CITY OF MANHATTAN, KANSAS

Comprehensive Annual Financial Report

Year Ended
December 31, 2012

Prepared by:

Department of Finance

CITY OF MANHATTAN, KANSAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2012

TABLE OF CONTENTS

INTRODUCTORY SECTION **PAGE**

Letter of Transmittal 1

GFOA Certificate of Achievement for Excellence in Financial Reporting 13

Organizational Chart 14

List of Principal Officials 15

FINANCIAL SECTION

Independent Auditor's Report 17

Management's Discussion and Analysis 21

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 35

Statement of Activities 40

Fund Financial Statements:

Balance Sheet - Governmental Funds 42

Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds 44

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 46

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 48

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund 50

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Riley County Police Department Fund 52

Statement of Net Position - Proprietary Funds 54

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds 58

Statement of Cash Flows - Proprietary Funds 60

Statement of Fiduciary Net Position - Fiduciary Funds 62

Statement of Changes in Fiduciary Net Position - Fiduciary Funds 63

Notes to the Financial Statements 65

TABLE OF CONTENTS (continued) **PAGE**

Other Supplementary Information:
Nonmajor Governmental Funds 103
Combining and Individual Fund Statements and Schedules:
Combining Balance Sheet – Nonmajor Governmental Funds 110
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 122

Budgetary Schedules:
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis): Debt Service Fund 139
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis): Nonmajor Governmental Funds 140

Internal Service Funds 155
Combining Statement of Net Position - Internal Service Funds 156
Combining Statement of Revenues, Expenses and Changes in Net Position - Internal Service Funds 158
Combining Statement of Cash Flows - Internal Service Funds 160

STATISTICAL SECTION

Statistical Section 163
Financial Trends:
Net Position by Component 164
Changes in Net Position 166
Fund Balances of Governmental Funds 170
Changes in Fund Balances of Governmental Funds 172
Revenue Capacity:
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
Debt Capacity:
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 Information:
Demographic and Economic Statistics and Personal Income. 193
Principal Employers 194
Operating Information:
City Government Employees by Function 195
Operating Indicators by Function 196
Capital Asset Statistics by Function 197

TABLE OF CONTENTS (continued) **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 *Government Auditing Standards* 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, 2012 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 30, 2013

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

RE: 2012 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, 2012.

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, 2012, 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, 2012, 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 56,069 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, a non-profit regional transit entity.

Kansas State University

Kansas State University, formerly Kansas State Agricultural College, has 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 668 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 24,378 in the fall of 2012. 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 19,468 soldiers and 26,415 family members. In addition to the military personnel at Fort Riley, approximately 7,470 civilians work at the installation. Furthermore, 3,591 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 80,237 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, 2012 (most recent federal fiscal year available):

Economic Impact of Fort Riley on the State of Kansas

Direct Economic Impact on Kansas	$1,876,978,070
Payroll (Annually)	$1,283,321,150
Supplies/Services/Contracts	$282,062,389
Construction	$155,006,951
Health Care	$137,265,064
Education	$19,322,516

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 Zoological Park which is an Association of Zoos and Aquariums (AZA) accredited facility, the new Flint Hills Discovery Center and Blue Earth Plaza in the South Redevelopment Area, 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 36,305 as of December of 2012. Of this number, 34,684, or 95.5%, 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 19,468 military and approximately 7,470 civilian employees.

Work Force - Riley County, Kansas As of December 31, 2012

Civilian Work Force	36,305
Unemployed	1,621
Employed	34,684
Estimated % Unemployed	4.5%

Major Employers in the Manhattan Area*:*

Employer	Product/Service	Approximate Employment
Fort Riley Military Base	Military training	19,468
Fort Riley Military Base	Civilian employees	7,470
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	320

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 a few limited or partial tax abatements to assist businesses and create

economic development opportunities. In 2012, residents voted to renew the Riley County one-half cent sales tax. The City of Manhattan will use those dollars to fund traditional economic development proposals, infrastructure projects, and property tax relief. Some of the most recent economic success stories include:

- CivicPlus. In May 2012, the City 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 2013 and plans to add 250 new high wage jobs over the next ten years. In May 2013, the City issued IRBs in an amount not to exceed $15 million to finance a new five-story 50,000 square-foot office/commercial facility in downtown Manhattan. The incentive package includes a $750,000 forgivable loan and partial tax abatement. CivicPlus held a groundbreaking ceremony in early 2013, started demolition work in May of 2013, and is currently under construction. They have also renovated a significant amount of existing downtown space.

- National Bio and Agro-Defense Facility (NBAF). The United States Department of Homeland Security's Science and Technology Directorate has selected a site adjacent to Kansas State University (KSU) for 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. A Central Utility Plant (CUP) groundbreaking was held in May of 2013 for the NBAF and is currently under construction. NBAF will replace the current and aging 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, and periodically leases space in K-State's state-of-the-art BSL 3-3Ag Biosecurity Research Institute. K-State recently demolished the old feed mill which was located on the NBAF site and constructed a new, modern Feed Technology Innovation Center.

- KSU Institute for Commercialization (KSU-IC). Once known as the National Institute for Strategic Technology Acquisition and Commercialization (NISTAC), KSU-IC has made significant contributions toward the development of new technical business in the Manhattan area. In addition, KSU-IC 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. In 2011, 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. In July 2012, the company exercised its option to purchase Lot 21A in the Corporate Technology Park to accommodate future expansions, and the company broke ground on a 17,000 square-foot expansion in 2012. The sale proceeds were returned to the City's 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 the 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, in addition to issuing IRBs in the amount of $38 million. 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, the Meadowlark Hills Retirement Community began a multi-million dollar four-phase expansion of its facilities. The City has committed to issuing up to $55 million in IRBs to refinance existing debt and to finance the latest expansion, and 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 the City, GTM Sportswear (GTM) 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 ten 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.

Manhattan has experienced steady growth during the past few years although growth has moderated somewhat with the recent economic downturn. In 2012, the value of the property tax base grew about 2.9%. Total sales tax revenues in 2012 were $26,653,421, which represents a 2.0% decrease from 2011. The population has grown 8.5% 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 2012 estimated population for Manhattan is 56,069 persons.

The Kansas State University athletic program had a very successful season. The Football, Basketball, and Baseball teams received Big 12 Championship honors for the 2012-2013 season. Major improvements were completed in 2012 and 2013 at the athletic complexes. A new $90 million West Stadium Center for K-State football was dedicated in August 2013. This facility also includes a cafeteria/training table for all KSU student athletes. In addition new basketball practice/team facilities and new rowing and tennis facilities were also dedicated.

Current Major Initiatives/Planned Activities

In 2013, 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, the City issued the 2009 TIF Bonds to finance approximately $17.8 million in land acquisition and site preparation associated with the North Project Area. In December 2010, the City issued the 2010 TDD Bonds to finance approximately $5.6 million to fund several infrastructure projects within the North Project Area.

  The South Project Area 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. The Candlewood Suites hotel opened in March 2013, the Holiday Inn Express is anticipated to start construction prior to November of 2013, and the mixed-use building currently under construction is expected to be complete in December of 2013. A four-story residential structure with 32 living units has also been approved for construction. Total private investment by Dial Realty, HCW, and McCullough Development for the South project is approximately $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. The City issued the 2009-1 STAR Bonds and the 2009-2 STAR Bonds in December 2009, with the 2009-2 STAR Bonds being issued as Build America Bonds under the American Recovery and Reinvestment Act of 2009. STAR Bonds will be utilized for land acquisition, Discovery Center construction, Blue Earth Plaza, and infrastructure costs.

- Airport. American Eagle Airlines provides three (3) daily regional jet flights to and from Dallas/Fort Worth and Manhattan and two (2) daily non-stop service flights to and from Chicago O'Hare International Airport. The airport continues on a track of significant growth, with a major terminal and parking lot expansions planned with Phase I of the terminal building to start construction in November 2013 at a cost of $9.8 million. The City also recently announced new twice weekly service with Allegiant Airlines to Phoenix. The airport recently added additional General Aviation aircraft parking and plans to complete a security and wildlife fence around the airport perimeter in 2013.

- Community Development. In 2012, the Community Development Department administered grants totaling approximately $633,000 for projects to improve the Senior Center, repair park facilities, address homelessness issues, make energy efficiency improvements at City buildings, and update the City's Emergency Response Plan.

- Public Works. 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 at a cost of $4.0 million with 20% contributed by adjacent property owners. The most significant infrastructure improvement taking place in the City is the K-18 improvement project from the City of Ogden to the City of Manhattan. This $96 million project will be partially financed by funds from the American Recovery and Reinvestment Act of 2009 as well as the State of Kansas T-Works program. The K-18 project will include an interchange, four bridges, and a four-lane freeway over a two-mile stretch, and is needed to support the significant population and economic growth that will occur between Fort Riley and the City of Manhattan. The project will be constructed in three phases. Construction for Phase one began in June 2010 and was completed in the fall of 2012. Construction for Phases two and three began in the summer of 2011 and is expected to be completed in the fall of 2013. The improvements will include an interchange directly serving the airport and surrounding area, and the City has agreed to contribute $1.5 million toward this project.

- Utilities. Due to existing and expected growth in the City, 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 was completed in December 2012, increasing the plant capacity from 20-30 million gallons per day. Progress at the Wastewater Treatment Plant's expansion project allowed the majority of the improvements to go online. The plant capacity went from 8.7 million gallons a day to 11 million gallons per day. In addition, the bionutrient removal (BNR) processes have been initiated. Low-interest loans from the Kansas Department of Health and Environment financed these expansions, and

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 of 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 the Sunset Zoo. Construction on the City Park Aquatic Center began in 2009 and was completed in July of 2010. The CiCo Park pool was completed in June 2011, and the Northview pool opened to the public on July 4, 2011. All three pools were opened in May for the 2012 swim season, which was the first year all three pools were in continuous operations since 2007. The Sunset Zoo Nature Exploration Center held its grand opening on June 2, 2012.

