Ending December 31,	Governmental Activities	Business-type Activities
2012	\$ 257,813	\$ 56,360
2013	257,813	56,360
2014	234,979	29,234
2015	226,064	29,234
2016	193,310	-
2017-2021	637,423	-
Total Minimum Lease Payments	\$ 1,807,404	\$ 171,186
Less: Amount representing interest	(252,319)	(10,737)
Present Value of Minimum Lease Payments	\$ 1,555,085	\$ 160,449

Amortization on these assets acquired through capital leases totaled \$174,627 for governmental activities and \$76,421 for business-type activities in 2011 and has been included in depreciation expense.

State Revolving Loans

During 2001, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement enabled the City to borrow up to \$6,411,155 on a low-interest loan with a 20-year repayment period to finance improvements to the wastewater system. The interest rate on the loan is 3.14%. The City completed the draw-down process in 2004 and drew down a total of \$6,175,678. This loan was amended in 2007 and 2009 to allow the City to borrow an additional \$2,510,637 to finance the cost of designing the wastewater treatment plant upgrade and expansion project. Draws in the amount of \$53,794 were made on this additional loan amount during 2011. Principal and interest payments of \$443,086 were paid during 2011. The balance on the loan as of December 31, 2011, is \$5,490,596 and is shown as a liability to the Wastewater Fund in the accompanying financial statements. The annual amounts to amortize the loan are as follows:

Years Ending December 31,	Principal	Interest	Total
2012	\$ 439,624	\$ 168,856	\$ 608,480
2013	437,269	155,195	592,463
2014	451,107	141,357	592,463
2015	465,383	127,081	592,463
2016	480,125	112,353	592,463
2017-2021	2,638,442	324,010	2,962,452
2022	578,626	13,666	592,292
Totals	\$ 5,490,596	\$ 1,042,517	\$ 6,533,114

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

During 2009, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement will enable the City to borrow up to \$39,506,000 on a low-interest loan with a 20-year repayment period to finance the construction phase of the wastewater treatment plant upgrade and expansion project. The interest rate on the loan is 2.72%. The City started the draw-down process in 2010. Draws in the amount of \$15,004,880 were made during 2011. The balance on the loan as of December 31, 2011, is \$22,017,451 and is shown as a liability to the Wastewater Fund in the accompanying financial statements. The annual amounts to amortize the loan will be as follows if the entire \$39,506,000 is borrowed:

Years Ending December 31,	Principal	Interest	Total
2012	\$ 1,509,769	\$ 1,064,366	\$ 2,574,135
2013	1,551,114	1,023,021	2,574,135
2014	1,593,591	980,544	2,574,135
2015	1,637,231	936,904	2,574,135
2016	1,682,067	892,068	2,574,135
2017-2021	9,127,037	3,743,637	12,870,674
2022-2026	10,447,102	2,423,573	12,870,674
2027-2031	11,958,090	912,584	12,870,674
Totals	<u>\$ 39,506,000</u>	<u>\$ 11,976,697</u>	<u>\$ 51,482,697</u>

During 2010, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement enabled the City to borrow up to \$1,537,000 on a low-interest loan with a 20-year repayment period to finance the City's share of the cost of connecting the Pottawatomie County Blue Township Sewer District service area and adjacent tributary areas to the City's wastewater treatment facilities. The interest rate on the loan is 2.55%. The City started the draw-down process in 2010. Draws in the amount of \$460,180 were made during 2011. In 2011, the loan was amended to allow 15% principal forgiveness. The revised loan amount is \$1,306,450. The balance on the loan as of December 31, 2011, is \$1,326,581 and is shown as a liability to the Wastewater Fund in the accompanying financial statements. The annual amounts to amortize the loan are as follows:

Years Ending December 31,	Principal	Interest	Total
2012	\$ 50,804	\$ 32,993	\$ 83,796
2013	52,107	31,689	83,796
2014	53,445	30,352	83,796
2015	54,816	28,980	83,796
2016	56,223	27,573	83,796
2017-2021	303,511	115,470	418,981
2022-2026	344,506	74,475	418,981
2027-2031	411,169	27,942	439,111
Totals	<u>\$ 1,326,581</u>	<u>\$ 369,474</u>	<u>\$ 1,696,055</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

During 2007, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement will enable the City to borrow funds on a low-interest loan with a 20-year repayment period to finance the design and construction of the water treatment plant and wellfield improvements. During 2010 the loan was amended to increase the maximum loan amount to \$17,975,861. The interest rate on the loan is 3.63%. The City started the draw-down process in 2010. Draws in the amount of \$12,501,502 were made during 2011. The balance on the loan as of December 31, 2011, is \$15,050,928 and is shown as a liability to the Water Fund in the accompanying financial statements. The annual amounts to amortize the loan will be as follows if the entire \$17,975,861 is borrowed:

Years Ending December 31,	Principal	Interest	Total
2012	\$ 625,075	\$ 646,902	\$ 1,271,977
2013	647,971	624,006	1,271,977
2014	671,706	600,271	1,271,977
2015	696,310	575,667	1,271,977
2016	721,816	550,161	1,271,977
2017-2021	4,025,583	2,334,304	6,359,887
2022-2026	4,818,884	1,541,003	6,359,887
2027-2031	5,768,516	591,371	6,359,887
Totals	<u>\$ 17,975,861</u>	<u>\$ 7,463,685</u>	<u>\$ 25,439,546</u>

During 2011, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement will enable the City to borrow funds up to \$1,395,461 on a low-interest loan with a 20-year repayment period to finance the extension of the Konza water main. The interest rate on the loan is 2.62%. This project is eligible for 20% principal forgiveness on the construction costs and an additional 20% principal forgiveness for any qualifying green infrastructure component, or energy or water efficiency component. The estimated principal forgiven amount is \$284,319. No draws were made during 2011. The balance on the loan as of December 31, 2011, is \$0. Once draws are made, the loan will be shown as a liability to the Water Fund in the financial statements. The annual amounts to amortize the loan will be as follows if 20% of the principal is forgiven:

Years Ending December 31,	Principal	Interest	Total
2012	\$ -	\$ -	\$ -
2013	21,311	14,556	35,867
2014	43,463	28,271	71,734
2015	44,609	27,125	71,734
2016	45,785	25,948	71,733
2017-2021	247,688	110,979	358,667
2022-2026	282,115	76,552	358,667
2027-2031	321,329	37,338	358,667
2032-2033	104,842	2,758	107,600
Totals	<u>\$ 1,111,142</u>	<u>\$ 323,527</u>	<u>\$ 1,434,669</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

During 2005, the City entered into a loan agreement with the Kansas Department of Transportation. This agreement enabled the City to borrow up to \$4,608,000 on a low-interest loan with a 20-year repayment period to finance various street improvements within the City. The interest rate on the loan is 3.72%. The City completed the draw-down process in 2007 and drew down a total of \$4,607,872.

The balance as of December 31, 2011, is \$3,578,444. The annual amounts to amortize the loan are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 222,648	\$ 133,118	\$ 355,766
2013	230,930	124,836	355,766
2014	239,521	116,245	355,766
2015	248,431	107,335	355,766
2016	257,673	98,093	355,766
2017-2021	1,439,479	339,351	1,778,830
2022-2024	939,761	68,631	1,008,392
	<u>\$ 3,578,443</u>	<u>\$ 987,609</u>	<u>\$ 4,566,052</u>

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, 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. At December 31, 2011, Industrial Revenue Bonds relating to nine entities were outstanding with a total balance of approximately \$117,128,673.

Crossover Refunding

In 2011, the City issued Series 2011B General Obligation Refunding bonds in the amount of \$2,790,000. The proceeds were used to crossover refund Series 2002B, Series 2003A, and Series 2003D General Obligation bonds in the amounts of \$485,000, \$785,000, and \$1,440,000, respectively. The proceeds were placed in an escrow account to provide for interest payments on the refunding bonds until the crossover dates. As a result, the refunded bonds are not considered to be defeased and the liability for the bonds and the assets of the related escrow account have been reported on the face of the financial statements.

Note 4: Other Information

A. Risk Management

General

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no decreases in insurance coverage from the prior year.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 4: Other Information (Continued)

A. Risk Management (Continued)

Self-Insured Health Care Fund

During the fiscal year 1990, the City established a Health Care Fund (an Internal Service Fund) to account for and finance its medical health insurance program. Under this program, the Health Care Fund provides health insurance coverage for all full-time employees. The City purchases commercial insurance for claims in excess of an aggregate total provided by the Fund, and a specific amount for each claim. The City contracts with Harrington Health to provide administrative services. Stop loss insurance has been obtained to cover the claims of individuals that exceed \$100,000 for the benefit period.

The internal service fund accrues the required amounts for the payment of these claims by rate charges to various City departments. These rate charges are reported as expenditures in the applicable funds. Health Care Fund net position were \$823,184 at December 31, 2011. The claims liability of \$573,877 reported in the Fund at December 31, 2011 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimated claims are based on historical data. Changes in the Fund's claims expected liability amount in fiscal 2011 and 2010 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Paid	Balance at Fiscal Year End
2010-2011	\$ 339,244	\$ 4,139,396	\$ 3,904,763	\$ 573,877
2009-2010	\$ 314,492	\$ 2,827,090	\$ 2,802,338	\$ 339,244

Self-Insured Workers' Compensation Fund

On May 9, 1994 the City created a partially self-funded Workers' Compensation Fund to account for and finance its workers' compensation program. Under this program, the Fund provides workers' compensation coverage for all regular employees and volunteers.

Thomas McGee, L.C., serves as the third party administrator and the reinsurer. The deductible is \$250,000 per occurrence and an annual aggregate of \$250,000. Estimated claims are based on historical data. Changes in the Fund's claims expected liability amount in fiscal 2011 and 2010 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Paid	Balance at Fiscal Year End
2010-2011	\$ 225,196	\$ 173,705	\$ 113,188	\$ 285,713
2009-2010	\$ 265,743	\$ 20,175	\$ 60,722	\$ 225,196

B. Contingent Liabilities

The City participates in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Grantors have yet to conduct audits on some of these programs; accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount, if any, of expenditures which may be disallowed is not determinable although the City expects such amounts, if any, to be immaterial.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 4: Other Information (Continued)

B. Contingent Liabilities (Continued)

There are a number of claims and/or lawsuits to which the City is a party as a result of the ordinary course of City activities. The City management and legal counsel anticipate that the potential claims against the City not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the City.

Plan Description

The City of Manhattan participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by K.S.A. 74-4901, et seq. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 S. Kansas Avenue, Suite 100, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

C. Defined Benefit Pension Plan

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provision of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERS employer rate established for January 1 through December 31, 2011, is 7.74%. The employer contributions to KPERS for the years ended December 31, 2011, 2010 and 2009 were \$774,793, \$698,261, and \$594,078, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2011 is 14.57%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2011, 2010 and 2009 were \$512,613, \$468,873, and \$598,214, respectively, equal to the required contributions for each year.

D. Postemployment Benefits Other Than Pensions

Plan Description

As required by Kansas statutes, the City provides postemployment healthcare benefits to electing retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The accounting for health insurance for retirees is included in the City's Health Care Fund, with the subsidy provided from the Health Care Fund.

Funding Policy

The City provides health insurance to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). This statute, which may be amended by the state legislature, establishes that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 102 percent of the premium cost of active employees.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 4: Other Information (Continued)

D. Postemployment Benefits Other Than Pensions (Continued)

Funding Policy (Continued)

The City provides funding for the expenditures on a pay-as-you-go basis through the Health Care Fund. In 2011, active and retired plan members contributed \$554,834 to the plan and the City contributed \$2,416,515 to the plan.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB (other postemployment benefit) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of not to exceed thirty years. The following table presents the components of the City's annual OPEB cost for the year, the amount contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution (ARC)	\$ 443,013
Interest on net OPEB obligation	41,832
Adjustment to ARC	<u>(34,860)</u>
Annual OPEB cost (expense)	\$ 449,985
Contributions made	<u>(75,000)</u>
Increase in net OPEB obligation	\$ 374,985
Net OPEB obligation January 1, 2011	<u>1,045,796</u>
Net OPEB obligation December 31, 2011	<u>\$1,420,781</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows in the table below:

<u>Year</u> <u>Ended</u>	<u>OPEB</u> <u>Cost</u>	<u>OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
12/31/2009	\$ 350,086	(9.1%)	\$ 667,701
12/31/2010	422,095	10.4%	1,045,796
12/31/2011	449,985	16.7%	1,420,781

Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$3,534,909. The City's policy is to fund the benefits on a pay-as-you-go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,534,909. As of January 1, 2008, the first actuarial valuation date, the plan was 0% funded. The UAAL as of January 1, 2008, was \$2,983,441. The covered payroll (annual payroll of active employees covered by the plan) in 2011 was \$14,541,712 and the ratio of the UAAL to covered payroll was 24.3 percent.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2011

Note 4: Other Information (Continued)

D. Postemployment Benefits Other Than Pensions (Continued)

Actuarial Methods and Assumptions

The cost of the plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc., which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long-term assumptions, the cost determined by the valuation must be regarded as estimates of the true costs of the plan. Actuarially determined amounts reflect a long-term view and are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial liabilities and comparative costs were computed using the unprojected unit credit actuarial cost method and the following assumptions:

Amortization Method:	Level percent of pay, open
Discount rate:	4.0%
Mortality rate:	RP-2000 Mortality Tables for Healthy Annuitants and Employees for Males and Females with generational projection, ages set forward on year
Withdrawal rates:	Past history of City used to establish rates
Retirement rates:	Past history of City used to establish rates
Marriage and family assumptions:	Wives are assumed to be three years younger than husbands and 60% of members are assumed to have spouses who will elect coverage
Price inflation:	3.0% per year
Payroll growth:	4.0% per year
Health care cost trend rate:	9.3% grading down to 4.7%
Participation rate:	50% of members are assumed to elect coverage upon retirement

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulatory provisions or administrative action and are grouped alphabetically by budgeted and non-budgeted funds.

BUDGETED SPECIAL REVENUE FUNDS:

Aggieville Business Improvement District Fund

Funds the beautification of the Aggieville Business District.

Capital Improvement Reserve Fund

Funds which have been set aside to finance public improvements set forth in the City's adopted capital improvement plan or engineering and other advance public improvement plans and studies.

City/University Projects Fund

An agreement with Kansas State University for special joint projects.

Downtown Business Improvement District Fund

Funds the beautification of the Downtown Business District.

Economic Development Fund

Special fund for a five-year sales tax to promote new industrial development.

Employee Benefit Contribution Fund

Provides for the funding of employees' retirement.

Federal Entitlement Fund

Community Development Block Grant Funds for Entitlement Communities received from the Department of Housing and Urban Development for developing viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.

Fire Equipment Reserve Fund

Funds the purchase of fire equipment.

Fire Pension KP&F Fund

Special levy for Firemen's Retirement.

General Improvement Fund

Provides for the cost of general improvements.

Industrial Promotion Fund

Special tax for the promotion of industrial development.

Library Fund

Funds the operation of the municipal library.

SPECIAL REVENUE FUNDS

Library Employee Benefit Contribution Fund

Provides for the funding of library employees' retirement.

Park Development Fund

Provides for park capital improvements.

Riley County Health Department Fund

Provides for expenditures made to fund the Riley County Health Department.

Sales Tax Fund

Receives sales tax and transfers it to the General Fund and other funds.

Special Alcohol Programs Fund

Special alcohol liquor tax for the prevention or treatment of alcohol and substance abuse.

Special Parks and Recreation Fund

Special alcohol liquor tax for recreation.

Special Street and Highway Fund

State gasoline tax monies for streets and highways.

Special Sunset Zoo Fund

Special fees for zoo improvements.

Tourism and Convention Promotion Fund

Special hotel guest tax for tourism and \$72,000 annually for new airport terminal.

NON-BUDGETED SPECIAL REVENUE FUNDS:

Airport Federal Grant No. 30 Fund

This federal grant pays for 95% of the cost of updating the Airport Master Plan Study.

Airport Federal Grant No. 34 Fund

This federal grant pays for 95% of the cost of acquiring the land needed to shift Runway 3/21.

Airport Federal Grant No. 35 Fund

This federal grant pays for 95% of the cost of designing the shift of Runway 3/21 and 95% of the cost of designing the rehabilitation and narrowing of Runway 13/31.

Airport Federal Grant No. 37/38 Fund

This federal grant pays for 95% of the cost of the Runway 3/21 Safety Area Improvement project.

Airport Federal Grant No. 39 Fund

This federal grant pays for 100% of the cost of reconstructing and extending Runway 13/31 under the American Recovery and Reinvestment Act of 2009.

Airport Federal Grant No. 40 Fund

This federal grant pays for 95% of the cost of constructing approximately 3,500 feet of wildlife fence to complete a portion of the northern perimeter of the Airport.

SPECIAL REVENUE FUNDS

Airport Federal Grant No. 41 Fund

This federal grant pays for 95% of the cost of conducting an Airport Passenger Terminal Study.

Airport Small Community Air Service Development Grant

Funds from this federal grant will be used for a two-year program that will center on marketing the benefits of the regional jet service at the Airport to a broader audience. Two-thirds of the cost will be covered by the grant and one-third will be covered by local matching funds.

Airport TVOR Land Acquisition Grant Fund

This Federal Grant pays for 95% of the cost of acquiring the land needed to construct a wildlife fence around the Airport and to protect the critical area around the Federal Aviation Administration (FAA) electronic equipment used by pilots for navigating aircraft.

Alcohol and Drug Safety Fund - (K.S.A. 8-1008)

Money derived from DUI convictions and diversions is deposited into this fund. Monies are used for pre-sentence alcohol and drug evaluations. Each year 10% of the revenue is transferred to the General Fund to cover administrative overhead.

Community Planning Assistance Grant Fund-2008

Funds received from the Office of Economic Adjustment (Department of Defense) to procure professional services to assist in undertaking the creation of a regional planning organization (Flint Hills Regional Council) as recommended by the Flint Hills Regional Growth Coordination Plan.

Community Planning Assistance Grant Fund-Flint Hills Regional Council

Funds received from the Office of Economic Adjustment (Department of Defense) to fund the operation of the Flint Hills Regional Council (FHRC) for one year and to provide funding to continue the City's regional growth coordinator position until the FHRC is fully staffed.