- Fire Department. Construction was completed on two new fire stations in the summer of 2012. The southwest fire station is a relocation of the fire station on Anderson Avenue to Amherst Avenue, and the northwest fire station is an entirely new station located on Vanesta Drive. In 2012, fire dispatching was consolidated and is now done from the 911 dispatchers at the Riley County Police Department. The City also narrowbanded all radios to comply with new FCC regulations.

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, 2011. This was the 15th 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 2013. 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 2012 financial records.

Respectfully submitted,

Ron R. Fehr
City Manager

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, 2011

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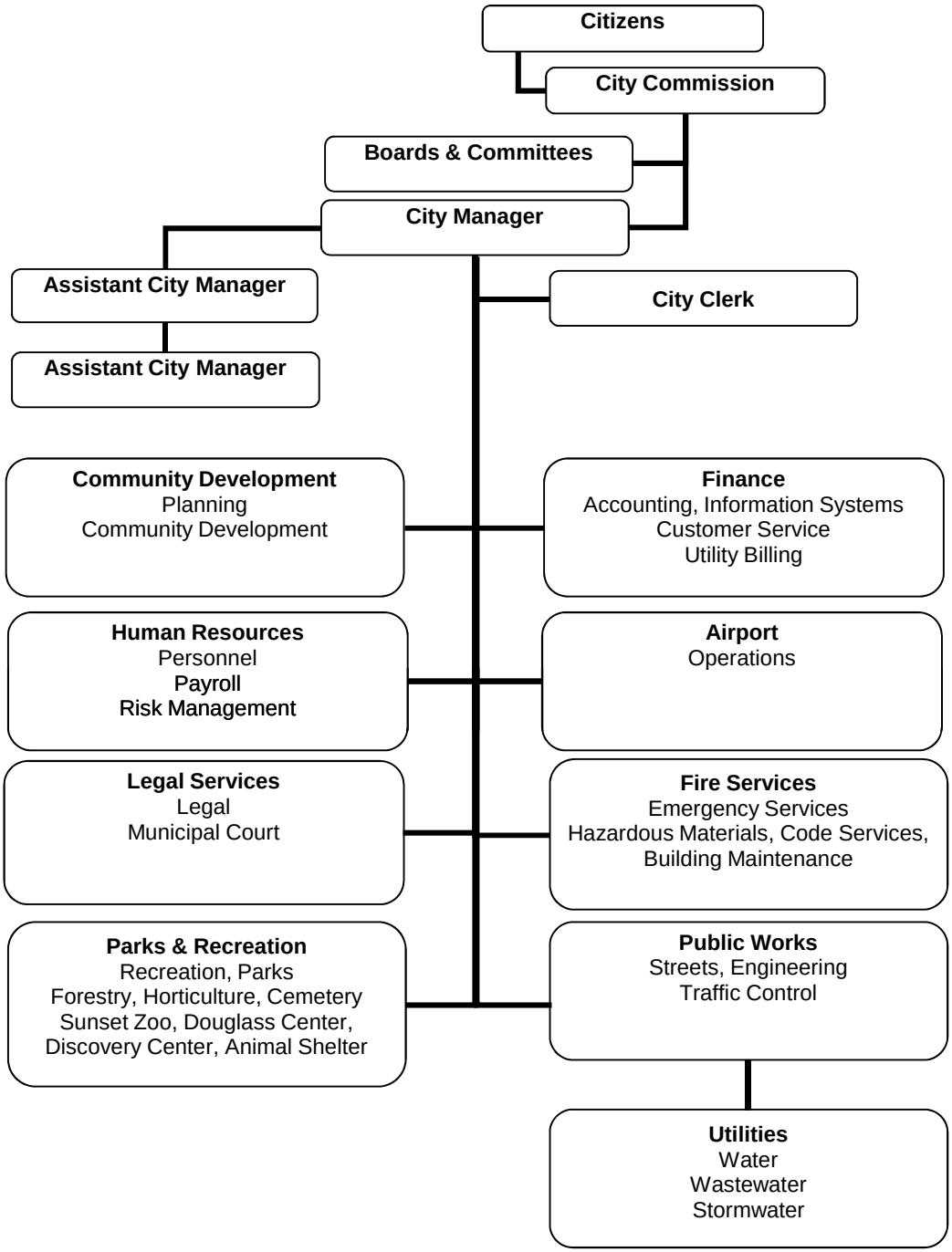
President

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

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	Katherine Jackson
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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VARNEY
& ASSOCIATES, CPAs, LLC

August 14, 2013

The Honorable Mayor and City Commission
City of Manhattan, Kansas

INDEPENDENT AUDITOR'S 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 the City of Manhattan, Kansas as of and for the year ended December 31, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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

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

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

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Opinions

In our opinion, 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 other than the Manhattan Housing Authority, each major fund, and the aggregate remaining fund information of the City of Manhattan, Kansas, as of December 31, 2012, 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 accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

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.

Other Matters

Required Supplementary Information

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.

Other Information

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 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.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued a report dated August 14, 2013, 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.

Varney & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

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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, 2012. 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 2012 by $203,794,739. Of this amount, $6,537,323 may be used to meet the City's ongoing obligations.
- The City's total net position increased by $8,998,369 over the course of this year's operations. The net position of our governmental activities increased by $6,028,831 (5.6 percent) and the net position of our business-type activities increased by $2,969,538 (3.4 percent).
- As of the end of 2012, the City of Manhattan's governmental funds reported combined ending fund balances of $48,978,426, an increase of $8,017,045 in comparison with the prior year. Approximately 31.2 percent of this total amount, $15,301,195 is assigned for purchases on order and subsequent year budget appropriations while less than 0.1 percent, $39,152 is considered unassigned and available for spending at the City's discretion.
- At the end of 2012, the assigned fund balance for the general fund was $2,645,765, or 11.4 percent of total general fund expenditures. The unassigned fund balance for the general fund was $39,152, or 0.2 percent of total general fund expenditures.
- The City's total debt increased by $7,124,692 during 2012. 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 obligation bonds outstanding increased by nearly $8,850,000 in 2012. Bonds in the amount of $19,245,000 were issued in 2012, while $10,395,000 were retired. Several special assessment projects that were in progress at the end of 2011 were completed and bonded in 2012. In addition, several large city-at-large capital projects, including two new fire stations, the Sunset Zoo Education Center, K-177 and 3rd Street intersection improvements, and the design of improvements for West Anderson Ave., were bonded in 2012. There was a decrease of $4,120,000 in temporary notes outstanding at the end of 2012 as compared to 2011 due to several large city-at-large capital projects bonding. Temp notes were issued for several special assessment projects, stormwater improvements at Hartford Road & Tecumseh-Quivera, and the airport terminal design.

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 84 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 80 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 $203,794,739 at the close of 2012.

A large portion of the City of Manhattan's net position (39.1 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 171,354,428	$ 172,332,410	$ 4,209,543	$ 13,674,161	$ 175,563,971	$ 186,006,571
Capital assets	193,812,256	186,210,525	144,107,302	130,230,885	337,919,558	316,441,410
Total assets	365,166,684	358,542,935	148,316,845	143,905,046	513,483,529	502,447,981
Long-term liabilities outstanding	219,662,975	218,367,694	57,168,119	51,338,708	276,831,094	269,706,402
Other liabilities	31,721,735	32,422,098	1,135,961	5,523,111	32,857,696	37,945,209
Total liabilities	251,384,710	250,789,792	58,304,080	56,861,819	309,688,790	307,651,611
Net position:						
Net investment in capital assets	(7,750,318)	11,604,164	87,379,688	79,345,330	79,629,370	90,949,494
Restricted	117,628,046	110,959,126	-	-	117,628,046	110,959,126
Unrestricted	3,904,246	(14,810,147)	2,633,077	7,697,897	6,537,323	(7,112,250)
Total net position	$ 113,781,974	$ 107,753,143	$ 90,012,765	$ 87,043,227	$ 203,794,739	$ 194,796,370

An additional portion of the City's net position (57.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $6,537,323, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2012, the City is able to report positive balances in all three categories of net position for the government as a whole. However, a negative balance is being reported for the net investment in capital assets net position for the governmental activities. There were significant unspent proceeds from other debt issued in 2011 still on hand at the end of 2012.

The City's net position increased by $8,998,369 during 2012. This is approximately $2,595,116 less than the increase for 2011.