Department of Energy-Energy Efficiency and Conservation Block Grant

This federal grant provides entitlement funds under the American Recovery and Reinvestment Act of 2009 for the creation and implementation of various energy efficiency and conservation projects within the City of Manhattan.

Department of Energy-Local Energy Assurance Plan Grant

This federal grant provides funds under the American Recovery and Reinvestment Act of 2009 to update the 2002 Energy Emergency Response Plan and to conduct other training and implementation activities.

Emergency Shelter Grant Fund - 2010

Funds received from the Kansas Housing Resources Corporation to provide assistance to local homeless shelters and social service agencies.

Emergency Shelter Grant Fund - 2011

Funds received from the Kansas Housing Resources Corporation to provide assistance to local homeless shelters and social service agencies.

Firefighter Memorial Fund

Donations and other funds received to go toward the construction of a firefighter memorial.

Historic Preservation African-American Cultural Resources Grant

Funds received from the Kansas State Historical Society to for the preparation of a Multiple Property Documentation Form for African-American Cultural Resources within the City of Manhattan.

SPECIAL REVENUE FUNDS

HOME Investment Partnerships Program Fund

Funds received from the Kansas Housing Resources Corporation to provide assistance to low and moderate-income homeowners in the form of deferred loans for home repairs needed to bring properties into compliance with local building codes.

HOME Investment Partnerships Program-2010 Fund

Funds received from the Kansas Housing Resources Corporation to provide assistance to low and moderate-income homeowners in the form of deferred loans for home repairs needed to bring properties into compliance with local building codes.

HOME Investment Partnerships Program-2011 Fund

Funds received from the Kansas Housing Resources Corporation to provide assistance to low and moderate-income homeowners in the form of deferred loans for home repairs needed to bring properties into compliance with local building codes.

Homeland Security Grant-Rescue Trailer and Equipment

Funds received from the Kansas Highway Patrol to purchase a technical search and rescue trailer and related equipment for the City's Fire Department.

Homeland Security Grant-Structural Collapse Course

Funds received from the Kansas Highway Patrol to reimburse the City for payroll costs incurred while some of the City's firefighters attend structural collapse training courses.

Homeless Prevention Grant

Funds received from the Kansas Housing Resources Corporation to provide financial assistance and services to prevent individuals and families in the City from becoming homeless or help those who are experiencing homelessness to be quickly re-housed and stabilized.

Juneteenth Grant-2009

Donations received to help fund the City's Juneteenth celebration.

Kansas Bioscience Authority Innovation Center Grant

Funds received from the Kansas Bioscience Authority to build out the remaining pilot space at the Manhattan/K-State Innovation Center, which is intended to house additional laboratory and research uses. The City is to provide approximately 30% in matching funds from the Economic Development Fund.

KDHE Playground Surface Grant Fund

Funds received from the Kansas Department of Health and Environment to construct a playground surface from waste tires.

Norvell Band Shell Fund

This fund was created by Lowell Jack to raise private dollars to renovate the Arts in the Park stage, which includes a covering. The new stage has been named after Larry Norvell, a long time music teacher at Manhattan High School who also played in the Municipal Band and served on the Municipal Band Board for years.

Park Improvement Fund

This fund receives donations for improvements to the various parks in the City, the Rose Garden, etc.

SPECIAL REVENUE FUNDS

Special Taxi Fund

This fund was set up by resolution to handle the citizens portion (user fees) of the elderly and handicapped taxi coupons issued.

Sunset Zoo Animals Fund

The proceeds from the sale of zoo animals and the donations for the purchase of new animals go into this fund to be used to purchase animals for the zoo.

Take Charge Energy Challenge

The Take Charge Energy Challenge funds are provided by the U.S. Department of Energy (DOE) through the Energy Efficiency and Conservation Block Grant (EECBG) program. EECBG is funded through the American Recovery and Reinvestment Act of 2009 (ARRA). The Take Charge Challenge is sponsored by the Kansas Energy Office (KEO) and administered through the Climate and Energy Project (CEP). Funds will be used to support future efficiency efforts in the community.

Transit Study -2010

Funds received from the Kansas Department of Transportation to prepare a Fixed-Route Transit Implementation Plan, including a detailed implementation schedule and the negotiation and drafting of necessary agreements.

U.S. Small Business Administration Grant for Child Care

Funds received from the U.S. Small Business Administration through the 2008 Congressional Earmark Program for the construction of playground and outdoor learning environments for the K-State Center for Child Development and for the architectural design of a new Manhattan Day Care and Learning Center.

Vacek Fund

Joseph and Margaret Vacek named the Sunset Zoo as a beneficiary of their trust estate. Funds shall be used in support of the Sunset Zoo for such uses and purposes as directed by the governing body.

Wetland Development Grant

Funds received from the Kansas Alliance for Wetlands and Streams for wetland management in Frank Anneberg Park.

Woodward Fund

Richard Woodard originally created this fund to buy property for additional soccer fields and name the complex after his son who was killed in an auto accident returning from a soccer tournament. Mr. Woodward has since agreed to allow these funds to go toward the construction of a gibbon exhibit at Sunset Zoo.

Yes! Grant Fund - 2010

A grant from the Manhattan Yes! Fund to fund Z.O.O. Crew, an educational program for high school students interested in pursuing a career in the zoo field.

Yes! Grant Fund - 2011

A grant from the Manhattan Yes! Fund to fund Z.O.O. Crew, an educational program for high school students interested in pursuing a career in the zoo field.

DEBT SERVICE FUNDS

Debt service funds are used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Downtown Redevelopment Senior Lien TIF Fund

This fund accounts for the resources accumulated and payments made for principal and interest on the Senior Lien Tax Increment Financing (TIF) Bonds issued for the North Downtown Redevelopment District.

Downtown Redevelopment Sub Lien TIF Fund

This fund accounts for the resources accumulated and payments made for principal and interest on the Subordinate Lien Tax Increment Financing (TIF) Bonds issued for the North Downtown Redevelopment

Downtown Redevelopment STAR Bonds Fund

This fund was established to account for the payment of principal and interest on the Sales Tax and Revenue (STAR) Bonds that were issued to retire the Taxable Special Obligation Revenue Bonds for the South Project Area of the Downtown Redevelopment Project. State sales tax revenues from the North District and state and local sales tax revenues from the South district, which are pledged as security on the bonds and will be used to retire the bonds, are also accounted for in this fund.

Downtown Redevelopment Taxable STAR Bonds Fund

This fund was established to account for the payment of principal and interest on the Taxable STAR Bonds that were issued to finance eligible facilities and infrastructure costs within the South Project Area of the Downtown Redevelopment Project. State sales tax revenues from the North District and state and local sales tax revenues from the South district, which are pledged as security on the bonds and will be used to retire the bonds, are also accounted for in this fund.

Transportation Development District Fund

This fund was established to account for the payment of principal and interest on the Transportation Development District Sales Tax Revenue Bonds and the excise/sales tax revenues collected from within the district, which are pledged as security on the bonds and will be used to retire the bonds.

Downtown Redevelopment TDD Fund

This fund was established to account for the payment of principal and interest on the Downtown Redevelopment Transportation Development District Sales Tax Revenue Bonds and the excise/sales tax revenues collected from within the district, which are pledged as security on the bonds and will be used to retire the bonds.

Limey Pointe TDD Fund

This fund was established to account for the payment of principal and interest on the Limey Pointe Transportation Development District Sales Tax Revenue Bonds and the excise/sales tax revenues collected from within the district, which are pledged as security on the bonds and will be used to retire the bonds.

Downtown South End TDD Fund

This fund was established to account for the payment of principal and interest on the South End Transportation Development District Sales Tax Revenue Bonds and the excise/sales tax revenues collected from within the district, which are pledged as security on the bonds and will be used to retire the bonds.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Sunrise Perpetual Care Fund

Twenty-five percent of the purchase price of the lots in Sunrise Cemetery is put directly into this fund for the upkeep and perpetual care of such lots.

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2011

	Aggieville Business Improvement District	Capital Improvement Reserve	City/ University Projects	Downtown Business Improvement District
Assets				
Cash	\$ 179	\$ 2,610,624	\$ 127,254	\$ 610
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
Total Assets	\$ 179	\$ 2,610,624	\$ 127,254	\$ 610
Liabilities				
Accounts payable	\$ 22	\$ -	\$ 3,300	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	\$ 22	\$ -	\$ 3,300	\$ -
Deferred Inflow of Resources				
Unavailable revenue - Property Taxes	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Nonspendable - Perpetual Care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban Development & Housing	157	-	-	610
General Government	-	-	-	-
Capital Projects	-	-	-	-
Public Safety	-	10,624	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - Urban Development	-	-	18,322	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	-	2,600,000	105,632	-
Unassigned	-	-	-	-
Total Fund Balance	\$ 157	\$ 2,610,624	\$ 123,954	\$ 610
Total Liabilities, Deferred Inflow of Resources and Fund Balance	\$ 179	\$ 2,610,624	\$ 127,254	\$ 610

Special Revenue

Economic Development	Employee Benefit Contribution	Federal Entitlement 2010	Federal Entitlement 2011	Fire Equipment Reserve	Fire Pension KP&F
\$ 7,514,895	\$ 178,283	\$ -	\$ -	\$ 351,401	\$ 256,665
-	-	-	-	-	-
607,646	-	-	-	-	-
-	-	-	-	-	-
-	-	-	65,971	-	-
526,989	-	-	-	-	-
-	-	-	-	-	-
-	688,390	-	-	50,000	75,000
2,331,710	-	-	-	-	-
<u>\$ 10,981,240</u>	<u>\$ 866,673</u>	<u>\$ -</u>	<u>\$ 65,971</u>	<u>\$ 401,401</u>	<u>\$ 331,665</u>
\$ 557,742	\$ -	\$ 3,594	\$ 4,899	\$ 4,178	\$ -
-	-	-	1,552	-	-
-	-	-	59,520	-	-
-	-	-	-	-	-
<u>\$ 557,742</u>	<u>\$ -</u>	<u>\$ 3,594</u>	<u>\$ 65,971</u>	<u>\$ 4,178</u>	<u>\$ -</u>
\$ -	\$ 688,390	\$ -	\$ -	\$ 50,000	\$ 75,000
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,273,498	-	(3,594)	-	-	-
-	178,283	-	-	-	160,565
-	-	-	-	-	-
-	-	-	-	19,223	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,150,000	-	-	-	328,000	96,100
-	-	-	-	-	-
<u>\$ 10,423,498</u>	<u>\$ 178,283</u>	<u>\$ (3,594)</u>	<u>\$ -</u>	<u>\$ 347,223</u>	<u>\$ 256,665</u>
<u>\$ 10,981,240</u>	<u>\$ 866,673</u>	<u>\$ -</u>	<u>\$ 65,971</u>	<u>\$ 401,401</u>	<u>\$ 331,665</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

December 31, 2011

	<u>General Improvement</u>	<u>Industrial Promotion</u>	<u>Library</u>	<u>Library Employee Benefit Contribution</u>
Assets				
Cash	\$ 117,206	\$ 235,671	\$ 189	\$ -
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	1,903,386	400,286
Economic development loans	-	-	-	-
Total Assets	<u>\$ 117,206</u>	<u>\$ 235,671</u>	<u>\$ 1,903,575</u>	<u>\$ 400,286</u>
Liabilities				
Accounts payable	\$ -	\$ 2,046	\$ 189	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ 2,046</u>	<u>\$ 189</u>	<u>\$ -</u>
Deferred Inflow of Resources				
Unavailable revenue - Property Taxes	\$ -	\$ -	\$ 1,903,386	\$ 400,286
Fund Balance				
Nonspendable - Perpetual Care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban Development & Housing	-	88,625	-	-
General Government	-	-	-	-
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Debt Service	-	-	-	-
Public Works	104,489	-	-	-
Committed - Urban Development	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	12,717	145,000	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>\$ 117,206</u>	<u>\$ 233,625</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 117,206</u>	<u>\$ 235,671</u>	<u>\$ 1,903,575</u>	<u>\$ 400,286</u>

Special Revenue

<u>Sales Tax</u>	<u>Special Alcohol Programs</u>	<u>Special Parks and Recreation</u>	<u>Special Street and Highway</u>	<u>Special Sunset Zoo</u>	<u>Tourism and Convention Promotion</u>
\$ 349,895	\$ 197,835	\$ 793,188	\$ 988,756	\$ 84,493	\$ 244,429
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
973,778	-	-	-	-	-
-	-	-	-	-	284,140
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,323,673</u>	<u>\$ 197,835</u>	<u>\$ 793,188</u>	<u>\$ 988,756</u>	<u>\$ 84,493</u>	<u>\$ 528,569</u>
\$ -	\$ -	\$ 9,237	\$ 82,755	\$ 1,178	\$ -
-	-	-	607	1,660	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,237</u>	<u>\$ 83,362</u>	<u>\$ 2,838</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	359,069
1,323,673	-	-	-	-	-
-	-	-	-	-	-
-	37,835	-	-	-	-
-	-	208,951	-	-	-
-	-	-	-	-	-
-	-	-	370,124	-	-
-	-	-	-	-	-
-	-	-	-	36,655	-
-	160,000	575,000	535,270	45,000	169,500
-	-	-	-	-	-
<u>\$ 1,323,673</u>	<u>\$ 197,835</u>	<u>\$ 783,951</u>	<u>\$ 905,394</u>	<u>\$ 81,655</u>	<u>\$ 528,569</u>
<u>\$ 1,323,673</u>	<u>\$ 197,835</u>	<u>\$ 793,188</u>	<u>\$ 988,756</u>	<u>\$ 84,493</u>	<u>\$ 528,569</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

December 31, 2011

	Airport Federal Grant No. 34	Airport Federal Grant No. 37/38	Airport Federal Grant No. 41	Airport Small Community Air Service Development
Assets				
Cash	\$ 27,698	\$ -	\$ -	\$ 25,513
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	497,581	52,385	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
Total Assets	\$ 27,698	\$ 497,581	\$ 52,385	\$ 25,513
Liabilities				
Accounts payable	\$ -	\$ -	\$ 41,695	\$ 39,904
Accrued payroll	-	-	-	-
Interfund payable	-	497,581	10,690	-
Deferred revenue	-	-	-	-
Total Liabilities	\$ -	\$ 497,581	\$ 52,385	\$ 39,904
Deferred Inflow of Resources				
Unavailable revenue - Property Taxes	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Nonspendable - Perpetual Care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban Development & Housing	-	-	-	-
General Government	-	-	-	-
Capital Projects	27,698	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - Urban Development	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	-	-	-	-
Unassigned	-	-	-	(14,391)
Total Fund Balance	\$ 27,698	\$ -	\$ -	\$ (14,391)
Total Liabilities, Deferred Inflow of Resources and Fund Balance	\$ 27,698	\$ 497,581	\$ 52,385	\$ 25,513

Special Revenue

Airport TVOR Land Acquisition Grant	Alcohol and Drug Safety	Emergency Shelter 2011	Energy Efficiency and Conservation Block Grant	Local Energy Assurance Plan Grant	Firefighter Memorial
\$ -	\$ 30,578	\$ 5,382	\$ -	\$ -	\$ 3,253
-	-	-	-	-	-
-	-	-	-	-	-
-	53,411	-	-	-	-
19,571	-	7,300	67,385	23,939	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 19,571</u>	<u>\$ 83,989</u>	<u>\$ 12,682</u>	<u>\$ 67,385</u>	<u>\$ 23,939</u>	<u>\$ 3,253</u>
\$ 277	\$ 8,966	\$ 12,682	\$ 67,385	\$ 9,761	\$ -
-	-	-	-	-	-
19,294	-	-	-	14,178	-
-	53,411	-	-	-	-
<u>\$ 19,571</u>	<u>\$ 62,377</u>	<u>\$ 12,682</u>	<u>\$ 67,385</u>	<u>\$ 23,939</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	3,253
-	-	-	-	-	-
-	-	-	-	-	-
-	21,612	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 21,612</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,253</u>
<u>\$ 19,571</u>	<u>\$ 83,989</u>	<u>\$ 12,682</u>	<u>\$ 67,385</u>	<u>\$ 23,939</u>	<u>\$ 3,253</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

December 31, 2011

	Home Investment Partnerships Program-2010	Home Investment Partnerships Program-2011	Homeless Prevention Grant	Juneteenth Grant-2009
Assets				
Cash	\$ 21,777	\$ 21,399	\$ 5,291	\$ 266
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	16,460	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
	Total Assets	Total Assets	Total Assets	Total Assets
	<u>\$ 21,777</u>	<u>\$ 21,399</u>	<u>\$ 21,751</u>	<u>\$ 266</u>
Liabilities				
Accounts payable	\$ -	\$ 550	\$ 16,460	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
	Total Liabilities	Total Liabilities	Total Liabilities	Total Liabilities
	<u>\$ -</u>	<u>\$ 550</u>	<u>\$ 16,460</u>	<u>\$ -</u>
Deferred Inflow of Resources				
Unavailable revenue - Property Taxes	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Nonspendable - Perpetual Care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban Development & Housing	21,777	20,849	5,291	266
General Government	-	-	-	-
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - Urban Development	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	-	-	-	-
Unassigned	-	-	-	-
	Total Fund Balance	Total Fund Balance	Total Fund Balance	Total Fund Balance
	<u>\$ 21,777</u>	<u>\$ 20,849</u>	<u>\$ 5,291</u>	<u>\$ 266</u>
	Total Liabilities, Deferred Inflow of Resources and Fund Balance	Total Liabilities, Deferred Inflow of Resources and Fund Balance	Total Liabilities, Deferred Inflow of Resources and Fund Balance	Total Liabilities, Deferred Inflow of Resources and Fund Balance
	<u>\$ 21,777</u>	<u>\$ 21,399</u>	<u>\$ 21,751</u>	<u>\$ 266</u>