Governmental activities. Governmental activities increased the City's net position by 6,028,831 accounting for 67.0 percent of the total growth in net position. Key elements of this increase are as follows:

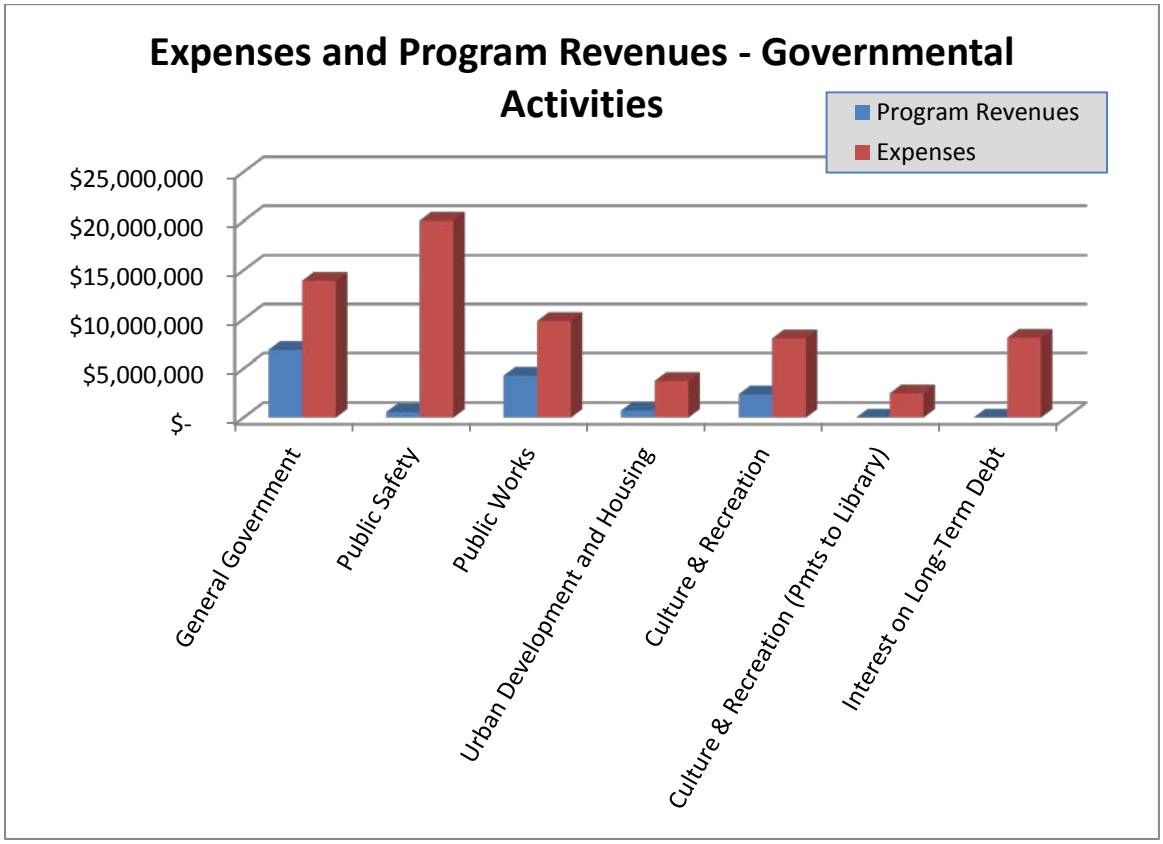
CITY OF MANHATTAN'S CHANGES IN NET ASSETS

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	$ 5,540,853	$ 7,282,832	$ 19,970,294	$ 17,033,309	$ 25,511,147	$ 24,316,141
Operating grants and contributions	3,667,084	4,586,011	-	-	3,667,084	4,586,011
Capital grants and contributions	5,597,801	4,248,884	-	80,000	5,597,801	4,328,884
General revenues:						
Property taxes	20,831,232	19,983,844	-	-	20,831,232	19,983,844
Other taxes	31,155,980	31,510,093	-	-	31,155,980	31,510,093
Other	3,586,950	2,575,986	277,988	254,129	3,864,938	2,830,115
Total revenues	70,379,900	70,187,650	20,248,282	17,367,438	90,628,182	87,555,088
Expenses:						
General government	14,150,646	12,783,282	-	-	14,150,646	12,783,282
Public safety	20,038,497	18,221,529	-	-	20,038,497	18,221,529
Public works	9,611,675	8,820,381	-	-	9,611,675	8,820,381
Urban development and housing	3,831,509	3,668,229	-	-	3,831,509	3,668,229
Culture and recreation	7,954,509	6,350,056	-	-	7,954,509	6,350,056
Culture and recreation (payments to Library)	2,481,954	2,439,394	-	-	2,481,954	2,439,394
Interest on long-term debt	8,103,115	8,240,975	-	-	8,103,115	8,240,975
Water	-	-	7,821,306	8,068,281	7,821,306	8,068,281
Wastewater	-	-	6,536,848	6,258,103	6,536,848	6,258,103
Storm water management	-	-	1,099,754	1,111,373	1,099,754	1,111,373
Total expenses	66,171,905	60,523,846	15,457,908	15,437,757	81,629,813	75,961,603
Increase in net assets before transfers	4,207,995	9,663,804	4,790,374	1,929,681	8,998,369	11,593,485
Transfers	1,820,836	1,717,282	(1,820,836)	(1,717,282)	-	-
Increase in net assets	6,028,831	11,381,086	2,969,538	212,399	8,998,369	11,593,485
Net assets - 01/01	$ 107,753,143	$ 93,083,886	$ 87,043,227	$ 90,118,999	$ 194,796,370	$ 183,202,885
Net assets - 12/31, as previously stated	$ 113,781,974	$ 104,464,972	$ 90,012,765	$ 90,331,398	$ 203,794,739	$ 194,796,370
Prior period adjustment	-	3,288,171	-	(3,288,171)	-	-
Net assets - 12/31, as restated	$ 113,781,974	$ 107,753,143	$ 90,012,765	$ 87,043,227	$ 203,794,739	$ 194,796,370

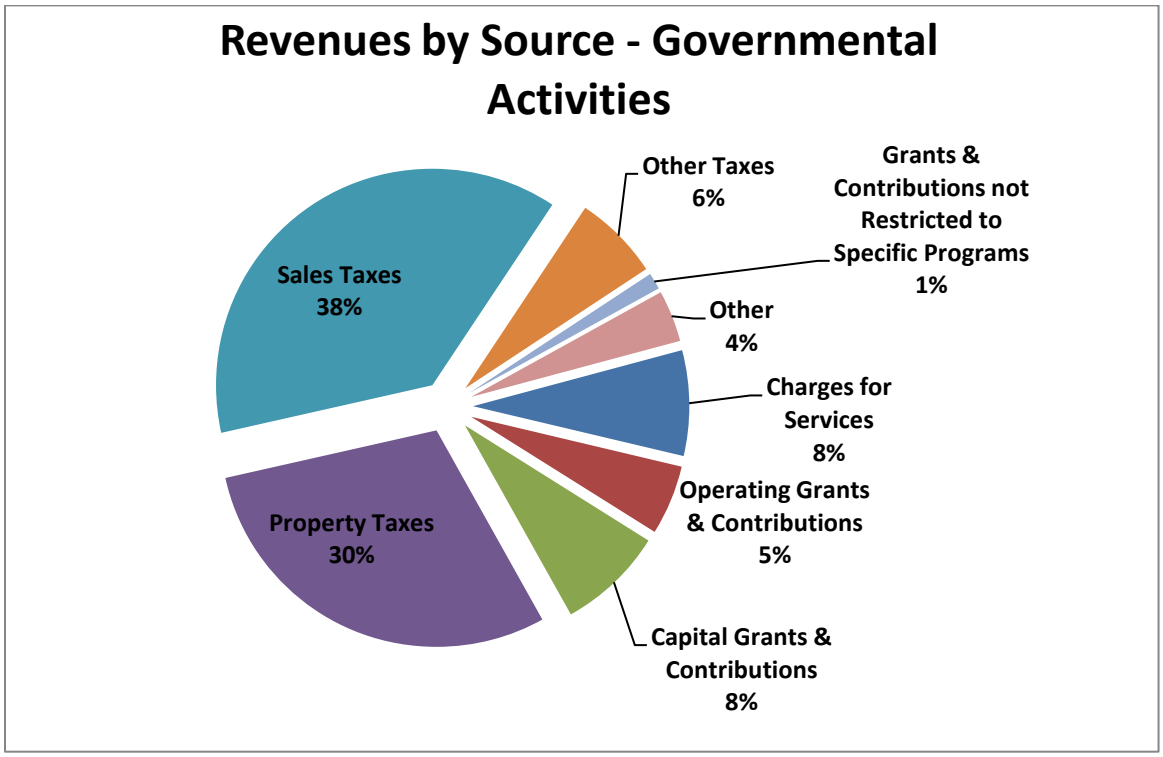
- Capital grants for governmental activities increased by $1,348,917 from 2011 to 2012. Some of this increase is due to an increase in grant revenues received from the Federal Aviation in 2012 as compared to 2011 for improvements to the general aviation apron, runway 3-21, and the design of the terminal expansion.
- Operating grants and contributions decreased by $918,927 from 2011 to 2012. Over 70% of this decrease can be attributed to a decline in operating grants and contributions for urban housing and development. The remaining decrease reflects the normal fluctuation in several of the City's grant funds.
- Charges for services for governmental activities decreased by $1,741,979 from 2011 to 2012. The reclassification of payment in lieu of taxes, franchise fees, and admin fees as interfund transfers decreased charges for services by $2,111,348. This decrease was partially offset by increases by the opening of the new Flint Hills Discovery Center and other increases in the culture and recreation function.
- Property taxes increased by $847,388 from 2011 to 2012. The increase in taxes levied in 2012 is lower than the increase between 2010 and 2011 ($2,424,445).
- Other taxes decreased by $354,113 during 2012. Sales tax revenues decreased for the downtown TIF district by approximately $528,000. This decrease was partially offset by increases in transient guest tax, franchise fees and other sales tax revenues.
- Other general revenues increased by $1,010,964 from 2011 to 2012. Over half of this increase is attributable to unrestricted investment earnings. Other increases are primarily related to unrestricted grants and contributions in capital projects.

Total expenses increased by $5,648,059 from 2011 to 2012. Expenses for the general government public safety, public works, urban development and housing, culture and recreation, all increased and interest on long-term debt decreased by $137,860. The general government function increased expenses by $1,367,364 (10.7 percent) from 2011 to 2012. Some of these additional expenses are related to the restructuring of the legal services division. Previously clerical duties were contracted, office space was rented from a local firm, and most office supplies were part of the contract agreement (not directly purchased). In 2012, the legal services division was moved in to City Hall. This change required a remodeling project of part of City Hall, the hire of an additional staff position, the purchase of new office equipment, and an increase in office supplies. The airport had several capital equipment purchases, improvements to the long term parking lot, and project designs that occurred in 2012. Other significant increases include escalating health insurance premiums and payroll tax expenses. Expenses for the culture and recreation function increased by $1,604,453 (25.3 percent) from 2011 to 2012. Much of the increase can be attributed to the opening of the new Flint Hills Discovery Center. Expenses for public safety increased $1,816,968 (10 percent) as a result of adding 12 new firefighters in May of 2012 and the construction of two new fire stations. The public works function increased by $791,294 (9.0 percent) from 2011 to 2012. This increase is primarily related to the construction of a new traffic maintenance facility.

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

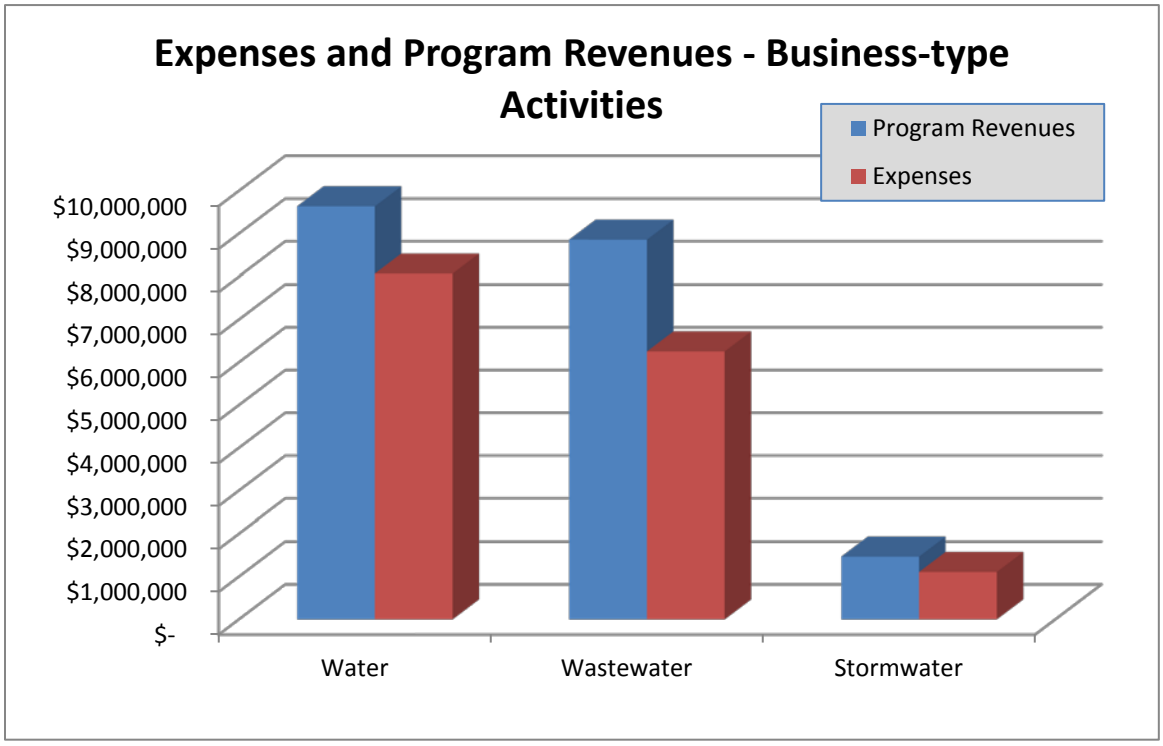


The following graph shows the composition of 2012 revenues for the governmental activities.

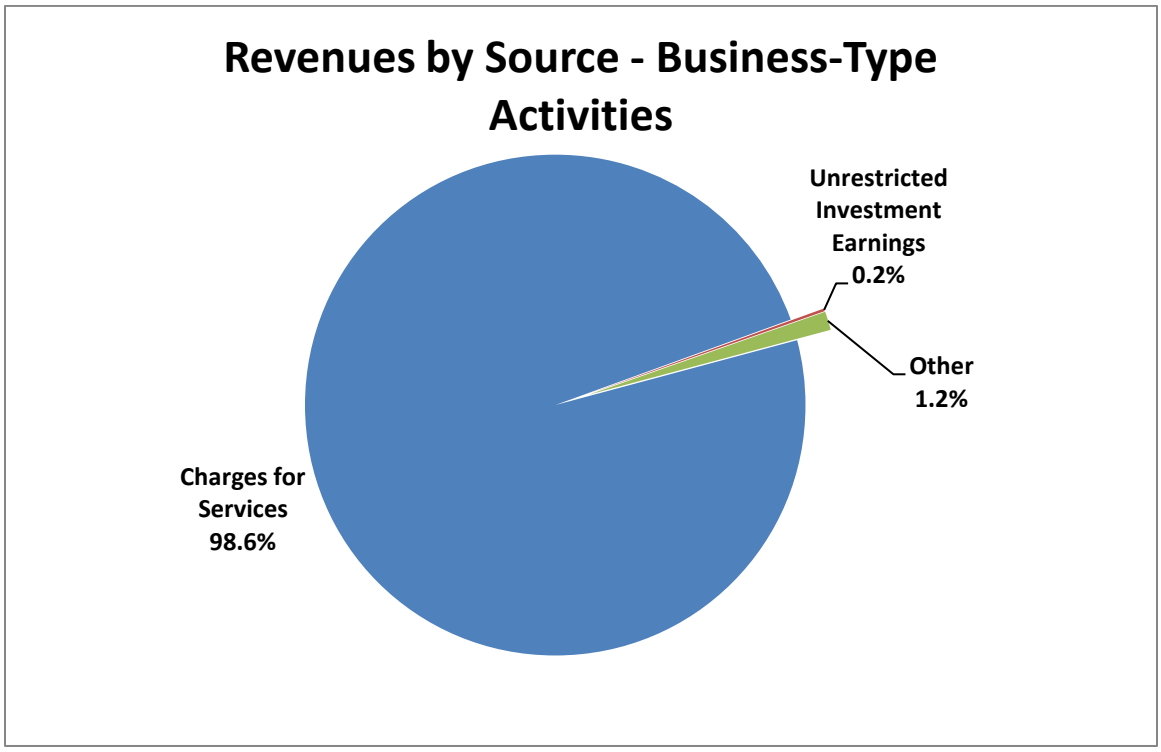


Business-type activities. Business-type activities increased the City's net position by $2,969,538 accounting for 33 percent of the total growth in the City's net position in 2012. This is $6,045,310 less than the increase for 2011. This increase is due to an increase in service charges combined with a decrease in capital contributions received by the enterprise funds. Revenue received from service charges in 2012 totaled $19,970,294 compared to service charges received in 2011 in the amount of $17,033,309. This is an increase of $2,936,985 (17.2 percent) from 2011 to 2012. More than half of this increase is attributable to the water fund. A rate increase of 15 percent went into effect January 1, 2012 for wastewater. Rate increases of seven percent and five percent also went into effect January 1, 2012, for the water and storm water management funds respectively. Consumption rates were also up nearly 15 percent in 2012 over 2011. Capital contributions received in 2012 totaled $826,014, while these contributions totaled $2,501,969 in 2011. 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 2011 to 2012 can be attributed in large part to projects that occurred in 2011 related to the downtown redevelopment project and utility relocation required for the construction of the National Bio and Agro-Defense Facility. Total expenses increased $20,151(0.1 percent) from 2011 to 2012.

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



The following graph shows the composition of 2012 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 2012, the City of Manhattan's governmental funds reported combined ending fund balances of $48,978,426 an increase of $8,017,045 in comparison with the prior year. Less than 0.1 percent of this total amount ($39,152) 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 31.2 percent ($15,301,195) of the total and is dedicated to 1) liquidate contracts and purchase orders for the year ($145,765) and 2) to appropriate funds for the subsequent year's budget allocation ($15,155,430). The committed fund balance is approximately 0.1 percent ($57,936) 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 67.6 percent ($33,126,644) 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 0.9

percent ($453,499) 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 2012, unassigned fund balance of the general fund was $39,152, while total fund balance was $4,484,094. 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 11.6 percent of total general fund expenditures, while total fund balance represents 19.3 percent of that same amount.