Special Revenue

KBA Innovation Center Grant	KDHE Playground Surface Grant	Norvell Band Shell	Park Improvement	Special Taxi	Sunset Zoo Animals
\$ -	\$ 1,791	\$ 1,864	\$ 16,811	\$ 55,238	\$ 758
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
18,923	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 18,923</u>	<u>\$ 1,791</u>	<u>\$ 1,864</u>	<u>\$ 16,811</u>	<u>\$ 55,238</u>	<u>\$ 758</u>
\$ 18,923	\$ 1,791	\$ -	\$ -	\$ 1,016	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 18,923</u>	<u>\$ 1,791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,016</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	54,222	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,864	16,811	-	758
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,864</u>	<u>\$ 16,811</u>	<u>\$ 54,222</u>	<u>\$ 758</u>
<u>\$ 18,923</u>	<u>\$ 1,791</u>	<u>\$ 1,864</u>	<u>\$ 16,811</u>	<u>\$ 55,238</u>	<u>\$ 758</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

December 31, 2011

	Take Charge Energy Challenge	U.S. SBA Grant for Child Care	Vacek	Wetland Development Grant
Assets				
Cash	\$ -	\$ -	\$ 73,150	\$ 2,183
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	11,711	22,988	-	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
Total Assets	\$ 11,711	\$ 22,988	\$ 73,150	\$ 2,183
Liabilities				
Accounts payable	\$ 11,610	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Interfund payable	101	22,988	-	-
Deferred revenue	-	-	-	-
Total Liabilities	\$ 11,711	\$ 22,988	\$ -	\$ -
Deferred Inflow of Resources				
Unavailable revenue - Property Taxes	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Nonspendable - Perpetual Care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban Development & Housing	-	-	-	-
General Government	-	-	-	-
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	73,150	2,183
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - Urban Development	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	\$ -	\$ -	\$ 73,150	\$ 2,183
Total Liabilities, Deferred Inflow of Resources and Fund Balance	\$ 11,711	\$ 22,988	\$ 73,150	\$ 2,183

Special Revenue			Debt Service	
Woodard	Yes! Grant-2011	Total	Downtown Redevelopment Senior Lien TIF Bonds	Downtown Redevelopment Sub Lien TIF Bonds
\$ 73,204	\$ -	\$ 14,417,729	\$ 79,743	\$ -
-	-	-	2,494,058	1
-	-	607,646	-	-
-	-	53,411	-	-
-	1,874	806,088	-	-
-	-	1,500,767	204,063	-
-	-	284,140	-	-
-	-	3,117,062	-	-
-	-	2,331,710	-	-
<u>\$ 73,204</u>	<u>\$ 1,874</u>	<u>\$ 23,118,553</u>	<u>\$ 2,777,864</u>	<u>\$ 1</u>
\$ -	\$ -	\$ 900,160	\$ -	\$ -
-	149	3,968	-	-
-	1,725	626,077	-	-
-	-	53,411	-	-
<u>\$ -</u>	<u>\$ 1,874</u>	<u>\$ 1,583,616</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,117,062</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	8,769,801	-	-
-	-	1,716,743	-	-
-	-	27,698	-	-
-	-	89,294	-	-
73,204	-	376,921	-	-
-	-	-	-	-
-	-	474,613	2,777,864	1
-	-	18,322	-	-
-	-	36,655	-	-
-	-	6,922,219	-	-
-	-	(14,391)	-	-
<u>\$ 73,204</u>	<u>\$ -</u>	<u>\$ 18,417,875</u>	<u>\$ 2,777,864</u>	<u>\$ 1</u>
<u>\$ 73,204</u>	<u>\$ 1,874</u>	<u>\$ 23,118,553</u>	<u>\$ 2,777,864</u>	<u>\$ 1</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

December 31, 2011

				Debt Service
	Downtown Redevelopment STAR Bonds	Downtown Redevelopment Taxable STAR Bonds	Transportation Development District	Downtown Redevelopment TDD
Assets				
Cash	\$ -	\$ -	\$ 217,723	\$ 2,238,281
Cash with special obligation bonds trustee	36,164	1,770	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	79,208
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
	<u>\$ 36,164</u>	<u>\$ 1,770</u>	<u>\$ 217,723</u>	<u>\$ 2,317,489</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deferred Inflow of Resources				
Unavailable revenue - Property Taxes	\$ -	\$ -	\$ -	\$ -
Fund Balance				
Nonspendable - Perpetual Care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban Development & Housing	-	-	-	-
General Government	-	-	-	-
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Debt Service	36,164	1,770	217,723	2,317,489
Committed - Urban Development	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>\$ 36,164</u>	<u>\$ 1,770</u>	<u>\$ 217,723</u>	<u>\$ 2,317,489</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 36,164</u>	<u>\$ 1,770</u>	<u>\$ 217,723</u>	<u>\$ 2,317,489</u>

			Permanent	
Limey Pointe TDD	Downtown South End TDD	Total	Sunrise Perpetual Care	Total Nonmajor Governmental Funds
\$ 153,233	\$ 9,614	\$ 2,698,594	\$ 442,420	\$ 17,558,743
-	-	2,531,993	-	2,531,993
-	-	-	-	607,646
-	-	-	-	53,411
-	-	-	-	806,088
9,236	972	293,479	-	1,794,246
-	-	-	-	284,140
-	-	-	-	3,117,062
-	-	-	-	2,331,710
<u>\$ 162,469</u>	<u>\$ 10,586</u>	<u>\$ 5,524,066</u>	<u>\$ 442,420</u>	<u>\$ 29,085,039</u>
\$ -	\$ -	\$ -	\$ -	\$ 900,160
-	-	-	-	3,968
-	-	-	-	626,077
-	-	-	-	53,411
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,583,616</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,117,062</u>
\$ -	\$ -	\$ -	\$ 442,420	\$ 442,420
-	-	-	-	8,769,801
-	-	-	-	1,716,743
-	-	-	-	27,698
-	-	-	-	89,294
-	-	-	-	376,921
-	-	-	-	-
162,469	10,586	5,524,066	-	5,998,679
-	-	-	-	18,322
-	-	-	-	36,655
-	-	-	-	6,922,219
-	-	-	-	(14,391)
<u>\$ 162,469</u>	<u>\$ 10,586</u>	<u>\$ 5,524,066</u>	<u>\$ 442,420</u>	<u>\$ 24,384,361</u>
<u>\$ 162,469</u>	<u>\$ 10,586</u>	<u>\$ 5,524,066</u>	<u>\$ 442,420</u>	<u>\$ 29,085,039</u>

CITY OF MANHATTAN, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended December 31, 2011

	Aggieville Business Improvement District	Capital Improvement Reserve
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	35,166	-
Investment income	-	8,605
Miscellaneous	-	-
Total Revenue	\$ 35,166	\$ 8,605
EXPENDITURES		
Current		
General government	\$ -	\$ -
Public safety	-	-
Public works	-	-
Urban development and housing	35,656	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	3,000
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	\$ 35,656	\$ 3,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (490)	\$ 5,605
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	\$ -	\$ -
General obligation bonds issued	-	-
Speical obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -
NET CHANGE IN FUND BALANCES	\$ (490)	\$ 5,605
FUND BALANCE-BEGINNING OF PERIOD	647	2,605,019
FUND BALANCE - END OF PERIOD	\$ 157	\$ 2,610,624

(Continued)

Special Revenue

City/ University Projects	Downtown Business Improvement District	Economic Development	Employee Benefit Contribution	Federal Entitlement 2010	Federal Entitlement 2011	Fire Equipment Reserve
\$ 398,300	\$ -	\$ 2,782,338	\$ 645,896	\$ -	\$ -	\$ 54,718
-	-	850,000	-	352,343	65,971	-
-	57,503	-	-	-	-	-
-	-	36,271	-	-	-	1,159
-	-	255,160	-	-	-	-
\$ 398,300	\$ 57,503	\$ 3,923,769	\$ 645,896	\$ 352,343	\$ 65,971	\$ 55,877
\$ -	\$ -	\$ -	\$ 1,517,613	\$ -	\$ -	\$ -
-	-	-	-	-	-	82,282
-	-	-	-	-	-	-
-	57,000	1,018,071	-	196,847	65,971	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
258,760	-	401,247	-	159,090	-	11,609
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 258,760	\$ 57,000	\$ 1,419,318	\$ 1,517,613	\$ 355,937	\$ 65,971	\$ 93,891
\$ 139,540	\$ 503	\$ 2,504,451	\$ (871,717)	\$ (3,594)	\$ -	\$ (38,014)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
161,884	-	-	1,050,000	-	-	-
(193,072)	-	(2,250,536)	-	-	-	-
\$ (31,188)	\$ -	\$ (2,250,536)	\$ 1,050,000	\$ -	\$ -	\$ -
\$ 108,352	\$ 503	\$ 253,915	\$ 178,283	\$ (3,594)	\$ -	\$ (38,014)
15,602	107	10,169,583	-	-	-	385,237
\$ 123,954	\$ 610	\$ 10,423,498	\$ 178,283	\$ (3,594)	\$ -	\$ 347,223

CITY OF MANHATTAN, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For The Year Ended December 31, 2011

	<u>Fire Pension KP&F</u>	<u>General Improvement</u>
REVENUES		
Taxes	\$ 87,602	\$ -
Intergovernmental	-	-
Charges for services	-	-
Investment income	-	399
Miscellaneous	3,753	-
Total Revenue	<u>\$ 91,355</u>	<u>\$ 399</u>
EXPENDITURES		
Current		
General government	\$ -	\$ -
Public safety	516,663	-
Public works	-	-
Urban development and housing	-	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	1,925
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>\$ 516,663</u>	<u>\$ 1,925</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (425,308)</u>	<u>\$ (1,526)</u>
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	\$ -	\$ -
General obligation bonds issued	-	-
Speical obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	450,000	-
Transfers out	-	(12,717)
Total Other Financing Sources (Uses)	<u>\$ 450,000</u>	<u>\$ (12,717)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 24,692</u>	<u>\$ (14,243)</u>
FUND BALANCE-BEGINNING OF PERIOD	<u>231,973</u>	<u>131,449</u>
FUND BALANCE - END OF PERIOD	<u><u>\$ 256,665</u></u>	<u><u>\$ 117,206</u></u>

(Continued)

Special Revenue

Industrial Promotion	Library	Library Employee Benefit Contribution	Park Development	Riley County Health Department	Sales Tax	Special Alcohol Programs
\$ 540	\$ 1,971,623	\$ 433,760	\$ -	\$ 286,182	\$ 5,164,309	\$ -
-	-	-	-	-	-	408,281
792	315	69	71	-	-	422
60,310	-	-	-	-	-	10,756
\$ 61,642	\$ 1,971,938	\$ 433,829	\$ 71	\$ 286,182	\$ 5,164,309	\$ 419,459
\$ -	\$ -	\$ -	\$ -	\$ 289,320	\$ -	\$ 426,627
-	-	-	-	-	-	-
-	-	-	-	-	-	-
50,064	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,999,394	440,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 50,064	\$ 1,999,394	\$ 440,000	\$ -	\$ 289,320	\$ -	\$ 426,627
\$ 11,578	\$ (27,456)	\$ (6,171)	\$ 71	\$ (3,138)	\$ 5,164,309	\$ (7,168)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
19,285	27,456	6,171	28,602	3,138	-	-
(50,850)	-	-	(61,115)	-	(4,923,013)	-
\$ (31,565)	\$ 27,456	\$ 6,171	\$ (32,513)	\$ 3,138	\$ (4,923,013)	\$ -
\$ (19,987)	\$ -	\$ -	\$ (32,442)	\$ -	\$ 241,296	\$ (7,168)
253,612	-	-	32,442	-	1,082,377	205,003
\$ 233,625	\$ -	\$ -	\$ -	\$ -	\$ 1,323,673	\$ 197,835

CITY OF MANHATTAN, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For The Year Ended December 31, 2011

	Special Parks and Recreation	Special Street and Highway
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	408,280	1,580,446
Charges for services	-	-
Investment income	2,611	3,728
Miscellaneous	-	-
Total Revenue	\$ 410,891	\$ 1,584,174
EXPENDITURES		
Current		
General government	\$ -	\$ -
Public safety	-	-
Public works	-	910,191
Urban development and housing	-	-
Culture/recreation	9,784	-
Culture/recreation-payments to Library	-	-
Capital Outlay	310,804	64,266
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	\$ 320,588	\$ 974,457
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 90,303	\$ 609,717
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	\$ -	\$ -
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	3,500	12,717
Transfers out	(99,132)	(323,088)
Total Other Financing Sources (Uses)	\$ (95,632)	\$ (310,371)
NET CHANGE IN FUND BALANCES	\$ (5,329)	\$ 299,346
FUND BALANCE-BEGINNING OF PERIOD	789,280	606,048
FUND BALANCE - END OF PERIOD	\$ 783,951	\$ 905,394

(Continued)

Special Revenue

Special Sunset Zoo	Tourism and Convention Promotion	Airport Federal Grant No. 30	Airport Federal Grant No. 34	Airport Federal Grant No. 35	Airport Federal Grant No. 37/38	Airport Federal Grant No. 39
\$ -	\$ 1,035,636	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	34,745	154,444	-
200,220	-	-	-	-	-	-
342	-	-	-	-	-	-
26,847	-	-	-	3,185	-	-
\$ 227,409	\$ 1,035,636	\$ -	\$ -	\$ 37,930	\$ 154,444	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,801
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	883,076	-	-	-	-	-
163,693	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	154,444	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 163,693	\$ 883,076	\$ -	\$ -	\$ -	\$ 154,444	\$ 1,801
\$ 63,716	\$ 152,560	\$ -	\$ -	\$ 37,930	\$ -	\$ (1,801)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	7,971	-	1,801
(59,074)	(275,066)	(7,971)	-	(45,901)	-	-
\$ (59,074)	\$ (275,066)	\$ (7,971)	\$ -	\$ (37,930)	\$ -	\$ 1,801
\$ 4,642	\$ (122,506)	\$ (7,971)	\$ -	\$ -	\$ -	\$ -
77,013	651,075	7,971	27,698	-	-	-
\$ 81,655	\$ 528,569	\$ -	\$ 27,698	\$ -	\$ -	\$ -

CITY OF MANHATTAN, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For The Year Ended December 31, 2011

	Airport Federal Grant No. 40	Airport Federal Grant No. 41
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	255,482
Charges for services	-	-
Investment income	-	-
Miscellaneous	-	-
Total Revenue	\$ -	\$ 255,482
EXPENDITURES		
Current		
General government	\$ 9,041	\$ -
Public safety	-	-
Public works	-	-
Urban development and housing	-	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	255,434
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	\$ 9,041	\$ 255,434
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (9,041)	\$ 48
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	\$ -	\$ -
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	11,087	-
Transfers out	-	-
Total Other Financing Sources (Uses)	\$ 11,087	\$ -
NET CHANGE IN FUND BALANCES	\$ 2,046	\$ 48
FUND BALANCE-BEGINNING OF PERIOD	(2,046)	(48)
FUND BALANCE - END OF PERIOD	\$ -	\$ -

(Continued)

Special Revenue

Airport Small Community Air Service Development Grant	Airport TVOR Land Acquisition Grant	Alcohol and Drug Safety	Community Planning Assistance Grant-2008	Community Planning Assistance Grant-Flint Hills Regional Council	Emergency Shelter 2011	Energy Efficiency and Conservation Block Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	19,571	-	-	86,707	30,138	159,423
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	5,246	-	-	-	-
\$ -	\$ 19,571	\$ 5,246	\$ -	\$ 86,707	\$ 30,138	\$ 159,423
\$ 164,391	\$ 19,571	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	9,812	80,503	30,138	160,766
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 164,391	\$ 19,571	\$ -	\$ 9,812	\$ 80,503	\$ 30,138	\$ 160,766
\$ (164,391)	\$ -	\$ 5,246	\$ (9,812)	\$ 6,204	\$ -	\$ (1,343)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
150,000	-	-	-	-	-	-
-	-	(5,627)	-	(6,204)	-	-
\$ 150,000	\$ -	\$ (5,627)	\$ -	\$ (6,204)	\$ -	\$ -
\$ (14,391)	\$ -	\$ (381)	\$ (9,812)	\$ -	\$ -	\$ (1,343)
-	-	21,993	9,812	-	-	1,343
\$ (14,391)	\$ -	\$ 21,612	\$ -	\$ -	\$ -	\$ -

CITY OF MANHATTAN, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For The Year Ended December 31, 2011

	Local Energy Assurance Plan Grant	Emergency Shelter 2010
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	74,497	26,296
Charges for services	-	-
Investment income	-	-
Miscellaneous	-	-
Total Revenue	\$ 74,497	\$ 26,296
EXPENDITURES		
Current		
General government	\$ -	\$ -
Public safety	-	-
Public works	-	-
Urban development and housing	74,497	25,112
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	\$ 74,497	\$ 25,112
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ 1,184
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	\$ -	\$ -
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	-
Transfers out	-	(1,184)
Total Other Financing Sources (Uses)	\$ -	\$ (1,184)
NET CHANGE IN FUND BALANCES	\$ -	\$ -
FUND BALANCE-BEGINNING OF PERIOD	-	-
FUND BALANCE - END OF PERIOD	\$ -	\$ -

(Continued)

Special Revenue

Firefighter Memorial	Historic Preservation African-American Cultural Resources Grant	Home Investment Partnerships Program	Home Investment Partnerships Program-2010	Home Investment Partnerships Program-2011	Homeland Security Grant-Rescue Trailer and Equipment	Homeland Security Grant-Structural Collapse Course
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	16,200	-	65,105	-	3,517	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,210	-	-	3,516	-	-	-
\$ 1,210	\$ 16,200	\$ -	\$ 68,621	\$ -	\$ 3,517	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	3,517	-
-	-	-	-	-	-	-
-	-	-	54,232	550	-	-
-	25,000	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ -	\$ 25,000	\$ -	\$ 54,232	\$ 550	\$ 3,517	\$ -
\$ 1,210	\$ (8,800)	\$ -	\$ 14,389	\$ (550)	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	7,388	21,399	-	-
-	-	(21,399)	-	-	-	(9,035)
\$ -	\$ -	\$ (21,399)	\$ 7,388	\$ 21,399	\$ -	\$ (9,035)
\$ 1,210	\$ (8,800)	\$ (21,399)	\$ 21,777	\$ 20,849	\$ -	\$ (9,035)
2,043	8,800	21,399	-	-	-	9,035
\$ 3,253	\$ -	\$ -	\$ 21,777	\$ 20,849	\$ -	\$ -

CITY OF MANHATTAN, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
For The Year Ended December 31, 2011

	Homeless Prevention Grant	Juneteenth Grant-2009
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	298,405	-
Charges for services	-	-
Investment income	-	-
Miscellaneous	-	1,020
Total Revenue	\$ 298,405	\$ 1,020
EXPENDITURES		
Current		
General government	\$ -	\$ -
Public safety	-	-
Public works	-	-
Urban development and housing	293,114	-
Culture/recreation	-	975
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	\$ 293,114	\$ 975
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 5,291	\$ 45
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	\$ -	\$ -
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -
NET CHANGE IN FUND BALANCES	\$ 5,291	\$ 45
FUND BALANCE-BEGINNING OF PERIOD	-	221
FUND BALANCE - END OF PERIOD	\$ 5,291	\$ 266

(Continued)

Special Revenue

Kansas Bioscience Authority Innovation Center Grant	KDHE Playground Surface Grant	Norvell Band Shell	Park Improvement	Special Taxi	Sunset Zoo Animals	Take Charge Energy Challenge
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
18,923	1,791	-	-	-	-	36,668
-	-	-	-	9,627	-	-
-	-	-	-	-	2	-
-	-	-	1,348	10,000	-	-
\$ 18,923	\$ 1,791	\$ -	\$ 1,348	\$ 19,627	\$ 2	\$ 36,668
\$ -	\$ -	\$ -	\$ -	\$ 14,563	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,791	-	-	-	-	36,668
-	-	-	-	-	-	-
1,018,632	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 1,018,632	\$ 1,791	\$ -	\$ -	\$ 14,563	\$ -	\$ 36,668
\$ (999,709)	\$ -	\$ -	\$ 1,348	\$ 5,064	\$ 2	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
662,495	-	-	-	-	-	-
-	-	-	-	-	-	-
\$ 662,495	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ (337,214)	\$ -	\$ -	\$ 1,348	\$ 5,064	\$ 2	\$ -
337,214	-	1,864	15,463	49,158	756	-
\$ -	\$ -	\$ 1,864	\$ 16,811	\$ 54,222	\$ 758	\$ -

CITY OF MANHATTAN, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For The Year Ended December 31, 2011

	Transit Study- 2010	U.S. Small Business Administration Grant for Child Care
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	68,508	89,871
Charges for services	-	-
Investment income	-	-
Miscellaneous	-	-
Total Revenue	\$ 68,508	\$ 89,871
EXPENDITURES		
Current		
General government	\$ 68,144	\$ -
Public safety	-	-
Public works	-	-
Urban development and housing	-	62,297
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	27,574
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	\$ 68,144	\$ 89,871
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 364	\$ -
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	\$ -	\$ -
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	19,990	-
Transfers out	(354)	-
Total Other Financing Sources (Uses)	\$ 19,636	\$ -
NET CHANGE IN FUND BALANCES	\$ 20,000	\$ -
FUND BALANCE-BEGINNING OF PERIOD	(20,000)	-
FUND BALANCE - END OF PERIOD	\$ -	\$ -

(Continued)

Special Revenue

Vacek	Wetland Development Grant	Woodard	Yes! Grant-2010	Yes! Grant-2011	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,860,904
-	2,183	-	-	5,874	5,113,669
-	-	-	-	-	302,516
-	-	571	-	-	55,357
112,650	-	-	-	-	495,001
\$ 112,650	\$ 2,183	\$ 571	\$ -	\$ 5,874	\$ 18,827,447
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,511,071
-	-	-	-	-	602,462
-	-	-	-	-	910,191
-	-	-	-	-	3,097,706
-	-	-	575	5,874	244,360
-	-	-	-	-	2,439,394
-	-	982	-	-	2,667,767
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ 982	\$ 575	\$ 5,874	\$ 12,472,951
\$ 112,650	\$ 2,183	\$ (411)	\$ (575)	\$ -	\$ 6,354,496
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,979	-	2,648,863
(39,500)	-	(100,000)	-	-	(8,484,838)
\$ (39,500)	\$ -	\$ (100,000)	\$ 3,979	\$ -	\$ (5,835,975)
\$ 73,150	\$ 2,183	\$ (100,411)	\$ 3,404	\$ -	\$ 518,521
-	-	173,615	(3,404)	-	17,899,354
\$ 73,150	\$ 2,183	\$ 73,204	\$ -	\$ -	\$ 18,417,875

CITY OF MANHATTAN, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For The Year Ended December 31, 2011

	Downtown Redevelopment Senior Lien TIF Bonds	Downtown Redevelopment Sub Lien TIF Bonds
REVENUES		
Taxes	\$ 1,257,768	\$ -
Intergovernmental	-	-
Charges for services	-	-
Investment income	45,158	-
Miscellaneous	-	-
Total Revenue	\$ 1,302,926	\$ -
EXPENDITURES		
Current		
General government	\$ -	\$ -
Public safety	-	-
Public works	-	-
Urban development and housing	-	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	30,000
Bond issuance costs	-	-
Interest and fiscal charges	1,000,470	407,850
Total Expenditures	\$ 1,000,470	\$ 437,850
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 302,456	\$ (437,850)
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	\$ -	\$ -
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	437,851
Transfers out	(767,890)	-
Total Other Financing Sources (Uses)	\$ (767,890)	\$ 437,851
NET CHANGE IN FUND BALANCES	\$ (465,434)	\$ 1
FUND BALANCE-BEGINNING OF PERIOD	3,243,298	-
FUND BALANCE - END OF PERIOD	\$ 2,777,864	\$ 1

(Continued)

Debt Service

Downtown Redevelopment STAR Bonds	Redevelopment Taxable STAR Bonds	Downtown Transportation Development District	Downtown Redevelopment TDD	Limey Pointe TDD	Downtown South End TDD	Total
\$ 6,688,672	\$ -	\$ -	\$ 386,537	\$ 56,860	\$ 11,523	\$ 8,401,360
-	609,687	-	-	-	-	609,687
-	-	-	-	-	-	-
10	5	717	16,348	823	-	63,061
-	-	-	-	-	-	-
\$ 6,688,682	\$ 609,692	\$ 717	\$ 402,885	\$ 57,683	\$ 11,523	\$ 9,074,108
\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 937	\$ 940
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,745,000	-	-	30,000	40,000	-	4,845,000
-	-	-	270	-	-	270
816,215	1,741,962	-	243,751	17,300	-	4,227,548
\$ 5,561,215	\$ 1,741,962	\$ -	\$ 274,021	\$ 57,303	\$ 937	\$ 9,073,758
\$ 1,127,467	\$ (1,132,270)	\$ 717	\$ 128,864	\$ 380	\$ 10,586	\$ 350
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,132,269	-	-	-	-	1,570,120
(1,132,269)	(23,516)	-	(2,736,856)	-	-	(4,660,531)
\$ (1,132,269)	\$ 1,108,753	\$ -	\$ (2,736,856)	\$ -	\$ -	\$ (3,090,411)
\$ (4,802)	\$ (23,517)	\$ 717	\$ (2,607,992)	\$ 380	\$ 10,586	\$ (3,090,061)
40,966	25,287	217,006	4,925,481	162,089	-	8,614,127
\$ 36,164	\$ 1,770	\$ 217,723	\$ 2,317,489	\$ 162,469	\$ 10,586	\$ 5,524,066

CITY OF MANHATTAN, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

For The Year Ended December 31, 2011

	Permanent	Total
	Sunrise Perpetual Care	Nonmajor Governmental Funds
REVENUES		
Taxes	\$ -	\$ 21,262,264
Intergovernmental	-	5,723,356
Charges for services	7,819	310,335
Investment income	1,446	119,864
Miscellaneous	-	495,001
Total Revenue	\$ 9,265	\$ 27,910,820
EXPENDITURES		
Current		
General government	\$ -	\$ 2,512,011
Public safety	-	602,462
Public works	-	910,191
Urban development and housing	-	3,097,706
Culture/recreation	300	244,660
Culture/recreation-payments to Library	-	2,439,394
Capital Outlay	-	2,667,767
Debt service		
Principal	-	4,845,000
Bond issuance costs	-	270
Interest and fiscal charges	-	4,227,548
Total Expenditures	\$ 300	\$ 21,547,009
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 8,965	\$ 6,363,811
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	\$ -	\$ -
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	4,218,983
Transfers out	-	(13,145,369)
Total Other Financing Sources (Uses)	\$ -	\$ (8,926,386)
NET CHANGE IN FUND BALANCES	\$ 8,965	\$ (2,562,575)
FUND BALANCE-BEGINNING OF PERIOD	433,455	26,946,936
FUND BALANCE - END OF PERIOD	\$ 442,420	\$ 24,384,361

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CITY OF MANHATTAN, KANSAS
SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2011

	Aggieville Business Improvement District			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	36,500	36,500	35,166	(1,334)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	<u>\$ 36,500</u>	<u>\$ 36,500</u>	<u>\$ 35,166</u>	<u>\$ (1,334)</u>
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	37,000	37,000	35,656	1,344
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 37,000</u>	<u>\$ 37,000</u>	<u>\$ 35,656</u>	<u>\$ 1,344</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (500)</u>	<u>\$ (500)</u>	<u>\$ (490)</u>	<u>\$ 10</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	<u>\$ (500)</u>	<u>\$ (500)</u>	<u>\$ (490)</u>	<u>\$ 10</u>
FUND BALANCE - BEGINNING OF PERIOD			647	
FUND BALANCE - END OF PERIOD			\$ 157	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			<u>\$ 157</u>	

(Continued)

Capital Improvement Reserve				City/University Projects			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 398,300	\$ 398,300	\$ 398,300	\$ -
-	-	-	-	-	-	-	-
75,000	75,000	8,605	(66,395)	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 8,605</u>	<u>\$ (66,395)</u>	<u>\$ 398,300</u>	<u>\$ 398,300</u>	<u>\$ 398,300</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,770,000	2,770,000	-	2,770,000	520,700	520,700	258,760	261,940
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 2,770,000</u>	<u>\$ 2,770,000</u>	<u>\$ -</u>	<u>\$ 2,770,000</u>	<u>\$ 520,700</u>	<u>\$ 520,700</u>	<u>\$ 258,760</u>	<u>\$ 261,940</u>
\$ (2,695,000)	\$ (2,695,000)	\$ 8,605	\$ 2,703,605	\$ (122,400)	\$ (122,400)	\$ 139,540	\$ 261,940
\$ -	\$ -	\$ -	\$ -	\$ 161,530	\$ 161,530	\$ 161,884	\$ 354
-	-	-	-	(50,000)	(50,000)	(193,072)	(143,072)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 111,530</u>	<u>\$ 111,530</u>	<u>\$ (31,188)</u>	<u>\$ (142,718)</u>
<u>\$ (2,695,000)</u>	<u>\$ (2,695,000)</u>	<u>\$ 8,605</u>	<u>\$ 2,703,605</u>	<u>\$ (10,870)</u>	<u>\$ (10,870)</u>	<u>\$ 108,352</u>	<u>\$ 119,222</u>
		2,602,019				15,602	
		\$ 2,610,624				\$ 123,954	
		-				-	
		<u>\$ 2,610,624</u>				<u>\$ 123,954</u>	

CITY OF MANHATTAN, KANSAS
SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
(CONTINUED)

For The Year Ended December 31, 2011

	Downtown Business Improvement District			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	62,000	62,000	57,503	(4,497)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	<u>\$ 62,000</u>	<u>\$ 62,000</u>	<u>\$ 57,503</u>	<u>\$ (4,497)</u>
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	62,500	62,500	57,000	5,500
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 62,500</u>	<u>\$ 62,500</u>	<u>\$ 57,000</u>	<u>\$ 5,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (500)</u>	<u>\$ (500)</u>	<u>\$ 503</u>	<u>\$ 1,003</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	<u>\$ (500)</u>	<u>\$ (500)</u>	<u>503</u>	<u>\$ 1,003</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>107</u>	
FUND BALANCE - END OF PERIOD			\$ 610	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 610</u>	

(Continued)

Economic Development				Employee Benefit Contribution			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 2,602,400	\$ 2,602,400	\$ 2,782,338	\$ 179,938	\$ 657,000	\$ 657,000	\$ 645,896	\$ (11,104)
-	-	850,000	850,000	-	-	-	-
-	-	-	-	-	-	-	-
81,697	81,697	36,271	(45,426)	-	-	-	-
448,000	448,000	255,160	(192,840)	-	-	-	-
<u>\$ 3,132,097</u>	<u>\$ 3,132,097</u>	<u>\$ 3,923,769</u>	<u>\$ 791,672</u>	<u>\$ 657,000</u>	<u>\$ 657,000</u>	<u>\$ 645,896</u>	<u>\$ (11,104)</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,707,000	\$ 1,707,000	\$ 1,517,613	\$ 189,387
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,486,541	6,486,541	1,018,071	5,468,470	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 6,486,541</u>	<u>\$ 6,486,541</u>	<u>\$ 1,018,071</u>	<u>\$ 5,468,470</u>	<u>\$ 1,707,000</u>	<u>\$ 1,707,000</u>	<u>\$ 1,517,613</u>	<u>\$ 189,387</u>
\$ (3,354,444)	\$ (3,354,444)	\$ 2,905,698	\$ 6,260,142	\$ (1,050,000)	\$ (1,050,000)	\$ (871,717)	\$ 178,283
\$ -	\$ -	\$ -	\$ -	\$ 1,050,000	\$ 1,050,000	\$ 1,050,000	\$ -
(735,556)	(735,556)	(2,250,536)	(1,514,980)	-	-	-	-
<u>\$ (735,556)</u>	<u>\$ (735,556)</u>	<u>\$ (2,250,536)</u>	<u>\$ (1,514,980)</u>	<u>\$ 1,050,000</u>	<u>\$ 1,050,000</u>	<u>\$ 1,050,000</u>	<u>\$ -</u>
<u>\$ (4,090,000)</u>	<u>\$ (4,090,000)</u>	655,162	\$ 4,745,162	\$ -	\$ -	178,283	\$ 178,283
		9,768,336				-	
		\$ 10,423,498				\$ 178,283	
		-				-	
		<u>\$ 10,423,498</u>				<u>\$ 178,283</u>	

CITY OF MANHATTAN, KANSAS
SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
(CONTINUED)

For The Year Ended December 31, 2011

	Federal Entitlement - 2010			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	300,000	300,000	352,343	52,343
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 352,343</u>	<u>\$ 52,343</u>
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	288,640	288,640	196,847	91,793
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	159,090	(159,090)
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 288,640</u>	<u>\$ 288,640</u>	<u>\$ 355,937</u>	<u>\$ (67,297)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 11,360</u>	<u>\$ 11,360</u>	<u>\$ (3,594)</u>	<u>\$ (14,954)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(11,360)	(11,360)	-	11,360
Total Other Financing Sources (Uses)	<u>\$ (11,360)</u>	<u>\$ (11,360)</u>	<u>\$ -</u>	<u>\$ 11,360</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>(3,594)</u>	<u>\$ (3,594)</u>
FUND BALANCE - BEGINNING OF PERIOD			-	
FUND BALANCE - END OF PERIOD			\$ (3,594)	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			<u>\$ (3,594)</u>	

(Continued)

CITY OF MANHATTAN, KANSAS
SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
(CONTINUED)

For The Year Ended December 31, 2011

	Fire Pension KP&F			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ 88,580	\$ 88,580	\$ 87,602	\$ (978)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	3,753	3,753
Total Revenue	<u>\$ 88,580</u>	<u>\$ 88,580</u>	<u>\$ 91,355</u>	<u>\$ 2,775</u>
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	597,940	597,940	516,663	81,277
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 597,940</u>	<u>\$ 597,940</u>	<u>\$ 516,663</u>	<u>\$ 81,277</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (509,360)</u>	<u>\$ (509,360)</u>	<u>\$ (425,308)</u>	<u>\$ 84,052</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 450,000	\$ 450,000	\$ 450,000	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ 450,000</u>	<u>\$ -</u>
NET CHANGE IN FUND BALANCES	<u>\$ (59,360)</u>	<u>\$ (59,360)</u>	24,692	<u>\$ 84,052</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>231,973</u>	
FUND BALANCE - END OF PERIOD			\$ 256,665	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 256,665</u>	

(Continued)

General Improvement				Industrial Promotion			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540	\$ 540
-	-	-	-	-	-	-	-
-	-	399	399	5,000	5,000	792	(4,208)
-	-	50,000	50,000	40,000	40,000	60,310	20,310
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,399</u>	<u>\$ 50,399</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 61,642</u>	<u>\$ 16,642</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	268,725	268,725	50,064	218,661
-	-	-	-	-	-	-	-
50,000	50,000	1,925	48,075	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ 1,925</u>	<u>\$ 48,075</u>	<u>\$ 268,725</u>	<u>\$ 268,725</u>	<u>\$ 50,064</u>	<u>\$ 218,661</u>
<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ 48,474</u>	<u>\$ 98,474</u>	<u>\$ (223,725)</u>	<u>\$ (223,725)</u>	<u>\$ 11,578</u>	<u>\$ 235,303</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,285	\$ 19,285
(12,716)	(12,716)	(12,717)	(1)	(26,275)	(26,275)	(50,850)	(24,575)
<u>\$ (12,716)</u>	<u>\$ (12,716)</u>	<u>\$ (12,717)</u>	<u>\$ (1)</u>	<u>\$ (26,275)</u>	<u>\$ (26,275)</u>	<u>\$ (31,565)</u>	<u>\$ (5,290)</u>
<u>\$ (62,716)</u>	<u>\$ (62,716)</u>	35,757	<u>\$ 98,473</u>	<u>\$ (250,000)</u>	<u>\$ (250,000)</u>	(19,987)	<u>\$ 230,013</u>
		81,449				253,612	
		\$ 117,206				\$ 233,625	
		-				-	
		<u>\$ 117,206</u>				<u>\$ 233,625</u>	

CITY OF MANHATTAN, KANSAS
SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
(CONTINUED)