The fund balance of the City's general fund decreased by $654,053 during 2012. A decrease of $65,902 was shown in 2011. Key elements of this are as follows:

- Taxes increased $16,724 in 2012. Sales tax revenues increased by $57,715 from 2011 to 2012. Franchise taxes increased by $17,890 from 2011 to 2012. This increase can be attributed to a myriad of factors including an increase in consumption and an increase in rates. Property taxes decreased by $58,881 from 2011 to 2012.
- Licenses and permits decreased by $161,748 in 2012. 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 2012 due to a slowdown in construction of new commercial buildings.
- Intergovernmental revenues increased by approximately $4,305 from 2011 to 2012. Most of the increase is due to increased revenue received from the special liquor tax. There was also an increase in revenue received from the county for animal shelter. These increases were partially offset in a decrease in revenues for student fire fighters.
- Charges for services decreased by $1,553,117 from 2011 to 2012. This decrease is primarily attributed to the reclassification of payment in lieu of taxes, admin fees, and franchise fees from enterprise funds, to interfund transfers (a decrease of $2,111,348). The decrease was partially offset by the opening of the Flint Hills Discovery Center and an increase in airport revenues. Passenger activity at the airport increased significantly in 2012 due to the flights to and from Chicago that were added in November of 2011. The increased demand for this service continued into 2012.
- Fine and forfeitures increased by 186,612 in 2012. This increase is mostly due to an increase in the amount of offenses.
- Investment income decreased by $7,516 from 2011 to 2012. Rates remained at historical lows throughout 2012 resulting in minimal investment income for the year.
- Miscellaneous revenues increased by $99,112 from 2011 to 2012. The increase is attributed to an increase in farm income generated on airport land of $63,300 from 2011 to 2012.
- Expenditures increased by just over $1,553,214 in 2012. Some functions showed increases in expenditures, while others showed decreases. General government expenditures increased by $570,491. This increase can be attributed to increases in health insurance premiums and an additional position for the legal services division. Public safety expenditures increased by $274,231. This increase can be attributed to the hiring of 12 new firefighters midway through the year. These positions were needed to staff the two new fire stations that opened in 2012. Urban development and housing expenditures decreased by $2,846. Public works expenditures decreased by $189. Culture and recreation expenditures increased nearly $795,253. A significant portion of this increase was due to the opening of the Flint Hills Discovery Center. Capital outlay expenditures decreased by $83,726 from 2011 to 2012.

- Transfers in increased $2,360,925 from 2011 to 2012. This increase is primarily attributed to the reclassification of payment in lieu of taxes, admin fees, and franchise fees from enterprise funds, to interfund transfers (an increase of $2,111,348).

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 the RCPD's budget. This fund has a total fund balance of $228,355, of which $178,355 is restricted and $50,000 is assigned for the subsequent year's budget appropriations.

The debt service fund has a total fund balance of $14,677,973. The net increase in fund balance during the current year was $6,625,073. Debt service expenditures outpaced revenues by $1,459,679. However, this deficit was offset by transfers in made from other funds. The deficit of revenues over debt service expenditures in 2012 was $3,702,275 lower than in 2011.

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 $4,539,473, all of which is restricted. This fund balance decreased by $2,043,642 during the current year, following a decrease of $11,490,740 in 2011. Nearly $12,300,000 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 2011. This amount had declined to approximately $1,500,000 at the end of 2012, as eligible expenditures were made. The temporary notes payable liability decreased by $895,000 from 2011 to 2012. 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.

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 2012 amounted to $3,501,039; the wastewater fund amounted to ($437,031) and the storm water management fund amounted to ($430,031). The total growth (reduction) in net position for each fund was $1,312,172, $1,196,593, and $460,773, 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 $816,713, $0 and $9,301, respectively, as compared to $1,522,168, $806,449 and $173,352 in 2011. The overall decrease from 2011 to 2012 was $1,675,955.

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 investment income. Investment income has declined dramatically since 2007, and while the 2012 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 $387,000. The majority of this increase stemmed from increased sales taxes over 2011 due to the turnaround of the local economy. Charges for services exceeded budget by $162,943. Part of this variance can be attributed to an increase in airport revenues. The Flint Hills Discovery Center opened in 2012 and the budgeted revenues were based on conservative estimates; actual revenues exceeded those estimates. The remainder of the increase can be attributed to an increase in pool admission revenues. Fines and forfeitures surpassed budget by $216,065 due to a change in the fine structure and an increase in the number of offenses. Total expenditures were less than budgetary estimates by $884,919 or 3.8 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, 2012, amounts to $337,919,558 (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 6.8 percent (a 4.1 percent increase for governmental activities and a 10.7 percent increase for business-type activities).

Major capital asset events during 2012 included the following:

- The traffic maintenance facility started completed construction in 2012 at a cost of nearly $700,000.
- The construction of two new fire stations continued into 2012. Construction progress on the fire stations had reached nearly $5.2 million by the end of 2012.
- The Northend Park and Streetscape project was completed in 2012 at a cost of over $840,000.
- The Tecumseh-Quivera Stormwater Improvements Project continued into 2012. Construction in progress totaled over $2 million.
- Construction of the Sunset Zoo Education Center was completed in 2012 with a cost of over $4.5 million.
- Construction of the Flint Hills Discovery Center, including the museum exhibits, continued in 2012. Construction in progress had reached nearly $23.4 million at the end of 2012.
- Construction on the expansions and upgrades to the water treatment and wastewater treatment plants continued during 2012. Construction in progress on the water treatment plant had reached more than $17.7 million at the end of 2012. Construction in progress on the wastewater treatment plant had reached more than $27.1 million at the end of 2012.

CITY OF MANHATTAN'S CAPITAL ASSETS

(Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 18,981,249	$ 18,851,808	$ 499,272	$ 499,272	$ 19,480,521	$ 19,351,080
Buildings and improvements	79,853,541	46,116,380	25,756,690	6,471,311	105,610,231	52,587,691
Contents and equipment	2,471,230	2,146,002	1,751,155	1,439,320	4,222,385	3,585,322
Vehicles	1,922,061	1,516,593	461,331	532,454	2,383,392	2,049,047
Infrastructure	78,556,323	72,874,275	78,650,214	74,584,663	157,206,537	147,458,938
Construction in progress	12,027,852	44,705,467	36,988,640	46,703,865	49,016,492	91,409,332
Total	$ 193,812,256	$ 186,210,525	$ 144,107,302	$ 130,230,885	$ 337,919,558	$ 316,441,410

Additional information on the City's capital assets can be found in note 3.F on pages 80-82 of this report.

Long-term debt. At the end of 2012, the City had total bonded debt outstanding of $183,210,000. Of this amount, $51,440,577 comprises debt backed by the full faith and credit of the City and $60,124,423 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	
	2012	2011	2012	2011	2012	2011
General obligation bonds	$ 45,350,577	$ 31,393,273	$ 6,090,000	$ 7,000,000	$ 51,440,577	$ 38,393,273
General obligation bonds (special assessment debt with governmental commitment)	60,124,423	64,321,727	-	-	60,124,423	64,321,727
Sales tax revenue bonds	5,845,000	5,980,000	-	-	5,845,000	5,980,000
Special obligation bonds	65,800,000	70,605,000	-	-	65,800,000	70,605,000
Total	$177,120,000	$172,300,000	$6,090,000	$7,000,000	$183,210,000	$179,300,000

The City's total debt increased by $7,124,692 during 2012. 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 obligation bonds outstanding increased by nearly $8,850,000 in 2012. Bonds in the amount of $19,245,000 were issued in 2012, while only $10,395,000 were retired. Several large city-at-large capital projects that were started in 2011,

including two new fire stations, the Sunset Zoo Education Center, K-177 and 3rd Street intersection improvements, and the design of improvements for West Anderson Ave., were bonded in 2012. There was a decrease of $4,120,000 in temporary notes outstanding at the end of 2012 as compared to 2011 due to several large city-at-large capital projects bonding. Temp notes were issued for several special assessment projects, stormwater improvements at Hartford Road & Tecumseh-Quivera, and the airport terminal design.

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 $146,043,310, 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 84-97 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Manhattan at the end of 2012 was 4.5 percent. This rate has decreased by 0.5 percent over 2011 and still is very favorable compared to the state's average unemployment rate of 5.5 percent and the national average rate of 7.8 percent.
- Inflationary trends in the region compare favorably to national indices.

Highlights of the City's 2013 budget are as follows:

- The mill levy rate was increased from 2012 by 1.283 mills to 43.439 mills. This rate compares favorably to mill levy rates over the last 20 years.
- Capital improvements anticipated for 2013 and beyond are incorporated into the proposed 2013-2018 Capital Improvements Program. The plan totals $107,641,606 and includes the following for 2013:
    - Expansion of the airport terminal, parking lot, and general aviation apron
    - Anneberg sports field lights replacement
    - Design and construction of new offices for the Parks & Recreation Department
    - Expansion of North Manhattan Avenue from Claflin to Kimball
    - Turf and track replacement in Memorial Stadium
    - Blue Township waterline extension
    - Improvements to the Seth Child Relief Sewer

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, 2012

	Primary Government		
ASSETS	**Governmental Activities**	**Business-type Activities**	**Total**
Cash and cash equivalents	$ 31,953,750	$ 11,802,187	$ 43,755,937
Cash with refunding escrow agent	6,782,833	-	6,782,833
Cash with special obligation bonds trustee	4,178,803	-	4,178,803
Investment in joint venture	648,814	-	648,814
Receivables:			
Accounts (net of allowance for uncollectibles)	1,059,602	1,679,012	2,738,614
Intergovernmental	2,490,106	-	2,490,106
Franchise tax	427,015	-	427,015
Sales tax	3,492,384	-	3,492,384
Transient guest tax	365,893	-	365,893
Property tax	20,110,957	-	20,110,957
Economic development loans	1,731,879	-	1,731,879
Other loans	54,000	-	54,000
Notes:			
Current	250,000	-	250,000
Noncurrent	8,947,818	-	8,947,818
Inventories	25,751	20,801	46,552
Prepaid expenses	-	-	-
Interfund Receivable (Payable)	9,528,461	(9,528,461)	-
Restricted assets:			
Cash and investments			
Construction accounts	-	236,004	236,004
Special assessments:			
Current	6,747,510	-	6,747,510
Noncurrent	72,558,852	-	72,558,852
Capital assets:			
Land	18,981,249	499,272	19,480,521
Infrastructure, net of accumulated depreciation	78,556,323	78,650,214	157,206,537
Other capital assets, net of accumulated depreciation	84,246,832	27,969,176	112,216,008
Construction in progress	12,027,852	36,988,640	49,016,492
Total capital assets	$ 193,812,256	$ 144,107,302	$ 337,919,558
TOTAL ASSETS	$ 365,166,684	$ 148,316,845	$ 513,483,529