For The Year Ended December 31, 2011

	Library			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ 1,993,546	\$ 1,993,546	\$ 1,971,623	\$ (21,923)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	348	348	315	(33)
Miscellaneous	-	-	-	-
Total Revenue	<u>\$ 1,993,894</u>	<u>\$ 1,993,894</u>	<u>\$ 1,971,938</u>	<u>\$ (21,956)</u>
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	1,999,494	1,999,494	1,999,394	100
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 1,999,494</u>	<u>\$ 1,999,494</u>	<u>\$ 1,999,394</u>	<u>\$ 100</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (5,600)</u>	<u>\$ (5,600)</u>	<u>\$ (27,456)</u>	<u>\$ (21,856)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	27,456	27,456
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,456</u>	<u>\$ 27,456</u>
NET CHANGE IN FUND BALANCES	<u>\$ (5,600)</u>	<u>\$ (5,600)</u>	<u>-</u>	<u>\$ 5,600</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>-</u>	
FUND BALANCE - END OF PERIOD			\$ -	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ -</u>	

(Continued)

Library Employee Benefit Contribution				Park Development			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 438,528	\$ 438,528	\$ 433,760	\$ (4,768)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
402	402	69	(333)	495	495	71	(424)
-	-	-	-	-	-	-	-
<u>\$ 438,930</u>	<u>\$ 438,930</u>	<u>\$ 433,829</u>	<u>\$ (5,101)</u>	<u>\$ 495</u>	<u>\$ 495</u>	<u>\$ 71</u>	<u>\$ (424)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	380	380	-	380
440,000	440,000	440,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 440,000</u>	<u>\$ 440,000</u>	<u>\$ 440,000</u>	<u>\$ -</u>	<u>\$ 380</u>	<u>\$ 380</u>	<u>\$ -</u>	<u>\$ 380</u>
\$ (1,070)	\$ (1,070)	\$ (6,171)	\$ (5,101)	\$ 115	\$ 115	\$ 71	\$ (44)
\$ -	\$ -	\$ 6,171	\$ 6,171	\$ 28,000	\$ 28,000	\$ 28,602	\$ 602
-	-	-	-	(61,115)	(61,115)	(61,115)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,171</u>	<u>\$ 6,171</u>	<u>\$ (33,115)</u>	<u>\$ (33,115)</u>	<u>\$ (32,513)</u>	<u>\$ 602</u>
<u>\$ (1,070)</u>	<u>\$ (1,070)</u>	-	<u>\$ 1,070</u>	<u>\$ (33,000)</u>	<u>\$ (33,000)</u>	(32,442)	<u>\$ 558</u>
		-				32,442	
		\$ -				\$ -	
		-				-	
		<u>\$ -</u>				<u>\$ -</u>	

CITY OF MANHATTAN, KANSAS
SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
(CONTINUED)

For The Year Ended December 31, 2011

	Riley County Health Department			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ 289,319	\$ 289,319	\$ 286,182	\$ (3,137)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	<u>\$ 289,319</u>	<u>\$ 289,319</u>	<u>\$ 286,182</u>	<u>\$ (3,137)</u>
EXPENDITURES				
Current				
General government	\$ 289,319	\$ 289,319	\$ 289,320	\$ (1)
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 289,319</u>	<u>\$ 289,319</u>	<u>\$ 289,320</u>	<u>\$ (1)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,138)</u>	<u>\$ (3,138)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,138	3,138
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,138</u>	<u>\$ 3,138</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCE - BEGINNING OF PERIOD			-	
FUND BALANCE - END OF PERIOD			\$ -	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			<u>\$ -</u>	

(Continued)

Sales Tax				Special Alcohol Programs			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 4,961,000	\$ 4,961,000	\$ 5,164,309	\$ 203,309	\$ -	\$ -	\$ -	\$ -
-	-	-	-	400,000	400,000	408,281	8,281
-	-	-	-	-	-	-	-
-	-	-	-	3,000	3,000	422	(2,578)
-	-	-	-	500	500	10,756	10,256
<u>\$ 4,961,000</u>	<u>\$ 4,961,000</u>	<u>\$ 5,164,309</u>	<u>\$ 203,309</u>	<u>\$ 403,500</u>	<u>\$ 403,500</u>	<u>\$ 419,459</u>	<u>\$ 15,959</u>
\$ -	\$ -	\$ -	\$ -	\$ 603,500	\$ 603,500	\$ 426,627	\$ 176,873
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603,500</u>	<u>\$ 603,500</u>	<u>\$ 426,627</u>	<u>\$ 176,873</u>
\$ 4,961,000	\$ 4,961,000	\$ 5,164,309	\$ 203,309	\$ (200,000)	\$ (200,000)	\$ (7,168)	\$ 192,832
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
(4,968,468)	(4,968,468)	(4,923,013)	45,455	-	-	-	-
<u>\$ (4,968,468)</u>	<u>\$ (4,968,468)</u>	<u>\$ (4,923,013)</u>	<u>\$ 45,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (7,468)</u>	<u>\$ (7,468)</u>	<u>\$ 241,296</u>	<u>\$ 248,764</u>	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (7,168)</u>	<u>\$ 192,832</u>
		1,082,377				205,003	
		\$ 1,323,673				\$ 197,835	
		-				-	
		<u>\$ 1,323,673</u>				<u>\$ 197,835</u>	

CITY OF MANHATTAN, KANSAS
SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
(CONTINUED)

For The Year Ended December 31, 2011

	Special Parks and Recreation			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	400,000	400,000	408,280	8,280
Charges for services	-	-	-	-
Investment income	5,576	5,576	2,611	(2,965)
Miscellaneous	-	-	-	-
Total Revenue	<u>\$ 405,576</u>	<u>\$ 405,576</u>	<u>\$ 410,891</u>	<u>\$ 5,315</u>
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	496,743	496,743	9,784	486,959
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	335,000	335,000	321,898	13,102
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 831,743</u>	<u>\$ 831,743</u>	<u>\$ 331,682</u>	<u>\$ 500,061</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (426,167)</u>	<u>\$ (426,167)</u>	<u>\$ 79,209</u>	<u>\$ 505,376</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 3,500	\$ 3,500
Transfers out	(118,833)	(118,833)	(99,132)	19,701
Total Other Financing Sources (Uses)	<u>\$ (118,833)</u>	<u>\$ (118,833)</u>	<u>\$ (95,632)</u>	<u>\$ 23,201</u>
NET CHANGE IN FUND BALANCES	<u>\$ (545,000)</u>	<u>\$ (545,000)</u>	<u>\$ (16,423)</u>	<u>\$ 528,577</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>789,280</u>	
FUND BALANCE - END OF PERIOD			\$ 772,857	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>11,094</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 783,951</u>	

(Continued)

Special Street and Highway				Special Sunset Zoo			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,509,000	1,509,000	1,580,446	71,446	-	-	-	-
-	-	-	-	228,000	228,000	200,220	(27,780)
6,000	6,000	3,728	(2,272)	50	50	342	292
-	-	-	-	13,000	13,000	26,847	13,847
<u>\$ 1,515,000</u>	<u>\$ 1,515,000</u>	<u>\$ 1,584,174</u>	<u>\$ 69,174</u>	<u>\$ 241,050</u>	<u>\$ 241,050</u>	<u>\$ 227,409</u>	<u>\$ (13,641)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
1,497,826	1,497,826	1,032,126	465,700	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	204,655	204,655	163,693	40,962
-	-	-	-	-	-	-	-
-	-	64,266	(64,266)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,497,826</u>	<u>\$ 1,497,826</u>	<u>\$ 1,096,392</u>	<u>\$ 401,434</u>	<u>\$ 204,655</u>	<u>\$ 204,655</u>	<u>\$ 163,693</u>	<u>\$ 40,962</u>
\$ 17,174	\$ 17,174	\$ 487,782	\$ 470,608	\$ 36,395	\$ 36,395	\$ 63,716	\$ 27,321
\$ 12,716	\$ 12,716	\$ 12,717	\$ 1	\$ -	\$ -	\$ -	\$ -
(329,890)	(329,890)	(323,088)	6,802	(59,595)	(59,595)	(59,074)	521
<u>\$ (317,174)</u>	<u>\$ (317,174)</u>	<u>\$ (310,371)</u>	<u>\$ 6,803</u>	<u>\$ (59,595)</u>	<u>\$ (59,595)</u>	<u>\$ (59,074)</u>	<u>\$ 521</u>
<u>\$ (300,000)</u>	<u>\$ (300,000)</u>	<u>\$ 177,411</u>	<u>\$ 477,411</u>	<u>\$ (23,200)</u>	<u>\$ (23,200)</u>	<u>\$ 4,642</u>	<u>\$ 27,842</u>
		606,048				77,013	
		\$ 783,459				\$ 81,655	
		121,935				-	
		<u>\$ 905,394</u>				<u>\$ 81,655</u>	

CITY OF MANHATTAN, KANSAS
SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
(CONTINUED)

For The Year Ended December 31, 2011

	Tourism and Convention Promotion			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ 1,050,408	\$ 1,050,408	\$ 1,035,636	\$ (14,772)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	<u>\$ 1,050,408</u>	<u>\$ 1,050,408</u>	<u>\$ 1,035,636</u>	<u>\$ (14,772)</u>
EXPENDITURES				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	883,077	883,077	883,076	1
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>\$ 883,077</u>	<u>\$ 883,077</u>	<u>\$ 883,076</u>	<u>\$ 1</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 167,331</u>	<u>\$ 167,331</u>	<u>\$ 152,560</u>	<u>\$ (14,771)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(275,066)	(275,066)	(275,066)	-
Total Other Financing Sources (Uses)	<u>\$ (275,066)</u>	<u>\$ (275,066)</u>	<u>\$ (275,066)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (107,735)</u>	<u>\$ (107,735)</u>	<u>\$ (122,506)</u>	<u>\$ (14,771)</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>651,075</u>	
FUND BALANCE - END OF PERIOD			\$ 528,569	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 528,569</u>	

Downtown Redevelopment Senior Lien TIF Bonds

Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 2,700,000	\$ 2,700,000	\$ 1,257,768	\$ (1,442,232)
-	-	-	-
-	-	-	-
-	-	45,158	45,158
-	-	-	-
<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>	<u>\$ 1,302,926</u>	<u>\$ (1,397,074)</u>

\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,700,000	2,700,000	-	2,700,000
-	-	-	-
-	-	1,000,470	(1,000,470)
<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>	<u>\$ 1,000,470</u>	<u>\$ 1,699,530</u>

<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,456</u>	<u>\$ 302,456</u>
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\$ -	\$ -	\$ -	\$ -
-	-	(767,890)	(767,890)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (767,890)</u>	<u>\$ (767,890)</u>

<u>\$ -</u>	<u>\$ -</u>	<u>\$ (465,434)</u>	<u>\$ (465,434)</u>
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3,243,298
 \$ 2,777,864

-
\$ 2,777,864

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INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for services performed by one government organization or department for others. The City uses the funds to purchase and account for photocopy and motor pool supplies, employee health care and workers' compensation.

Motor Pool Fund

This fund serves as a central clearinghouse for the City garage. All fuel, oil, motor vehicle parts, supplies and tools are paid from this fund.

Health Care Fund

This fund serves as the central clearinghouse for all City, Library, and Housing Authority employee health care costs under the City's partially self-funded program.

Workers' Compensation Fund

The City has a partially self-funded workers' compensation program. All claims and administrative expenses are paid from this fund and money is transferred from the budgeted funds.

Photocopy Services Fund

This fund serves as the central clearinghouse for all photocopy related expenses.

CITY OF MANHATTAN, KANSAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF NET POSITION
December 31, 2011

	<u>Motor Pool</u>	<u>Health Care</u>	<u>Workers' Compensation</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 115,352	\$ 1,398,780	\$ 1,371,052
Accounts receivable	-	577	-
Inventories	41,722	-	-
Total Current Assets	<u>\$ 157,074</u>	<u>\$ 1,399,357</u>	<u>\$ 1,371,052</u>
Capital Assets			
Equipment and improvements	\$ -	\$ 19,673	\$ -
Less accumulated depreciation	-	(19,673)	-
Net Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 TOTAL ASSETS	 <u>\$ 157,074</u>	 <u>\$ 1,399,357</u>	 <u>\$ 1,371,052</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 68,626	\$ 2,296	\$ 2,534
Estimated insurance claims payable	-	573,877	285,713
TOTAL LIABILITIES	<u>\$ 68,626</u>	<u>\$ 576,173</u>	<u>\$ 288,247</u>
NET POSITION			
Unrestricted	\$ 88,448	\$ 823,184	\$ 1,082,805
TOTAL NET POSITION	<u><u>\$ 88,448</u></u>	<u><u>\$ 823,184</u></u>	<u><u>\$ 1,082,805</u></u>

<u>Photocopy Services</u>	<u>Total</u>
\$ 12,130	\$ 2,897,314
-	577
875	42,597
\$ 13,005	\$ 2,940,488
\$ -	\$ 19,673
-	(19,673)
\$ -	\$ -
\$ 13,005	\$ 2,940,488
\$ 10,067	\$ 83,523
-	859,590
\$ 10,067	\$ 943,113
\$ 2,938	\$ 1,997,375
\$ 2,938	\$ 1,997,375

CITY OF MANHATTAN, KANSAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET POSITIO

For The Year Ended December 31, 2011

	<u>Motor Pool</u>	<u>Health Care</u>	<u>Workers'</u> <u>Compensation</u>
OPERATING REVENUES			
Service charges	\$ 77,205	\$ 3,768,644	\$ 269,975
OPERATING EXPENSES			
Commodities	\$ 39,302	\$ 432	\$ -
Contractual services	4,820	4,585,861	242,881
Total Operating Expenses	<u>\$ 44,122</u>	<u>\$ 4,586,293</u>	<u>\$ 242,881</u>
OPERATING INCOME (LOSS)	<u>\$ 33,083</u>	<u>\$ (817,649)</u>	<u>\$ 27,094</u>
NON-OPERATING REVENUE			
Investment income	\$ -	\$ 6,205	\$ 4,631
INCOME (LOSS) BEFORE TRANSFERS	\$ 33,083	\$ (811,444)	\$ 31,725
Transfers in	-	-	-
Transfers (out)	-	-	-
CHANGE IN NET POSITION	\$ 33,083	\$ (811,444)	\$ 31,725
TOTAL NET POSITION - BEGINNING	<u>55,365</u>	<u>1,634,628</u>	<u>1,051,080</u>
TOTAL NET POSITION - ENDING	<u><u>\$ 88,448</u></u>	<u><u>\$ 823,184</u></u>	<u><u>\$ 1,082,805</u></u>

Photocopy Services	Total
<u>\$ 75,742</u>	<u>\$ 4,191,566</u>
\$ 7,395	\$ 47,129
68,258	4,901,820
<u>\$ 75,653</u>	<u>\$ 4,948,949</u>
<u>\$ 89</u>	<u>\$ (757,383)</u>
<u>\$ -</u>	<u>\$ 10,836</u>
\$ 89	\$ (746,547)
-	-
<u>-</u>	<u>-</u>
\$ 89	\$ (746,547)
<u>2,849</u>	<u>2,743,922</u>
<u><u>\$ 2,938</u></u>	<u><u>\$ 1,997,375</u></u>

CITY OF MANHATTAN, KANSAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2011

	<u>Motor Pool</u>	<u>Health Care</u>	<u>Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 77,205	\$ 3,798,071	\$ 269,975
Payments to suppliers	<u>303</u>	<u>(4,356,577)</u>	<u>(180,368)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 77,508</u>	<u>\$ (558,506)</u>	<u>\$ 89,607</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	\$ -	\$ -	\$ -
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>\$ -</u>	<u>\$ 6,205</u>	<u>\$ 4,631</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>\$ 77,508</u>	<u>\$ (552,301)</u>	<u>\$ 94,238</u>
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>37,844</u>	<u>1,951,081</u>	<u>1,276,814</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 115,352</u></u>	<u><u>\$ 1,398,780</u></u>	<u><u>\$ 1,371,052</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 33,083</u>	<u>\$ (817,649)</u>	<u>\$ 27,094</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	\$ -	\$ -	\$ -
(Increase) decrease in receivables	-	29,427	-
(Increase) decrease in inventory	(4,622)	-	-
Increase (decrease) in accounts payable and accrued expenses	<u>49,047</u>	<u>229,716</u>	<u>62,513</u>
Total Adjustments	<u>\$ 44,425</u>	<u>\$ 259,143</u>	<u>\$ 62,513</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 77,508</u></u>	<u><u>\$ (558,506)</u></u>	<u><u>\$ 89,607</u></u>

<u>Photocopy Services</u>	<u>Total</u>
\$ 75,742	\$ 4,220,993
<u>(80,804)</u>	<u>(4,617,446)</u>
<u>\$ (5,062)</u>	<u>\$ (396,453)</u>
\$ -	\$ -
<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 10,836</u>
\$ (5,062)	\$ (385,617)
<u>17,192</u>	<u>3,282,931</u>
<u>\$ 12,130</u>	<u>\$ 2,897,314</u>
<u>\$ 89</u>	<u>\$ (757,383)</u>
\$ -	\$ -
-	29,427
(88)	(4,710)
<u>(5,063)</u>	<u>336,213</u>
<u>\$ (5,151)</u>	<u>\$ 360,930</u>
<u>\$ (5,062)</u>	<u>\$ (396,453)</u>

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STATISTICAL SECTION

This part of the City of Manhattan's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	164
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales tax.	176
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	186
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	193
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	195

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF MANHATTAN, KANSAS
Net Position By Component
Last Nine Fiscal Years
(accrual basis of accounting)

	Fiscal			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ (3,780,914)	\$ 202,025	\$ 6,828,907	\$ 4,635,245
Restricted	61,203,349	59,477,736	56,889,324	69,905,265
Unrestricted	4,297,947	7,337,888	8,807,348	9,864,936
Total governmental activities Net Position	\$ 61,720,382	\$ 67,017,649	\$ 72,525,579	\$ 84,405,446
Business-type activities				
Invested in capital assets, net of related debt	\$ 45,268,763	\$ 47,099,375	\$ 49,362,443	\$ 58,201,852
Restricted	-	-	-	-
Unrestricted	12,128,351	12,119,057	11,359,296	10,521,740
Total business-type activities Net Position	\$ 57,397,114	\$ 59,218,432	\$ 60,721,739	\$ 68,723,592
Primary government				
Invested in capital assets, net of related debt	\$ 41,487,849	\$ 47,301,400	\$ 56,191,350	\$ 62,837,097
Restricted	61,203,349	59,477,736	56,889,324	69,905,265
Unrestricted	16,426,298	19,456,945	20,166,644	20,386,676
Total primary government Net Position	\$ 119,117,496	\$ 126,236,081	\$ 133,247,318	\$ 153,129,038

NOTE: Due to the City's implementation of GASB Statement No. 34 in 2003, only nine years of information are available in the required format.

Year

2007	2008	2009	2010	2011
\$ (149,237)	\$ 503,672	\$ (8,650,155)	\$ 4,933,739	\$ 11,604,164
79,516,619	100,974,706	123,438,073	115,871,934	110,959,126
(1,888,077)	(1,972,316)	(15,854,643)	(27,721,787)	(18,098,318)
<u>\$ 77,479,305</u>	<u>\$ 99,506,062</u>	<u>\$ 98,933,275</u>	<u>\$ 93,083,886</u>	<u>\$ 104,464,972</u>
\$ 68,575,348	\$ 72,497,433	\$ 74,558,929	\$ 79,402,336	\$ 79,345,330
-	-	-	-	-
10,020,584	7,862,491	7,886,180	10,716,663	10,986,068
<u>\$ 78,595,932</u>	<u>\$ 80,359,924</u>	<u>\$ 82,445,109</u>	<u>\$ 90,118,999</u>	<u>\$ 90,331,398</u>
\$ 68,426,111	\$ 73,001,105	\$ 65,908,774	\$ 84,336,075	\$ 90,949,494
79,516,619	100,974,706	123,438,073	115,871,934	110,959,126
8,132,507	5,890,175	(7,968,463)	(17,005,124)	(7,112,250)
<u>\$ 156,075,237</u>	<u>\$ 179,865,986</u>	<u>\$ 181,378,384</u>	<u>\$ 183,202,885</u>	<u>\$ 194,796,370</u>

CITY OF MANHATTAN, KANSAS

Changes in Net Position

Last Nine Fiscal Years

(accrual basis of accounting)

	Fiscal			
	2003	2004	2005	2006
Expenses				
Governmental activities:				
General government	\$ 7,890,776	\$ 8,405,577	\$ 10,240,520	\$ 10,748,824
Public safety	11,326,669	12,266,826	12,401,548	13,418,804
Public works	3,491,469	4,571,078	4,695,232	5,461,465
Urban development and housing	2,424,974	2,301,003	2,703,449	2,258,671
Urban development and housing (capital assets transferred to Housing Authority)	-	-	2,679,162	-
Culture and recreation	3,922,192	4,214,967	4,370,576	4,380,443
Culture and recreation (payments to Library)	1,560,926	1,558,731	1,587,345	1,743,149
Interest on long-term debt	2,551,319	2,511,063	2,359,332	2,600,729
Total governmental activities expenses	<u>33,168,325</u>	<u>35,829,245</u>	<u>41,037,164</u>	<u>40,612,085</u>
Business-type activities:				
Water	5,157,935	4,995,699	5,184,961	5,689,352
Wastewater	3,686,358	4,328,771	4,524,149	4,745,418
Storm water management	284,063	257,659	254,922	416,347
Total business-type activities expenses	<u>9,128,356</u>	<u>9,582,129</u>	<u>9,964,032</u>	<u>10,851,117</u>
Total primary government expenses	<u>\$ 42,296,681</u>	<u>\$ 45,411,374</u>	<u>\$ 51,001,196</u>	<u>\$ 51,463,202</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 4,024,376	\$ 4,683,680	\$ 4,361,369	\$ 4,527,451
Public safety	489,795	510,236	564,509	823,472
Public works	190,189	196,250	112,693	250,362
Urban development and housing	130,497	129,507	120,861	109,518
Culture and recreation	928,078	940,178	908,643	910,804
Operating grants and contributions	2,283,275	2,300,825	2,776,439	2,759,823
Capital grants and contributions	7,994,152	3,463,519	7,710,363	15,543,263
Total governmental activities program revenues	<u>16,040,362</u>	<u>12,224,195</u>	<u>16,554,877</u>	<u>24,924,693</u>
Business-type activities:				
Charges for services:				
Water	5,310,603	5,099,925	5,242,834	5,891,191
Wastewater	4,061,419	3,971,491	3,948,617	4,133,820
Storm water management	541,766	557,361	562,844	566,361
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	130,000	64,712	256,606
Total business-type activities program revenues	<u>9,913,788</u>	<u>9,758,777</u>	<u>9,819,007</u>	<u>10,847,978</u>
Total primary government program revenues	<u>\$ 25,954,150</u>	<u>\$ 21,982,972</u>	<u>\$ 26,373,884</u>	<u>\$ 35,772,671</u>
Net (expense)/revenue				
Governmental activities	\$ (17,127,963)	\$ (23,605,050)	\$ (24,482,287)	\$ (15,687,392)
Business-type activities	785,432	176,648	(145,025)	(3,139)
Total primary government net expense	<u>\$ (16,342,531)</u>	<u>\$ (23,428,402)</u>	<u>\$ (24,627,312)</u>	<u>\$ (15,690,531)</u>

(Continued)

Year	2007	2008	2009	2010	2011
\$	11,364,213	\$ 12,829,036	\$ 14,306,640	\$ 20,972,740	\$ 12,783,282
	14,676,580	15,917,237	17,410,323	17,638,865	18,221,529
	7,079,426	7,689,400	7,853,696	8,833,653	8,820,381
	12,242,830	3,966,578	13,113,182	3,805,938	3,668,229
	-	-	-	-	-
	4,666,046	5,118,870	5,242,521	5,672,709	6,350,056
	1,900,410	2,147,807	2,326,251	2,419,344	2,439,394
	4,134,577	5,215,511	6,143,930	7,748,900	8,240,975
	<u>56,064,082</u>	<u>52,884,439</u>	<u>66,396,543</u>	<u>67,092,149</u>	<u>60,523,846</u>
	5,850,953	6,573,170	7,045,534	7,203,256	8,068,281
	4,773,432	5,138,975	5,506,505	5,710,774	6,258,103
	436,351	828,879	617,627	869,211	1,111,373
	<u>11,060,736</u>	<u>12,541,024</u>	<u>13,169,666</u>	<u>13,783,241</u>	<u>15,437,757</u>
\$	<u>67,124,818</u>	<u>\$ 65,425,463</u>	<u>\$ 79,566,209</u>	<u>\$ 80,875,390</u>	<u>\$ 75,961,603</u>
\$	4,558,023	\$ 4,958,815	\$ 4,511,875	\$ 5,131,309	\$ 5,073,680
	639,711	565,892	576,964	909,505	711,309
	414,376	754,083	446,133	178,967	108,039
	98,658	108,026	101,495	103,065	108,209
	913,578	983,589	950,140	1,165,866	1,281,595
	3,482,457	3,554,445	3,253,286	4,494,839	4,586,011
	17,655,503	25,874,349	19,810,546	11,975,164	4,248,884
	<u>27,762,306</u>	<u>36,799,199</u>	<u>29,650,439</u>	<u>23,958,715</u>	<u>16,117,727</u>
	5,486,560	5,789,434	5,989,318	6,898,082	8,057,214
	4,133,603	4,049,883	4,819,899	6,148,740	7,621,553
	826,176	1,033,734	1,178,772	1,284,632	1,354,542
	-	-	-	-	-
	-	6,699	-	780,026	80,000
	<u>10,446,339</u>	<u>10,879,750</u>	<u>11,987,989</u>	<u>15,111,480</u>	<u>17,113,309</u>
\$	<u>38,208,645</u>	<u>\$ 47,678,949</u>	<u>\$ 41,638,428</u>	<u>\$ 39,070,195</u>	<u>\$ 33,231,036</u>
\$	(28,301,776)	\$ (16,085,240)	\$ (36,746,104)	\$ (43,133,434)	\$ (44,406,119)
	(614,397)	(1,661,274)	(1,181,677)	1,328,239	1,675,552
\$	<u>(28,916,173)</u>	<u>\$ (17,746,514)</u>	<u>\$ (37,927,781)</u>	<u>\$ (41,805,195)</u>	<u>\$ (42,730,567)</u>

CITY OF MANHATTAN, KANSAS
Changes in Net Position (continued)
Last Nine Fiscal Years
(accrual basis of accounting)

	2003	2004	2005	Fiscal 2006
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes, levied for general purposes	\$ 9,728,685	\$ 10,529,697	\$ 10,889,585	\$ 11,222,521
Property taxes, levied for debt service	2,177,349	2,674,630	2,603,273	1,897,069
Franchise taxes	1,845,487	1,934,748	2,020,220	2,166,221
Sales taxes	8,681,946	11,551,508	12,713,367	14,673,231
Transient guest taxes	540,365	648,461	598,740	658,142
Unrestricted grants and contributions	248,453	254,785	284,806	324,810
Investment earnings	193,716	302,617	482,126	1,333,615
Miscellaneous	1,513,440	2,370,064	1,503,288	2,433,531
Transfers	(1,180,624)	(1,364,193)	(1,105,188)	(7,141,881)
Total governmental activities	<u>23,748,817</u>	<u>28,902,317</u>	<u>29,990,217</u>	<u>27,567,259</u>
Business-type activities:				
Investment earnings	127,687	204,470	383,140	716,960
Miscellaneous	285,474	76,007	160,004	146,151
Transfers	1,180,624	1,364,193	1,105,188	7,141,881
Total business-type activities	<u>1,593,785</u>	<u>1,644,670</u>	<u>1,648,332</u>	<u>8,004,992</u>
Total primary government	<u>\$ 25,342,602</u>	<u>\$ 30,546,987</u>	<u>\$ 31,638,549</u>	<u>\$ 35,572,251</u>
Change in Net Position				
Governmental activities	\$ 6,620,854	\$ 5,297,267	\$ 5,507,930	\$ 11,879,867
Business-type activities	<u>2,379,217</u>	<u>1,821,318</u>	<u>1,503,307</u>	<u>8,001,853</u>
Total primary government	<u>\$ 9,000,071</u>	<u>\$ 7,118,585</u>	<u>\$ 7,011,237</u>	<u>\$ 19,881,720</u>

NOTE: Due to the City's implementation of GASB Statement No. 34 in 2003, only nine years of information are available in the required format.

Year

	2007	2008	2009	2010	2011
\$	12,862,373	\$ 14,155,988	\$ 15,461,552	\$ 16,619,713	\$ 17,541,340
	593,988	514,484	622,156	939,686	2,442,504
	2,478,108	2,964,974	3,023,374	3,216,639	3,279,897
	15,496,467	15,895,779	16,214,434	19,823,920	27,194,560
	684,047	902,088	844,129	976,839	1,035,636
	346,241	401,352	406,339	393,862	408,281
	1,714,084	1,042,391	545,131	180,576	185,320
	1,292,569	5,204,348	2,009,066	1,152,817	1,982,385
	(9,601,446)	(2,969,407)	(2,952,864)	(6,020,007)	1,717,282
	<u>25,866,431</u>	<u>38,111,997</u>	<u>36,173,317</u>	<u>37,284,045</u>	<u>55,787,205</u>
	668,525	260,900	98,606	27,991	33,182
	216,766	194,959	215,392	297,653	220,947
	9,601,446	2,969,407	2,952,864	6,020,007	(1,717,282)
	<u>10,486,737</u>	<u>3,425,266</u>	<u>3,266,862</u>	<u>6,345,651</u>	<u>(1,463,153)</u>
\$	<u>\$ 36,353,168</u>	<u>\$ 41,537,263</u>	<u>\$ 39,440,179</u>	<u>\$ 43,629,696</u>	<u>\$ 54,324,052</u>
\$	(2,435,345)	\$ 22,026,757	\$ (572,787)	\$ (5,849,389)	\$ 11,381,086
	9,872,340	1,763,992	2,085,185	7,673,890	212,399
\$	<u>\$ 7,436,995</u>	<u>\$ 23,790,749</u>	<u>\$ 1,512,398</u>	<u>\$ 1,824,501</u>	<u>\$ 11,593,485</u>

CITY OF MANHATTAN, KANSAS
Fund Balances of Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal				
	2002	2003	2004	2005	2006
General fund					
Reserved	\$ 53,188	\$ 1,063	\$ 53,601	\$ -	\$ 116,173
Unreserved	2,388,478	2,383,098	4,080,056	5,476,384	5,775,764
Total general fund	<u>\$ 2,441,666</u>	<u>\$ 2,384,161</u>	<u>\$ 4,133,657</u>	<u>\$ 5,476,384</u>	<u>\$ 5,891,937</u>
All other governmental funds					
Reserved	\$ 2,636,667	\$ 2,862,608	\$ 3,228,170	\$ 2,498,191	\$ 2,735,051
Unreserved, reported in:					
Special revenue funds	4,994,479	5,235,177	5,648,375	7,101,786	10,533,120
Debt service funds	2,098,230	4,956,626	4,623,098	4,071,638	4,531,301
Capital projects funds	1,079,074	2,252,314	1,220,135	(850,085)	1,087,930
Total all other governmental funds	<u>\$ 10,808,450</u>	<u>\$ 15,306,725</u>	<u>\$ 14,719,778</u>	<u>\$ 12,821,530</u>	<u>\$ 18,887,402</u>

NOTE: Due to the City's implementation of GASB Statement No. 54 in 2011, only one year of information is available in the new format.

Year				
	2007	2008	2009	2010
	\$ 50,262	\$ 178,129	\$ 139,851	\$ 179,366
	3,911,850	5,670,740	4,732,050	5,024,683
	<u>\$ 3,962,112</u>	<u>\$ 5,848,869</u>	<u>\$ 4,871,901</u>	<u>\$ 5,204,049</u>
	\$ 3,488,115	\$ 3,581,928	\$ 3,648,726	\$ 3,785,479
	12,107,549	14,945,628	14,453,466	14,547,330
	4,840,072	6,892,172	18,969,751	15,306,276
	(793,492)	(2,353,806)	32,937,186	18,073,855
	<u>\$ 19,642,244</u>	<u>\$ 23,065,922</u>	<u>\$ 70,009,129</u>	<u>\$ 51,712,940</u>

	Fiscal Year
	2011
General fund	
Nonspendable	\$ -
Restricted	1,555,085
Committed	-
Assigned	2,358,505
Unassigned	1,224,557
Total general fund	<u>\$ 5,138,147</u>
All other governmental funds	
Nonspendable	442,420
Restricted	26,877,922
Committed	54,977
Assigned	8,462,306
Unassigned, reported in:	(14,391)
Total all other governmental funds	<u>\$ 35,823,234</u>

CITY OF MANHATTAN, KANSAS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal				
	2002	2003	2004	2005	2006
Revenues					
Taxes	\$ 21,715,367	\$ 22,973,830	\$ 27,339,044	\$ 28,825,185	\$ 30,617,183
Special assessments	4,384,661	1,845,244	3,921,310	4,118,716	4,737,898
Licenses and permits	454,274	571,228	603,382	623,469	924,647
Intergovernmental revenues	5,938,863	3,135,294	3,105,803	5,642,983	3,963,034
Charges for services	2,710,558	2,931,532	2,956,824	3,212,670	3,391,900
Fines and forfeitures	1,419,322	1,604,782	1,650,071	1,699,568	1,540,085
Investment income	285,797	167,508	256,125	377,956	1,135,688
Miscellaneous revenues	1,034,282	4,073,526	2,803,331	1,854,337	2,892,416
Total revenues	37,943,124	37,302,944	42,635,890	46,354,884	49,202,851
Expenditures					
General government	7,545,535	6,956,494	7,016,098	8,141,725	8,345,149
Public safety	10,597,731	10,900,974	11,725,804	12,058,163	13,132,569
Public works	2,801,680	2,748,273	2,782,868	2,621,363	3,200,313
Urban development and housing	1,901,077	2,253,832	2,117,240	2,382,727	2,241,255
Culture/recreation	3,626,412	3,625,881	3,755,808	3,809,089	3,950,140
Culture/recreation-payments to Library	1,527,282	1,560,926	1,558,731	1,587,345	1,743,149
Capital outlay	7,934,028	7,668,230	4,647,333	9,839,956	34,087,262
Debt service					
Principal	15,175,000	10,218,435	9,466,000	10,255,000	15,225,000
Bond issuance costs	-	93,858	145,288	93,838	200,794
Interest and fiscal charges	2,333,916	2,452,117	2,516,692	2,400,661	2,517,571
Refunding costs	22,159	59,763	-	83,127	-
Total expenditures	53,464,820	48,538,783	45,731,862	53,272,994	84,643,202
Excess of revenues over (under) expenditures	(15,521,696)	(11,235,839)	(3,095,972)	(6,918,110)	(35,440,351)
Other financing sources (uses)					
General obligation bonds issued	10,175,000	5,590,000	2,080,000	2,805,000	7,800,000
Premium on general obligation bonds	-	-	-	-	-
Discount on general obligation bonds	-	-	-	(86,773)	(229,159)
Special obligation bonds issued	-	2,365,000	-	-	4,610,321
Discount on special obligation bonds	-	-	-	-	-
Temporary notes issued	4,615,000	2,926,000	2,185,000	2,955,000	24,980,000
Temporary notes retired	-	-	-	-	-
Transportation revolving fund loan	-	-	-	592,176	3,474,605
Capital leases	-	862,943	44,171	61,954	86,000
Transfers in	4,674,843	5,564,569	5,298,592	6,532,881	9,187,196
Transfers out	(4,704,843)	(5,333,671)	(5,349,242)	(6,580,776)	(7,987,187)
Insurance recoveries	-	-	-	-	-
Refunding bonds issued	680,000	3,415,000	-	6,150,000	-
Premium on refunding bonds	-	-	-	-	-
Refunding special obligation bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	(655,000)	(470,000)	-	(6,066,873)	-
Total other financing sources (uses)	14,785,000	14,919,841	4,258,521	6,362,589	41,921,776
Net change in fund balances	\$ (736,696)	\$ 3,684,002	\$ 1,162,549	\$ (555,521)	\$ 6,481,425
Debt service as a percentage of noncapital expenditures	38.5%	31.0%	29.2%	29.1%	35.1%

(1) In 2009, principal on various issues of special obligation bonds in the amount of \$37,205,875 was retired with the proceeds from various issues of special obligation bonds issued as the permanent financing mechanisms.