(Continued)

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

Component Units	
Manhattan Public Library	**Manhattan Housing Authority**
$ 851,275	$ 847,580
-	-
-	-
-	-
-	38,864
-	-
-	-
-	-
-	-
2,617,928	-
-	-
-	-
-	-
-	-
-	8,402
-	86
-	-
-	42,880
-	-
-	-
-	-
-	-
770,283	1,865,901
-	-
$ 770,283	$ 1,865,901
$ 4,239,486	$ 2,803,713

CITY OF MANHATTAN, KANSAS

STATEMENT OF NET POSITION (CONTINUED)

December 31, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	$ 6,068,812	$ 541,342	$ 6,610,154
Estimated insurance claims payable	853,279	-	853,279
Sales tax payable	-	-	-
Accrued interest payable	1,470,970	533,713	2,004,683
Accrued payroll	342,717	60,906	403,623
Security deposits	-	-	-
Unearned revenue	20,110,957	-	20,110,957
Temporary notes payable	2,875,000	-	2,875,000
Long-term liabilities:			
Due within one year	25,550,508	3,792,079	29,342,587
Due in more than one year	194,112,467	53,376,040	247,488,507
TOTAL LIABILITIES	$ 251,384,710	$ 58,304,080	$ 309,688,790
NET POSITION			
Net investment in capital assets	$ (7,750,318)	$ 87,379,688	$ 79,629,370
Restricted for:			
Culture and recreation	776,966	-	776,966
Public safety	699,473	-	699,473
Public works	3,823,306	-	3,823,306
Urban development and housing	12,471,616	-	12,471,616
Debt service	98,652,048	-	98,652,048
Perpetual care:			
Nonexpendable	453,499	-	453,499
Other purposes	751,138	-	751,138
Unrestricted	3,904,246	2,633,077	6,537,323
TOTAL NET POSITION	$ 113,781,974	$ 90,012,765	$ 203,794,739

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

Component Units	
Manhattan Public Library	**Manhattan Housing Authority**
$ 85,619	$ 76,583
-	-
-	-
-	-
-	13,571
-	63,947
2,617,928	10,572
-	-
25,471	3,622
272,345	40,030
$ 3,001,363	$ 208,325
$ 770,283	$ 1,865,901
95,433	-
-	-
-	-
-	35,447
-	-
-	-
-	-
372,407	694,040
$ 1,238,123	$ 2,595,388

CITY OF MANHATTAN, KANSAS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2012

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
FUNCTIONS/PROGRAMS			
Primary government			
Governmental activities			
General government	$ 14,150,646	$ 2,881,010	$ 1,081,026
Public safety	20,038,497	547,626	5,196
Public works	9,611,675	86,761	1,521,620
Urban development and housing	3,831,509	127,966	587,238
Culture and recreation	7,954,509	1,897,490	472,004
Culture and recreation (payments to Library)	2,481,954	-	-
Interest on long-term debt	8,103,115	-	-
Total governmental activities	$ 66,171,905	$ 5,540,853	$ 3,667,084
Business-type activities			
Water	$ 7,821,306	$ 9,639,695	$ -
Wastewater	6,536,848	8,859,560	-
Storm water management	1,099,754	1,471,039	-
Total business-type activities	$ 15,457,908	$ 19,970,294	$ -
Total primary government	$ 81,629,813	$ 25,511,147	$ 3,667,084
Component units			
Manhattan Public Library	$ 2,791,148	$ 84,010	$ -
Manhattan Housing Authority	2,704,910	573,477	1,619,891
Total component units	$ 5,496,058	$ 657,487	$ 1,619,891

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

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

	Net (Expense) Revenue and Changes in Net Position			Component Units	
	Primary Government				
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Manhattan Public Library	Manhattan Housing Authority
$ 2,903,973	$ (7,284,637)	$ -	$ (7,284,637)		
-	(19,485,675)	-	(19,485,675)		
2,677,558	(5,325,736)	-	(5,325,736)		
7,000	(3,109,305)	-	(3,109,305)		
9,270	(5,575,745)	-	(5,575,745)		
-	(2,481,954)	-	(2,481,954)		
-	(8,103,115)	-	(8,103,115)		
$ 5,597,801	$ (51,366,167)	$ -	$ (51,366,167)		
$ -	$ -	$ 1,818,389	$ 1,818,389		
-	-	2,322,712	2,322,712		
-	-	371,285	371,285		
$ -	$ -	$ 4,512,386	$ 4,512,386		
$ 5,597,801	$ (51,366,167)	$ 4,512,386	$ (46,853,781)		
$ -				$ (2,707,138)	$ -
-				-	(511,542)
$ -				$ (2,707,138)	$ (511,542)
	$ 18,247,779	$ -	$ 18,247,779	$ -	$ -
	2,583,453	-	2,583,453	-	-
	3,329,606	-	3,329,606	-	-
	26,653,421	-	26,653,421	-	-
	1,172,953	-	1,172,953	-	-
	-	-	-	2,449,541	-
	880,440	-	880,440	184,060	-
	711,726	35,617	747,343	8,413	4,409
	1,994,784	242,371	2,237,155	-	142,959
	1,820,836	(1,820,836)	-	-	-
	$ 57,394,998	$ (1,542,848)	$ 55,852,150	$ 2,642,014	$ 147,368
	$ 6,028,831	$ 2,969,538	$ 8,998,369	$ (65,124)	$ (364,174)
	$ 104,464,972	$ 90,331,398	$ 194,796,370	$ 1,048,537	$ 2,941,968
	3,288,171	(3,288,171)	-	254,710	17,594
	$ 107,753,143	$ 87,043,227	$ 194,796,370	$ 1,303,247	$ 2,959,562
	$ 113,781,974	$ 90,012,765	$ 203,794,739	$ 1,238,123	$ 2,595,388

CITY OF MANHATTAN, KANSAS

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2012

	General	Riley County Police Department	Debt Service
ASSETS			
Cash and cash equivalents	$ 2,479,498	$ 228,355	$ 7,520,097
Cash with refunding escrow agent	-	-	6,782,833
Cash with special obligation bonds trustee	-	-	-
Investment in joint venture	-	-	-
Receivables			
Accounts	1,149,535	-	-
Intergovernmental	-	-	-
Franchise tax	427,015	-	-
Sales tax	1,401,010	-	485,813
Transient guest tax	-	-	-
Property tax	1,097,977	13,267,762	2,505,612
Interfund	1,141,150	-	-
Economic development loans	-		
Other loans	54,000	-	-
Special assessments			
Current	-	-	6,747,510
Noncurrent	-	-	72,558,852
TOTAL ASSETS	$ 7,750,185	$ 13,496,117	$ 96,600,717
LIABILITIES			
Accounts payable	$ 683,649	$ -	$ 110,770
Accrued payroll	335,581	-	-
Interfund payable	-	-	-
Temporary notes payable	-	-	-
Deferred revenue	1,148,884	-	-
TOTAL LIABILITIES	$ 2,168,114	$ -	$ 110,770
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	$ 1,097,977	$ 13,267,762	$ 2,505,612
Unavailable revenue - special assessments	-	-	79,306,362
TOTAL DEFERRED INFLOWS	$ 1,097,977	$ 13,267,762	$ 81,811,974
FUND BALANCES (DEFICITS)			
Nonspendable:			
Perpetual care	$ -	$ -	$ -
Restricted:			
Urban Development & Housing	-	-	-
General Government	-	-	-
Capital Projects	-	-	-
Public Safety	-	178,355	-
Culture & Recreation	-	-	-
Public Works			
Debt Service	1,799,177	-	10,235,014
Committed:			
General Government	-	-	-
Culture & Recreation	-	-	-
Assigned:			
Purchases on Order	145,765	-	-
Subsequent Year's Budget Appropriations	2,500,000	50,000	4,442,959
Unassigned	39,152	-	-
TOTAL FUND BALANCES	$ 4,484,094	$ 228,355	$ 14,677,973
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,750,185	$ 13,496,117	$ 96,600,717

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

Capital Projects	Other Governmental Funds	Total Governmental Funds
$ -	$ 18,334,741	$ 28,562,691
-	-	6,782,833
1,536,398	2,642,405	4,178,803
-	648,814	648,814
-	46,612	1,196,147
-	2,422,190	2,422,190
-	-	427,015
-	1,605,561	3,492,384
-	365,893	365,893
-	3,239,606	20,110,957
9,528,461	-	10,669,611
	1,731,879	1,731,879
-	-	54,000
-	-	6,747,510
-	-	72,558,852
$ 11,064,859	$ 31,037,701	$ 159,949,579
$ 3,632,309	$ 1,572,743	$ 5,999,471
-	7,136	342,717
18,077	1,123,073	1,141,150
2,875,000	-	2,875,000
-	46,612	1,195,496
$ 6,525,386	$ 2,749,564	$ 11,553,834
$ -	$ 3,239,606	$ 20,110,957
-	-	79,306,362
$ -	$ 3,239,606	$ 99,417,319
$ -	$ 453,499	$ 453,499
-	8,011,590	8,011,590
-	1,458,785	1,458,785
4,539,473	256,514	4,795,987
-	265,493	443,848
-	256,745	256,745
	450,231	450,231
-	5,675,267	17,709,458
-	3,322	3,322
-	54,614	54,614
-	-	145,765
-	8,162,471	15,155,430
-	-	39,152
$ 4,539,473	$ 25,048,531	$ 48,978,426
$ 11,064,859	$ 31,037,701	$ 159,949,579

CITY OF MANHATTAN, KANSAS

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

December 31, 2012

Fund balances of governmental funds		$ 48,978,426
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.		10,322,899
Capital assets net of depreciation are not financial resources and therefore have not been included in the funds.		193,812,256
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	$ (105,475,000)	
Special Obligation Bonds Payable	(71,645,000)	
Temporary Notes Payable	(33,245,000)	
Notes Payable	(120,000)	
Transportation Revolving Fund Loan Payable	(3,355,796)	
Capital Leases Payable	(1,799,176)	
Compensated absences	(2,184,486)	(217,824,458)
Accrued interest payable on long-term debt has not been reported in the governmental funds.		(1,470,970)
Other long-term assets related to special assessments are not available to pay current period expenditures and therefore are deferred in the funds.		79,306,362
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.		(1,838,517)
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.		2,495,976
Net position of governmental activities		$ 113,781,974

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 - GOVERNMENTAL FUNDS

For The Year Ended December 31, 2012

	General	Riley County Police Department
REVENUES		
Taxes	$ 12,440,206	$ 13,191,826
Special assessments	-	-
Licenses and permits	662,517	-
Intergovernmental revenues	484,280	-
Charges for services	2,325,393	-
Fines and forfeitures	1,694,334	-
Investment income	15,871	-
Miscellaneous revenues	685,409	-
Total Revenues	$ 18,308,010	$ 13,191,826
EXPENDITURES		
Current		
General government	$ 8,178,136	$ -
Public safety	5,289,683	13,054,500
Public works	3,071,070	-
Urban development and housing	546,941	-
Culture/recreation	5,914,659	-
Culture/recreation-payments to Library	-	-
Capital outlay	183,807	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	$ 23,184,296	$ 13,054,500
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (4,876,286)	$ 137,326
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	4,707,514	-
Transfers out	(485,281)	-
Total Other Financing Sources (Uses)	$ 4,222,233	$ -
NET CHANGE IN FUND BALANCES	$ (654,053)	$ 137,326
FUND BALANCE - BEGINNING OF YEAR, as previously stated	5,138,147	91,029
PRIOR PERIOD RESTATEMENT	-	-
FUND BALANCE - BEGINNING OF YEAR, as restated	5,138,147	91,029
FUND BALANCE - END OF YEAR	$ 4,484,094	$ 228,355

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

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
$ 5,111,958	$ 292,942	$ 20,955,476	$ 51,992,408
6,908,756	-	-	6,908,756
-	-	-	662,517
-	462,000	6,595,733	7,542,013
-	-	390,600	2,715,993
-	-	-	1,694,334
12,813	396,648	259,356	684,688
220,177	1,481,368	273,046	2,660,000
$ 12,253,704	$ 2,632,958	$ 28,474,211	$ 74,860,709
$ 100,416	$ 50,794	$ 2,417,023	$ 10,746,369
-	303,804	798,316	19,446,303
-	-	1,147,700	4,218,770
-	-	3,040,970	3,587,911
-	-	241,575	6,156,234
-	-	2,481,954	2,481,954
-	16,283,397	3,834,128	20,301,332
9,707,648	-	4,940,000	14,647,648
419,151	-	-	419,151
3,486,168	436,035	3,678,707	7,600,910
$ 13,713,383	$ 17,074,030	$ 22,580,373	$ 89,606,582
$ (1,459,679)	$ (14,441,072)	$ 5,893,838	$ (14,745,873)
$ 247,195	$ 14,102,805	$ -	$ 14,350,000
738,219	-	-	738,219
4,895,000	-	-	4,895,000
521,080	-	-	521,080
-	6,870,000	395,000	7,265,000
(270,000)	(11,115,000)	-	(11,385,000)
-	443,597	-	443,597
1,953,258	2,290,852	4,970,881	13,922,505
-	(194,824)	(10,595,549)	(11,275,654)
$ 8,084,752	$ 12,397,430	$ (5,229,668)	$ 19,474,747
$ 6,625,073	$ (2,043,642)	$ 664,170	$ 4,728,874
8,052,900	3,294,944	24,384,361	40,961,381
-	3,288,171	-	3,288,171
8,052,900	6,583,115	24,384,361	44,249,552
$ 14,677,973	$ 4,539,473	$ 25,048,531	$ 48,978,426

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, 2012

Net change in fund balances - total governmental funds		$ 4,728,874
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	$ 18,146,361	
Less current year depreciation	(9,718,615)	8,427,746
Capital asset transfers are not recorded in the governmental funds because there has been no flow of current financial resources.		(826,014)
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	$ (15,568,597)	
Principal payments	14,907,153	(661,444)
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	$ (216,100)	
Other postemployment benefits other than pensions	(417,736)	
Accrued interest on bonds	(485,098)	(1,118,934)
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	$ (788,799)	
Special assessments	(4,231,199)	(5,019,998)
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.		498,601
Change in net position of governmental activities		$ 6,028,831

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, 2012

	Budgeted Amounts		Actual	Variance with Final Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 12,053,036	$ 12,053,036	$ 12,440,206	$ 387,170
Licenses and permits	612,550	612,550	662,517	49,967
Intergovernmental revenues	476,000	476,000	484,280	8,280
Charges for services	2,162,450	2,162,450	2,325,393	162,943
Fines and forfeitures	1,478,269	1,478,269	1,694,334	216,065
Investment income	50,000	50,000	15,871	(34,129)
Miscellaneous revenues	551,321	551,321	685,409	134,088
Total Revenues	$ 17,383,626	$ 17,383,626	$ 18,308,010	$ 924,384
EXPENDITURES				
Current				
General government				
Administration	679,670	679,670	$ 658,510	$ 21,160
Finance	1,049,050	1,049,050	1,021,004	28,046
Airport	673,596	673,596	671,148	2,448
Human Resources	397,490	397,490	374,319	23,171
Animal Shelter	522,775	522,775	479,197	43,578
Legal Services	967,515	967,515	938,282	29,233
General Services	3,893,532	3,893,532	3,563,126	330,406
Outside Services	484,482	484,482	484,482	-
Public safety				
Fire Department				
Administration	237,750	237,750	229,764	7,986
Operations	4,210,800	4,210,800	3,912,116	298,684
Technical Services	685,000	685,000	720,502	(35,502)
Municipal Building Maintenance	372,517	372,517	421,786	(49,269)
Public works				
Administration	245,590	245,590	210,699	34,891
Street	1,733,473	1,733,473	1,689,997	43,476
Engineering	809,595	809,595	794,411	15,184
Traffic Control	453,920	453,920	447,323	6,597
Urban development and housing	611,660	611,660	546,941	64,719
Culture/recreation				
Administration	164,450	164,450	159,854	4,596
Douglass Center	209,590	209,590	187,785	21,805
City Parks	2,102,403	2,102,403	1,993,346	109,057
Swimming Pools	487,330	487,330	510,440	(23,110)
Sunset Zoo	901,980	901,980	912,064	(10,084)
Blue Earth Plaza	-	-	14,592	(14,592)
Recreation	1,362,000	1,362,000	1,330,934	31,066
Discovery Center	790,740	790,740	793,287	(2,547)
Capital Outlay	109,567	109,567	205,647	(96,080)
Total Expenditures	$ 24,156,475	$ 24,156,475	$ 23,271,556	$ 884,919
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (6,772,849)	$ (6,772,849)	$ (4,963,546)	$ 1,809,303

(Continued)

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

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 4,667,748	$ 4,664,748	$ 4,707,514	$ 42,766
Transfers out	(191,899)	(191,899)	(485,281)	(293,382)
Insurance recoveries	-	-	-	-
Total Other Financing Sources (Uses)	$ 4,475,849	$ 4,472,849	$ 4,222,233	$ (250,616)
NET CHANGE IN FUND BALANCES	$ (2,297,000)	$ (2,300,000)	(741,313)	$ 1,558,687
FUND BALANCE - BEGINNING OF YEAR			5,079,642	
FUND BALANCE - END OF YEAR			$ 4,338,329	
ADJUSTMENTS TO GAAP				
Encumbrances			145,765	
FUND BALANCE - GAAP BASIS			$ 4,484,094	

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

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
REVENUES				
Taxes	$ 13,054,500	$ 13,054,500	$ 13,191,826	$ 137,326
Total Revenues	$ 13,054,500	$ 13,054,500	$ 13,191,826	$ 137,326
EXPENDITURES				
Current				
Public safety	$ 13,054,500	$ 13,054,500	$ 13,054,500	$ -
Total Expenditures	$ 13,054,500	$ 13,054,500	$ 13,054,500	$ -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ -	$ -	$ 137,326	$ 137,326
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	$ -	$ -	$ -	$ -
NET CHANGE IN FUND BALANCES	$ -	$ -	$ 137,326	$ 137,326
FUND BALANCE - BEGINNING OF YEAR			91,029	
FUND BALANCE - END OF YEAR			$ 228,355	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE - GAAP BASIS			$ 228,355	

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

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CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF FUND NET POSITION
December 31, 2012

	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
ASSETS			
Current Assets			
Cash and cash equivalents	$ 6,416,240	$ 3,590,714	$ 1,795,233
Accounts receivable (net of allowance for uncollectibles)	662,499	854,453	162,060
Inventories	14,311	6,490	-
Total Current Assets	$ 7,093,050	$ 4,451,657	$ 1,957,293
Noncurrent Assets			
Restricted cash and cash equivalents	$ -	$ 236,004	$ -
Capital assets:			
Land	281,430	217,842	-
Buildings and improvements	25,786,838	8,753,928	19,335
Equipment, contents and vehicles	1,811,971	2,317,866	533,072
Infrastructure	42,630,753	75,416,514	14,517,513
Construction in progress	3,000,019	31,774,341	2,214,280
Less accumulated depreciation	(21,294,500)	(41,152,270)	(2,721,630)
Total capital assets (net of accumulated depreciation)	$ 52,216,511	$ 77,328,221	$ 14,562,570
Total Noncurrent Assets	$ 52,216,511	$ 77,564,225	$ 14,562,570
TOTAL ASSETS	$ 59,309,561	$ 82,015,882	$ 16,519,863