Year				
2007	2008	2009	2010	2011
\$ 32,114,981	\$ 35,620,565	\$ 36,165,644	\$ 41,576,796	\$ 51,493,936
4,352,940	5,475,190	5,844,297	6,045,853	6,634,031
714,917	620,719	638,579	1,013,462	824,265
4,629,131	5,590,098	9,459,687	8,946,214	6,203,331
3,630,468	4,131,180	3,822,507	4,048,310	4,188,845
1,608,250	1,775,516	1,503,776	1,473,418	1,507,722
1,496,784	954,355	478,569	169,013	174,483
1,621,878	6,583,038	2,495,786	1,373,777	2,399,167
50,169,349	60,750,661	60,408,845	64,646,843	73,425,780
8,513,849	9,519,200	10,255,979	11,519,118	10,268,174
14,354,830	15,453,858	17,167,683	17,468,437	17,939,802
3,904,928	4,225,414	3,588,161	4,157,760	3,981,450
12,208,269	3,943,454	13,080,747	3,778,991	3,647,493
4,159,424	4,584,179	4,672,874	4,916,228	5,364,066
1,900,410	2,147,807	2,326,251	2,419,344	2,439,394
31,971,763	24,935,200	28,034,313	33,561,639	56,571,545
21,612,181	26,972,384	48,920,416 ¹	11,356,963 ¹	16,879,662
218,190	346,994	481,642	397,910	191,318
3,979,874	4,945,877	6,100,062	7,696,664	8,270,760
-	65,117	205,865	-	-
102,823,718	97,139,484	134,833,993	97,273,054	125,553,664
(52,654,369)	(36,388,823)	(74,425,148)	(32,626,211)	(52,127,884)
15,710,000	16,555,000	12,875,000	15,640,000	8,290,000
-	-	-	343,748	183,103
(337,053)	(280,170)	(267,630)	-	-
11,722,828	10,799,228	86,393,577	5,610,000	-
-	-	(1,843,090)	(174,704)	-
23,370,000	5,150,000	20,475,000	15,460,000	28,475,000
-	-	(10,675,000)	(22,640,000)	(8,825,000)
541,090	-	-	-	-
447,827	622,452	85,000	33,335	1,053,802
8,120,145	7,569,335	9,198,522	11,344,279	19,110,266
(8,095,451)	(7,570,402)	(9,207,677)	(11,429,507)	(14,971,014)
-	1,497,829	-	175,019	-
-	2,495,000	13,145,000	-	2,790,000
-	-	212,685	-	66,119
-	4,860,986	-	-	-
-	-	-	-	-
51,479,386	41,699,258	120,391,387	14,362,170	36,172,276
\$ (1,174,983)	\$ 5,310,435	\$ 45,966,239	\$ (18,264,041)	\$ (15,955,608)
36.9%	44.1%	51.5%	31.4%	32.7%

CITY OF MANHATTAN, KANSAS
Tax Revenues by Source, Governmental Activities
Last Nine Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Transient Guest Tax	Total
2003	\$ 11,906,034	\$ 8,681,946	\$ 1,845,487	\$ 540,365	\$ 22,973,832
2004	13,204,327	11,551,508	1,934,748	648,461	27,339,044
2005	13,492,858	12,713,367	2,020,220	598,740	28,825,185
2006	13,119,590	14,673,231	2,166,221	658,142	30,617,184
2007	13,456,361	15,496,467	2,478,108	684,047	32,114,983
2008	14,670,472	15,895,779	2,964,974	902,088	34,433,313
2009	16,083,708	16,214,434	3,023,374	844,129	36,165,645
2010	17,559,399	19,823,920	3,216,639	976,839	41,576,797
2011	19,983,844	27,194,560	3,279,897	1,035,636	51,493,937

NOTE: Due to the City's implementation of GASB Statement No. 34 in 2003, only nine years of information are available in the required format.

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CITY OF MANHATTAN, KANSAS
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	REAL		PERSONAL		UTILITIES	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2002	\$ 197,654,708	\$1,495,466,082	\$ 18,543,748	\$ 66,013,982	\$ 11,253,849	\$ 34,102,573
2003	210,877,636	1,603,791,131	19,436,211	78,544,703	11,323,343	34,313,161
2004	238,765,565	1,725,906,346	20,150,716	86,993,213	12,082,742	36,614,370
2005	261,741,850	1,918,253,896	17,458,877	88,855,525	15,984,737	48,438,597
2006	286,002,442	1,851,130,109	21,954,554	94,114,836	13,524,124	40,982,194
2007	334,683,928	2,416,513,837	22,815,711	98,139,501	12,168,827	36,875,233
2008	381,365,196	2,807,057,814	20,143,702	87,215,955	12,308,445	37,298,318
2009	401,976,282	2,832,096,061	16,602,368	73,753,880	11,398,227	34,540,082
2010	406,989,077	2,986,485,074	14,200,634	63,678,519	10,655,599	32,289,694
2011	413,087,980	3,029,945,127	12,624,975	56,687,231	10,789,293	32,694,827

The numbers above do not include incremental valuation or actual incremental value of the tax increment financing district.

Residential real estate is assessed at 11.5% of its fair market value, commercial property at 25%, and all other property at rates between 12% and 33%.

Source: Riley and Pottawatomie County Clerks' Offices

<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Total Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 227,452,305	42.460	\$1,595,582,637	14.26%
241,637,190	44.388	1,716,648,995	14.08%
270,999,023	43.540	1,849,513,929	14.65%
295,185,464	40.832	2,055,548,018	14.36%
321,481,120	36.235	1,986,227,139	16.19%
369,668,466	33.088	2,551,528,571	14.49%
413,817,343	31.683	2,931,572,087	14.12%
429,976,877	34.268	2,940,390,023	14.62%
431,845,310	37.289	3,082,453,287	14.01%
436,502,248	41.917	3,119,327,185	13.99%

CITY OF MANHATTAN, KANSAS
City Mill Rates
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<i>Fund Levies In Mills</i>										
General Operating	0.700	0.666	2.070	2.510	3.077	2.730	2.976	2.787	2.721	2.692
Bond & Interest ¹	3.847	8.623	9.025	7.869	5.006	1.078	1.037	1.361	2.096	5.497
Employment Benefit Contribution	1.808	-	0.753	0.610	0.664	0.757	0.627	0.344	0.737	1.439
Fire Equipment Reserve	-	-	0.030	0.316	0.314	0.276	0.122	0.119	0.116	0.115
Fire Pension KP&F	0.417	0.027	0.233	0.141	0.318	0.259	0.211	0.193	0.347	0.172
General Improvement	-	-	-	-	-	-	-	-	-	-
Industrial Promotion	0.533	0.811	0.747	0.187	0.994	0.249	0.121	-	-	-
Library ²	5.239	5.059	4.532	4.314	0.645	3.644	3.378	3.499	4.247	4.175
Library-Employee Benefit Contribution	0.813	0.741	0.552	0.559	0.641	0.645	0.723	0.878	0.932	0.916
Park Development	-	-	-	-	-	-	-	-	-	-
Riley County Health Department	0.760	0.719	0.636	0.613	0.575	0.521	0.487	0.519	0.531	0.612
Riley County Police Department	28.343	27.742	24.962	23.713	24.001	22.929	22.001	24.568	25.562	26.299
TOTAL: City Mill Rate	42.460	44.388	43.540	40.832	36.235	33.088	31.683	34.268	37.289	41.917

One mill is \$1 of property tax for each \$1,000 of assessed valuation

¹In 2007, the Bond & Interest Fund was funded more significantly with transfers from the Sales Tax Fund and special assessment collections, which significantly reduced the required mill rate.

²In 2006, the Library Fund was funded significantly with transfers from the Sales Tax Fund, which significantly reduced the required mill rate. Sales tax funding was decreased in 2007, which increased the required mill rate for that year

CITY OF MANHATTAN, KANSAS
Direct and Overlapping Property Tax Rates
(Per \$1,000 of Assessed Value)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Manhattan City</u>	<u>Riley County</u>	<u>Pottawatomie County</u>	<u>School Dist. 383</u>
2002	42.460	34.628	25.529	48.047
2003	44.388	34.573	25.743	48.027
2004	43.540	34.360	25.399	41.090
2005	40.832	34.341	27.362	43.832
2006	36.235	34.278	27.079	43.783
2007	33.088	32.182	22.680	43.821
2008	31.683	31.140	22.217	43.440
2009	34.268	30.030	26.137	43.448
2010	37.289	31.268	26.137	47.847
2011	41.917	32.281	25.976	49.283

Overlapping rates are those of local and county governments that apply to property owners within the City of Manhattan. Not all overlapping rates apply to all City of Manhattan property owners. Only one county rate applies to each property owner.

Source: City of Manhattan Finance Department

CITY OF MANHATTAN, KANSAS
Principal Property Taxpayers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2011</u>			<u>2002</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Manhattan Town Center Mall	Retail	\$11,296,196	1	2.52%	\$7,288,929	1	3.02%
Westar Energy	Utility	6,042,821	2	1.35%	5,243,655	2	2.17%
Individual	Residential	4,161,913	3	0.93%	-	-	-
Manhattan Medical Center	Medical Complex	3,632,860	4	0.81%	-	-	-
Menards Inc.	Retail	3,630,690	5	0.81%	-	-	-
Wal-Mart Stores Inc.	Retail	3,356,251	6	0.75%	-	-	-
Westloop Center Association	Retail	3,175,000	7	0.71%	2,794,875	5	1.16%
S&S Development	Residential	2,693,268	8	0.60%	-	-	-
University Commons	Residential	2,667,241	9	0.59%	1,463,789	7	0.61%
Kansas Gas Service	Utility	2,584,566	10	0.58%	1,415,579	8	0.59%
Southwestern Bell	Communications	-	-	-	3,830,603	3	1.59%
Kansas Farm Bureau	Insurance	-	-	-	2,930,187	4	1.21%
Holidome	Hotel	-	-	-	1,722,000	6	0.71%
WP Partners	Cell Phone Technology	-	-	-	1,252,350	9	0.52%
Sykes Realty Inc.	Computer Technology	-	-	-	1,102,830	10	0.46%
Total		<u>\$43,240,806</u>		<u>9.65%</u>	<u>\$29,044,797</u>		<u>12.04%</u>

Source: Riley and Pottawatomie County Clerks' Offices

CITY OF MANHATTAN, KANSAS
Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percentage of Current Collections to Current Levy</u>	<u>Delinquent Property Taxes Collected</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Collections to Current Levy</u>
2002	\$ 9,657,898	\$9,375,733	97.08%	\$ 155,976	\$9,531,709	98.69%
2003	10,725,541	10,583,252	98.67%	180,087	10,763,339	100.35%
2004	11,799,489	11,624,000	98.51%	137,229	11,761,229	99.68%
2005	12,052,804	11,802,911	97.93%	173,608	11,976,519	99.37%
2006	11,648,970	11,479,673	98.55%	198,674	11,678,347	100.25%
2007	12,157,635	11,763,885	96.76%	194,361	11,958,246	98.36%
2008	13,110,873	12,888,741	98.31%	229,424	13,118,165	100.06%
2009	14,734,675	14,366,090	97.50%	209,513	14,575,603	98.92%
2010	16,102,722	15,600,136	96.88%	269,384	15,869,520	98.55%
2011	18,296,294	17,881,828	97.73%	372,646	18,254,474	99.77%

Historically, the City has budgeted varying delinquency rates for property tax revenues. However, since 2010 the RCPD fund is the only fund in which a delinquency rate has actually been assessed.

Source: City of Manhattan Finance Department

CITY OF MANHATTAN, KANSAS
Taxable Sales by Category
Last Eight Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Utilities	\$ 37,230,900	\$ 39,169,620	\$ 41,960,320	\$ 48,810,744
Construction	14,604,000	15,407,340	21,928,000	25,710,753
Manufacturing	14,806,200	19,152,320	27,501,280	27,546,189
Wholesale	32,308,500	25,643,640	45,122,320	51,267,430
Retail	449,079,500	468,009,540	482,844,000	491,433,252
Information	33,481,900	29,235,980	31,151,360	48,622,705
Accommodation and food services	80,260,000	81,930,220	91,023,200	111,952,779
Services	19,903,300	22,734,100	20,986,160	21,635,358
Other	41,441,400	41,530,140	53,410,400	64,303,790
Total	<u>\$ 723,115,700</u>	<u>\$ 742,812,900</u>	<u>\$ 815,927,040</u>	<u>\$ 891,283,000</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%

(1) Effective October 1, 2009, the City increased its sales tax rate by 0.25%. This additional 0.25% is dedicated to pay debt service on the debt issued for various quality-of-life projects within the City.

Note: Amounts for years prior to 2004 are not available.

Source: Kansas Department of Revenue

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 53,483,039	\$ 46,844,368	\$ 50,673,215	\$ 49,737,744
20,900,046	17,814,284	20,305,980	19,572,141
22,774,274	19,365,639	21,007,993	20,396,696
48,857,423	40,752,414	43,156,462	41,275,002
570,245,375	590,686,296	592,012,033	611,319,978
41,723,079	47,878,972	46,731,108	46,388,328
105,188,266	98,851,406	100,134,295	108,208,474
20,722,647	19,472,283	19,026,101	20,137,517
61,538,038	48,312,789	51,569,986	53,666,722
<u>\$ 945,432,187</u>	<u>\$ 929,978,451</u>	<u>\$ 944,617,173</u>	<u>\$ 970,702,602</u>
1.00%	1.25% (1)	1.25% (1)	1.25% (1)

CITY OF MANHATTAN, KANSAS
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Manhattan City</u>	<u>Riley County</u>	<u>Pottawatomie County</u>		<u>School Dist. 383</u>	
2002	1.00%	1.00%	-		-	
2003	1.00%	1.00%	-		-	
2004	1.00%	1.00%	-		-	
2005	1.00%	1.00%	1.00%	(1)	0.25%	(2)
2006	1.00%	1.00%	1.00%		0.25%	(2)
2007	1.00%	1.00%	1.00%		-	
2008	1.00%	1.00%	1.00%		-	
2009	1.25%	(3)	1.00%	1.00%	-	
2010	1.25%	1.00%	1.00%		-	
2011	1.25%	1.00%	1.00%		-	

(1) Effective April 1, 2005.

(2) Effective October 1, 2005, through December 31, 2006.

(3) Effective October 1, 2009, the City increased its sales tax rate by 0.25%. This additional 0.25% is dedicated to pay debt service on the debt issued for various quality-of-life projects within the City.

Overlapping rates are those of local and county governments that apply to purchases of goods and services made within the City of Manhattan. Not all overlapping rates apply to all purchases. Only one county rate applies to each purchase.

Source: City of Manhattan Finance Department

CITY OF MANHATTAN, KANSAS
Sales Tax Revenue Payers by Industry
Fiscal Years 2011 and 2004

	2011				2004			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
Retail	720	28.39%	\$ 7,857,088	62.98%	620	31.06%	\$ 4,490,795	62.10%
Accommodation and food services	163	6.43%	1,390,767	11.15%	109	5.46%	802,600	11.10%
Other	475	18.73%	689,760	5.53%	351	17.59%	414,414	5.73%
Utilities	19	0.75%	639,262	5.13%	10	0.50%	372,309	5.15%
Information	146	5.76%	596,213	4.78%	173	8.67%	334,819	4.63%
Wholesale	325	12.82%	530,493	4.25%	227	11.37%	323,085	4.47%
Manufacturing	182	7.19%	262,152	2.10%	136	6.81%	148,062	2.05%
Construction	311	12.26%	251,554	2.02%	168	8.42%	146,040	2.02%
Services	195	7.69%	258,821	2.07%	202	10.12%	199,033	2.75%
Total	2,536	100.02%	\$ 12,476,110	100.01%	1,996	100.00%	\$ 7,231,157	100.00%

Note: Effective October 1, 2009, the City increased its sales tax rate by 0.25%. This additional 0.25% is dedicated to pay debt service on the debt issued for various quality-of-life projects within the City.

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. Amounts for years prior to 2004 are not available.

Source: Kansas Department of Revenue

CITY OF MANHATTAN, KANSAS
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Sales Tax Revenue Bonds	Transportation Revolving Fund Loan
	General Obligation Bonds	Special Assessment Bonds	Special Obligation Bonds	Temporary Notes	Notes Payable			
2002	\$ 22,771,205	\$ 29,318,795	\$ -	\$ 7,400,000	\$ -	\$ -	\$ -	
2003	20,749,861	35,660,139	-	4,701,000	-	2,365,000	-	
2004	18,486,802	34,183,198	-	4,095,000	-	2,340,000	-	
2005	15,393,043	33,736,957	-	3,270,000	-	1,960,000	592,176	
2006	13,186,133	38,848,867	4,610,321	18,525,000	-	1,495,000	4,066,781	
2007	16,956,756	46,213,244	16,112,084	27,595,000	-	555,000	4,391,994	
2008	17,930,537	59,404,463	26,697,298	19,915,000	-	-	4,199,610	
2009	19,900,461	71,939,539	75,380,000	25,890,000	300,000	505,000	4,000,070	
2010	29,305,246	67,149,754	75,380,000	22,930,000	240,000	6,050,000	3,793,106	
2011	31,393,273	64,321,727	76,585,000	41,135,000	180,000	5,980,000	3,578,444	

Note: Detail regarding the City's outstanding debt can be found in the notes to the financial statements.

¹See the Schedule of Demographic and Economic Statistics on page 193 for personal income and population data.

Business-type Activities				Total Primary Government	Percentage of Personal Income¹	Per Capita¹
Capital Leases	General Obligation Bonds	State Revolving Loans	Capital Leases			
\$ 564,997	\$ 3,325,000	\$ 2,431,576	\$ -	\$ 65,811,573	6.6%	\$ 1,414.36
970,055	3,715,000	5,263,917	-	73,424,972	6.7%	1,568.81
844,843	2,685,000	5,559,373	-	68,194,216	6.0%	1,414.41
746,550	2,210,000	5,297,404	-	63,206,130	5.2%	1,277.87
672,175	2,925,000	5,027,531	-	89,356,808	6.9%	1,783.18
861,598	2,325,000	4,749,118	-	119,759,794	8.7%	2,318.19
1,231,605	2,405,000	5,248,561	-	137,032,074	8.8%	2,626.44
1,000,393	4,130,000	5,986,497	100,000	209,131,960	11.3%	3,958.13
687,229	5,485,000	16,308,285	75,188	227,403,808	10.9%	4,349.65
1,555,084	7,000,000	43,885,556	160,449	275,774,533	11.9%	5,137.57

CITY OF MANHATTAN, KANSAS
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	Governmental	Business-Type	Less: Amounts Available in Debt Service Fund ²	Total	Percentage of Estimated Actual Value ³ of Property	Per Capita ⁴
	Activities	Activities				
	General Obligation Bonds ¹	General Obligation Bonds				
2002	\$ 45,365,000	\$ 2,370,000	\$ 2,098,230	\$ 45,636,770	2.9%	\$ 980.78
2003	56,410,000	3,715,000	4,663,953	55,461,047	3.2%	1,184.99
2004	52,670,000	2,685,000	4,157,414	51,197,586	2.8%	1,061.88
2005	49,130,000	2,210,000	3,338,310	48,001,690	2.3%	970.48
2006	52,035,000	2,925,000	3,513,662	51,446,338	2.6%	1,026.65
2007	63,170,000	2,325,000	3,627,187	61,867,813	2.4%	1,197.57
2008	77,335,000	2,405,000	5,766,501	73,973,499	2.5%	1,417.82
2009	91,840,000	4,130,000	12,412,298	83,557,702	2.8%	1,581.45
2010	96,455,000	5,485,000	6,692,149	95,247,851	3.1%	1,821.84
2011	95,715,000	7,000,000	8,052,900	94,662,100	3.0%	1,763.52

Note: Detail regarding the City's outstanding debt can be found in the notes to the financial statements.

¹Includes special assessment debt, as special assessment debt is also secured by the full faith and credit of the City.

²Special assessment revenues are accounted for in the Debt Service Fund.

³See the Schedule of Assessed and Estimated Actual Value of Taxable Property on page 176 for property value data.

⁴Population data can be found in the Schedule of Demographic and Economic Statistics on page 193.

CITY OF MANHATTAN, KANSAS
Direct and Overlapping Governmental Activities Debt
As of December 31, 2011

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable¹</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Overlapping debt			
Unified School Dist. #383	\$ 109,807,195	75.80%	\$ 83,233,854
Unified School Dist. #378	1,870,000	11.50%	215,050
Riley County	6,020,000	80.50%	4,846,100
Pottawatomie County	6,290,000	9.20%	<u>578,680</u>
Total overlapping debt			<u>88,873,684</u>
Direct debt			
Bonded debt:			
General obligation debt			31,393,273
Special assessment debt			<u>64,321,727</u>
Total general obligation bonded debt			95,715,000
Temporary note debt			41,135,000
Transportation revolving fund loan			3,578,444
Capital leases			<u>1,555,084</u>
Total direct debt			<u>141,983,528</u>
Total Direct and Overlapping Debt			<u>\$ 230,857,212</u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Manhattan. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

¹The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the governmental unit's assessed value that is within the City's boundaries and dividing it by the governmental unit's total taxable assessed value.

Source: Springsted, Inc., the City's Financial Advisor, and the City of Manhattan Finance Department

CITY OF MANHATTAN, KANSAS
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit ¹	\$81,635,415	\$81,620,626	\$90,897,770	\$98,691,193
Total net debt applicable to limit	<u>42,404,518</u>	<u>42,023,981</u>	<u>37,224,713</u>	<u>33,733,161</u>
Legal debt margin	<u>\$39,230,897</u>	<u>\$39,596,645</u>	<u>\$53,673,057</u>	<u>\$64,958,032</u>
Total net debt applicable to the limit as a percentage of debt limit	51.94%	51.49%	40.95%	34.18%

¹According to Kansas law, the debt limitation is 30% of assessed valuation.

<u>Fiscal Year</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
2006					
\$106,939,202	\$121,577,656	\$135,179,174	\$140,952,445	\$140,952,445	\$142,176,832
47,015,307	54,967,050	59,027,855	67,946,855	72,739,910	90,779,021
<u>\$59,923,895</u>	<u>\$66,610,606</u>	<u>\$76,151,319</u>	<u>\$73,005,590</u>	<u>\$68,212,535</u>	<u>\$51,397,811</u>
43.96%	45.21%	43.67%	48.21%	51.61%	63.85%

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed Valuation of Taxable Tangible Property	\$	436,502,248
Motor Vehicle Valuation		<u>37,420,526</u>
Total Valuation		<u>473,922,774</u>
Debt Limit Ratio		<u>30%</u>
December 31, 2011 Debt Limit		<u>\$142,176,832</u>
Outstanding Debt Subject to Debt Limit	*	<u>90,779,021</u>
Debt Authority Remaining December 31, 2011	\$	<u><u>51,397,811</u></u>

12/31/11 G.O.Bonds Outstanding	\$	100,005,000
Add: Amount for Refunded Bonds		1,304,722
Less: Amount for Refunding, Water, Sewer and Storm water projects		<u>46,558,701</u>
		<u>54,751,021</u>
12/31/11 Temporary Notes Outstanding		41,135,000
Less: Amount for Water, Sewer & Storm water Projects		<u>5,107,000</u>
		<u>36,028,000</u>
Total Outstanding Debt Subject to Debt Limit 12/31/11	* \$	<u><u>90,779,021</u></u>

CITY OF MANHATTAN, KANSAS
Pledged Revenue Coverage

<u>Fiscal Year</u>	<u>Special Assessment Collections</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2010	\$6,045,853	\$3,959,785	\$2,157,724	0.99
2011	\$6,634,031	\$3,650,057	\$2,200,261	1.13

Note: Amounts for years prior to 2010 are not available.

Note: Detail regarding the City's outstanding debt can be found in the notes to the financial statements.

Note: In years where the coverage ratio is greater than 1.00, it is due to the refunding of special assessment bonds. When special assessment bonds are refunded, the annual debt service payments are adjusted, however the special assessment collections are not.

CITY OF MANHATTAN, KANSAS
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Public School Enrollment²</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Average Wage per Job³</u>	<u>Unemployment Rate⁴</u>
2002	46,531	5,369	\$ 1,138,906,175	\$ 24,476	\$ 24,408	3.5%
2003	46,803	5,376	1,221,977,762	26,109	25,122	3.5%
2004	48,214	5,214	1,302,397,791	27,013	26,791	4.3%
2005	49,462	5,149	1,372,718,579	27,753	27,241	3.6%
2006	50,111	5,467	1,557,982,913	31,091	28,801	3.5%
2007	51,661	5,764	1,848,967,731	35,790	29,662	3.1%
2008	52,174	6,141	2,085,333,146	39,969	30,627	3.1%
2009	52,836	6,193	2,173,609,158	41,139	31,177	4.3%
2010	52,281	6,323	2,308,771,351	44,161	32,089	4.1%
2011	53,678	6,369	2,470,686,665	46,028	unavailable	4.1%

¹U.S. Bureau of the Census estimates, except for 2010 (actual)

²Kansas State Department of Education (organization level headcount)

³U.S. Bureau of Economic Analysis (Riley County)

⁴Kansas Department of Labor, Labor Market Information Services (annual average - Riley County)

CITY OF MANHATTAN, KANSAS
Personal Income
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Riley County Personal Income^{1,2}</u>	<u>Riley County Population³</u>	<u>City of Manhattan Population</u>	<u>Population as a Percentage of Riley County Population</u>	<u>City of Manhattan Personal Income</u>
2002	1,560,573,000	63,755	46,531	72.98%	1,138,906,175
2003	1,709,538,000	65,474	46,803	71.48%	1,221,977,762
2004	1,786,799,000	66,144	48,214	72.89%	1,302,397,791
2005	1,873,507,000	67,507	49,462	73.27%	1,372,718,579
2006	2,150,425,000	69,164	50,111	72.45%	1,557,982,913
2007	2,484,170,000	69,406	51,661	74.43%	1,848,967,731
2008	2,842,215,000	71,113	52,174	73.37%	2,085,333,146
2009	2,934,930,000	71,341	52,836	74.06%	2,173,609,158
2010	3,140,331,000	71,115	52,281	73.52%	2,308,771,351
2011	3,360,106,984	72,997	53,678	73.53%	2,470,686,665

¹U.S. Bureau of Economic Analysis

²2010 Riley County Personal Income is estimated based on prior year growth.

³U.S. Bureau of the Census estimates, except for 2010 (actual)

CITY OF MANHATTAN, KANSAS
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Riley County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Riley County Employment</u>
Fort Riley Military Base (military) ¹	19,120	1		10,314	1	
Fort Riley Military Base (civilian) ¹	7,786	2		4,168	2	
Kansas State University	6,028	3	15.11%	3,831	3	12.23%
U.S.D. No. 383 - Manhattan Schools	1,350	4	3.38%	1,279	4	4.08%
GTM Sportswear	845	5	2.12%	-		-
Mercy Health Center	795	6	1.99%	550	5	1.76%
Wal-Mart	480	7	1.20%	350	10	1.12%
City of Manhattan	374	8	0.94%	-		-
Meadowlark Hill Retirement Community	349	9	0.87%	-		-
Manhattan Medical Center	332	10	0.83%	353	9	1.13%
Sykes Enterprises	-		-	550	6	1.76%
Kansas Farm Bureau	-		-	513	7	1.64%
Western Wireless	-		-	375	8	1.20%
Total	<u>37,459</u>		<u>26.44%</u>	<u>22,283</u>		<u>24.92%</u>

¹Not included in the official labor force statistics.

Note: Employment statistics for Riley County have been used, as statistics for just the City of Manhattan are not available

CITY OF MANHATTAN, KANSAS
City Government Employees by Function
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government										
Full-time	53	58	58	61	61	50	52	56	57	56
Part-time	3	3	4	3	3	4	4	4	4	5
Seasonal/temporary	13	14	14	15	13	13	13	13	15	16
Public safety										
Full-time	77	76	78	79	79	81	81	81	83	85
Part-time	1	1	2	2	2	2	3	3	3	3
Seasonal/temporary	9	9	9	9	9	10	10	11	11	11
Public works										
Full-time	44	40	39	40	40	44	46	47	47	49.5
Part-time	-	2	-	1	3	1	-	-	-	-
Seasonal/temporary	11	14	5	7	8	9	8	9	9	7
Urban development and housing										
Full-time	9	8	8	8	8	9	9	9	9	10
Part-time	-	1	1	-	-	-	-	-	-	-
Seasonal/temporary	1	1	1	1	1	1	1	2	4	3
Culture and recreation										
Full-time	60	55	52	52	56	66	72	74	75	76.5
Part-time	12	9	12	10	8	8	6	7	7	7
Seasonal/temporary	980	1407	1400	1383	1144	1146	912	818	849	871
Water										
Full-time	28	22	22	23	24	25	26	26	25	25.5
Part-time	-	-	-	1	-	-	-	-	-	1
Seasonal/temporary	4	1	3	1	1	1	3	3	7	3
Wastewater										
Full-time	25	25	24	24	22	24	24	24	24	25.5
Part-time	-	-	-	-	-	-	-	-	-	-
Seasonal/temporary	-	-	-	2	-	-	-	-	1	3
Storm Water Management										
Full-time	-	1	1	-	1	1	1	2	2	2
Totals										
Full-time	296	285	282	287	291	300	311	319	322	330
Part-time	16	16	19	17	16	15	13	14	14	16
Seasonal/temporary	1018	1446	1432	1418	1176	1180	947	856	896	914

Source: City of Manhattan Finance Department

CITY OF MANHATTAN, KANSAS
Operating Indicators by Function
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public safety										
Incident responses	1,181	1,099	1,318	2,142	2,333	2,554	2,511	2,514	2,334	2,345
Fire inspections	2,935	2,645	2,511	2,428	2,615	2,700	2,562	2,567	2,786	1,763
Construction inspections	4,575	4,735	5,146	5,448	8,914	7,361	5,885	6,476	7,094	7,108
Public works										
Road added (square yards)	16,962	21,628	27,009	54,664	160,855	105,009	72,804	26,769	35,267	21,948
Asphalt placed for street repairs (tons)	437	244	254	178	119	257	248	379	822	350
Call backs for signal problems	37	29	60	43	31	62	43	43	40	49
Urban development and housing										
Annexations	7	3	4	6	8	5	2	2	2	2
Rezoning	21	27	21	22	33	18	19	10	8	8
Culture and recreation										
Annual swimming pool attendance ¹	73,271	64,066	51,465	56,615	63,994	60,049	55,507	39,115	87,674	96,528
Annual zoo attendance	52,200	50,006	56,741	49,751	52,769	60,206	51,985	57,969	62,668	63,066
Annual registrations in recreation programs ²	15,629	15,575	14,785	15,902	16,110	13,267	11,828	11,630	11,206	9,022
Water										
New taps	357	448	375	301	912	551	254	414	420	383
Total water metered in distribution system (MG)	2,429	2,300	2,217	2,359	2,450	3,176	2,286	2,391	2,448	2,597
Wastewater										
Total influent flow (MG)	1,739	1,766	1,781	1,741	1,659	1,824	1,859	1,780	1,779	1,734

N/A - Data is not available for this year.

¹City Park Pool was closed for the entire summer season of 2009. The new City Park Aquatics Center opened July 4, 2010.

²In 2011, the method of counting P&R registrations changed with the implementation of a new software program.

Sources: Various City of Manhattan departments

CITY OF MANHATTAN, KANSAS
Capital Asset Statistics by Function
Last Ten Fiscal Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Public safety										
Fire stations	4	4	4	4	4	4	4	4	4	4
Public works										
Streets (miles)	173.9	174.5	176.7	183.7	190.6	194.9	196.03	201.53	204.09	206.27
Traffic signals	54	55	55	55	57	63	64	64	66	68
Culture and recreation										
Park acreage (developed)	536	536	536	536	550	555	555	561	561	580
Parks (developed)	16	16	16	16	16	16	16	17	17	25
Swimming pools	4	4	3	3	3	3	2	2	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (lineal feet)	1,196,913	1,210,783	1,221,468	1,238,638	1,286,600	1,347,605	1,384,655	1,400,490	1,416,503	1,440,818
Maximum daily capacity (millions of gallons)	20	20	20	20	20	20	20	20	20	20
Wastewater										
Sewer lines (lineal feet)	1,061,370	1,065,273	1,073,122	1,094,542	1,151,149	1,220,716	1,252,811	1,262,509	1,275,547	1,319,407
Maximum daily treatment capacity (millions of gallons)	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7

Sources: Various City of Manhattan departments

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August 24, 2012

The Honorable Mayor and City Commission
City of Manhattan, Kansas

**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**

We have audited the financial statement 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 Manhattan, Kansas (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 24, 2012. We conducted our audit in accordance with 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. We did not audit the financial statements of the Manhattan Housing Authority, one of the discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Manhattan Housing Authority, is based on the report of the other auditors.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

August 24, 2012
City of Manhattan, Kansas
Page two

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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*.

We noted certain matters that we reported to management of the City in a separate letter dated August 24, 2012.

This report is intended solely for the information and use of management, the City Commission, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Varny & Associates, CPAs, LLC". The signature is written in a cursive, flowing style.

Certified Public Accountants



August 24, 2012

The Honorable Mayor and City Commission
City of Manhattan, Kansas

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the City of Manhattan, Kansas (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contract and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's basic financial statements include the operations of the Manhattan Housing Authority, which received and expended \$1,882,009 in federal awards which are not included in the schedule of expenditures of federal awards during the year ended December 31, 2011. Our audit, described below, did not include the operations of the Manhattan Housing Authority which engaged other auditors to perform an audit in accordance with OMB circular A-133.

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 OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133, 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. 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the 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, 2011.

August 24, 2012
City of Manhattan, Kansas

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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, as defined above.

This report is intended solely for the information and use of management, the City Commission, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Vainey & Associates, CPAs, LLC
Certified Public Accountants

CITY OF MANHATTAN, KANSAS
 Manhattan, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Community Development Block Grants/Entitlement Grants Passed through the Kansas Housing Resources Corp.	14.218	\$ 449,015
HOME Investments Partnership Program	14.239	43,878
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.257	293,113
Emergency Shelter Grants Program	14.231	56,434
Total U.S. Department of Housing and Urban Development		\$ 842,440
U.S. Department of Defense		
Office of Economic Adjustment Community Economic Adjustment Planning Assistance	12.607	\$ 45,410
U.S. Department of the Interior		
Passed through the Kansas State Historical Society National Park Service Historic Preservation Grant	15.904	\$ 16,200
U.S. Department of Energy		
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	\$ 74,498
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	196,091
Total U.S. Department of Energy		\$ 270,589
Environmental Protection Agency:		
Passed through the Kansas Department of Health and Environment Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 15,353,866
Capitalization Grants for Drinking Water State Revolving Funds	66.468	10,937,833
Total Environmental Protection Agency		\$ 26,291,699
U.S. Department of Homeland Security		
Passed through the Kansas Adjutant General Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 28,994
Passed through the Kansas Highway Patrol/North Central Regional Planning Commission Assistance to Firefighters Grant	97.044	3,517
Total U.S. Department of Homeland Security		\$ 32,511
U.S. Small Business Administration		
Congressional Grants	59.059	\$ 89,871
U.S. Department of Transportation		
Airport Improvement Program	20.106	\$ 632,103
Payments for Small Community Air Service Development	20.930	14,360
Passed through the Kansas Department of Transportation State Planning and Research	20.515	68,508
Total U.S. Department of Transportation		\$ 714,971
TOTAL		\$ 28,303,691

See notes to schedule of expenditures of federal awards.

CITY OF MANHATTAN, KANSAS
Manhattan, Kansas
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2011

Note 1: General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the City of Manhattan, Kansas (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards passed through other government agencies (other than Manhattan Housing Authority) are included on the schedule.

Note 2: Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the cash basis of accounting.

CITY OF MANHATTAN, KANSAS
 Manhattan, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal controls over major programs:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported

Type of auditor's report issued on compliance for major programs:	Unqualified
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Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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Identification of major programs:

Name of Federal program	<u>CFDA Number</u>
Community Development Block Grant / Entitlement Grants	14.218
Airport Improvement Program	20.106
Capitalization Grants for Clean Water State Revolving Funds	66.458
Capitalization Grants for Drinking Water State Revolving Funds	66.468

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
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Auditee qualified as a low-risk auditee?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
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Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

No matters were reported

CITY OF MANHATTAN, KANSAS
Manhattan, Kansas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2011

None.