(Continued)

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

Funds	Total	Governmental Activities- Internal Service Funds
	$ 11,802,187	$ 3,391,059
	1,679,012	1,786
	20,801	25,751
	$ 13,502,000	$ 3,418,596
	$ 236,004	$ -
	499,272	-
	34,560,101	-
	4,662,909	19,673
	132,564,780	-
	36,988,640	-
	(65,168,400)	(19,673)
	$ 144,107,302	$ -
	$ 144,343,306	$ -
	$ 157,845,306	$ 3,418,596

CITY OF MANHATTAN, KANSAS

PROPRIETARY FUNDS - STATEMENT OF FUND NET POSITION (CONTINUED)

December 31, 2012

	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
LIABILITIES			
Current Liabilities			
Accounts payable	$ 273,562	$ 186,834	$ 80,946
Accrued payroll	34,827	23,510	2,569
Estimated insurance claims payable	-	-	-
Interfund payable	2,934,633	4,421,040	2,172,788
Accrued interest	212,723	310,269	10,721
Compensated absences	87,211	117,721	7,132
Current portion of capital leases payable	-	-	53,016
Current portion of state revolving loan	646,509	2,040,490	-
Current portion of general obligation bonds payable	125,000	395,000	320,000
Total Current Liabilities	$ 4,314,465	$ 7,494,864	$ 2,647,172
Noncurrent Liabilities			
Compensated absences	$ 49,055	$ 66,218	$ 4,011
Capital leases payable	-	-	56,141
State revolving loan	16,694,124	31,256,491	-
General obligation bonds payable	775,000	2,565,000	1,910,000
Total Noncurrent Liabilities	$ 17,518,179	$ 33,887,709	$ 1,970,152
Total Liabilities	$ 21,832,644	$ 41,382,573	$ 4,617,324
NET POSITION			
Net investment in capital assets	$ 33,975,878	$ 41,071,240	$ 12,332,570
Unrestricted	3,501,039	(437,931)	(430,031)
TOTAL NET POSITION	$ 37,476,917	$ 40,633,309	$ 11,902,539

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

Funds	Total	Governmental Activities- Internal Service Funds
	$ 541,342	$ 69,341
	60,906	-
	-	853,279
	9,528,461	-
	533,713	-
	212,064	-
	53,016	-
	2,686,999	-
	840,000	-
	$ 14,456,501	$ 922,620
	$ 119,284	$ -
	56,141	-
	47,950,615	-
	5,250,000	-
	$ 53,376,040	$ -
	$ 67,832,541	$ 922,620
	$ 87,379,688	$ -
	2,633,077	2,495,976
	$ 90,012,765	$ 2,495,976

CITY OF MANHATTAN, KANSAS

PROPRIETARY FUNDS - STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

For The Year Ended December 31, 2012

	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
OPERATING REVENUES			
Service charges	$ 9,639,695	$ 8,859,560	$ 1,471,039
Rent income	145,525	-	-
Miscellaneous revenue	19,344	60,206	17,296
Total Operating Revenues	$ 9,804,564	$ 8,919,766	$ 1,488,335
OPERATING EXPENSES			
Personnel services	$ 1,825,458	$ 1,691,440	$ 145,624
Commodities	1,174,486	376,800	9,235
Contractual services	2,324,792	1,460,870	423,424
Depreciation	1,768,697	2,051,121	453,398
Total Operating Expenses	$ 7,093,433	$ 5,580,231	$ 1,031,681
OPERATING INCOME (LOSS)	$ 2,711,131	$ 3,339,535	$ 456,654
NON-OPERATING REVENUE (EXPENSE)			
Investment income	$ 15,806	$ 13,920	$ 5,891
Interest and fiscal charges	(727,873)	(956,617)	(68,073)
Total Non-Operating Revenue (Expense)	$ (712,067)	$ (942,697)	$ (62,182)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	$ 1,999,064	$ 2,396,838	$ 394,472
Capital contributions	816,713	-	9,301
Transfers in	-	14,416	57,000
Transfers (out)	(1,503,605)	(1,214,661)	-
CHANGE IN NET POSITION	$ 1,312,172	$ 1,196,593	$ 460,773
TOTAL NET POSITION - BEGINNING, as previously stated	37,023,944	41,363,730	11,943,724
PRIOR PERIOD RESTATEMENT	(859,199)	(1,927,014)	(501,958)
TOTAL NET POSITION - BEGINNING, as restated	36,164,745	39,436,716	11,441,766
TOTAL NET POSITION - ENDING	$ 37,476,917	$ 40,633,309	$ 11,902,539

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

Funds Total	Governmental Activities-Internal Service Funds
$ 19,970,294	$ 4,395,483
145,525	-
96,846	-
$ 20,212,665	$ 4,395,483
$ 3,662,522	$ -
1,560,521	36,316
4,209,086	3,870,496
4,273,216	-
$ 13,705,345	$ 3,906,812
$ 6,507,320	$ 488,671
$ 35,617	$ 9,930
(1,752,563)	-
$ (1,716,946)	$ 9,930
$ 4,790,374	$ 498,601
826,014	-
71,416	-
(2,718,266)	-
$ 2,969,538	$ 498,601
90,331,398	1,997,375
(3,288,171)	-
87,043,227	1,997,375
$ 90,012,765	$ 2,495,976

CITY OF MANHATTAN, KANSAS

PROPRIETARY FUNDS - STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2012

	Business-type Activities-Major	
	Water	**Wastewater**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 9,671,045	$ 8,760,512
Payments to suppliers	(3,492,469)	(1,820,716)
Payments to employees	(1,800,978)	(1,665,375)
Miscellaneous revenue	19,344	60,206
Net Cash Provided (Used) by Operating Activities	$ 4,396,942	$ 5,334,627
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	$ -	$ 14,416
Transfers (out)	(1,503,605)	(1,214,661)
Net Cash Provided (Used) by Non-Capital Financing Activities	$ (1,503,605)	$ (1,200,245)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	$ 2,630,807	$ 6,961,870
Acquisition and construction of capital assets	(4,285,718)	(7,942,928)
Interest payments on long-term debt	(564,853)	(859,927)
Principal payments on long-term debt	(471,102)	(2,909,516)
Net Cash (Used) by Capital and Related Financing Activities	$ (2,690,866)	$ (4,750,501)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	$ 15,806	$ 13,920
Net Cash Provided by Investing Activities	$ 15,806	$ 13,920
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 218,277	$ (602,199)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,204,678	4,394,275
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,422,955	$ 3,792,076
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	$ 2,711,131	$ 3,339,535
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	$ 1,768,697	$ 2,051,121
(Increase) decrease in accounts receivable	(142,691)	(99,048)
(Increase) decrease in note receivable	28,516	-
(Increase) decrease in inventory	3,219	(3,590)
Increase (decrease) in accounts payable and accrued expenses	28,070	46,606
Total Adjustments	$ 1,685,811	$ 1,995,089
Net Cash Provided (Used) by Operating Activities	$ 4,396,942	$ 5,334,624
Noncash investing, capital, and financing activities:		
Capital assets acquired through contributions from governmental funds	$ 816,713	$ -
Capital assets donated by outside parties	-	-

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

Enterprise Funds		Governmental Activities- Internal Service Funds
Non-Major Storm Water Management	Total	
$ 1,465,080	$ 19,896,637	$ 4,394,274
(368,100)	(5,681,285)	(3,910,459)
(142,752)	(3,609,105)	-
17,296	96,846	-
$ 971,524	$ 10,703,093	$ 483,815
$ 57,000	$ 71,416	$ -
-	(2,718,266)	-
$ 57,000	$ (2,646,850)	$ -
$ -	$ 9,592,677	$ -
(314,632)	(12,543,278)	-
(70,278)	(1,495,058)	-
(421,293)	(3,801,911)	-
$ (806,203)	$ (8,247,570)	$ -
$ 5,891	$ 35,617	$ 9,930
$ 5,891	$ 35,617	$ 9,930
$ 228,212	$ (155,710)	$ 493,745
1,594,948	12,193,901	2,897,314
$ 1,823,160	$ 12,038,191	$ 3,391,059
$ 456,654	$ 6,507,320	$ 488,671
$ 453,398	$ 4,273,216	$ -
(5,959)	(247,698)	(1,209)
-	28,516	-
-	(371)	16,846
67,431	142,107	(20,493)
$ 514,870	$ 4,195,770	$ (4,856)
$ 971,524	$ 10,703,090	$ 483,815
$ 9,301	$ 826,014	$ -
-	-	-

CITY OF MANHATTAN, KANSAS

STATEMENT OF FIDUCIARY NET POSITION-FIDUCIARY FUNDS

December 31, 2012

	Private-purpose Trust
ASSETS	
Cash and cash equivalents	$ 92,510
TOTAL ASSETS	$ 92,510
LIABILITIES	
Current Liabilities	
Accounts payable	$ 1,231
TOTAL LIABILITIES	$ 1,231
NET POSITION	
Held in trust for various purposes	$ 91,279

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

CITY OF MANHATTAN, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-
FIDUCIARY FUNDS

For The Year Ended December 31, 2012

	Private-purpose Trust
ADDITIONS	
Investment earnings:	
Interest	$ 290
Total additions	$ 290
DEDUCTIONS	
Maintenance	$ 3,659
Total deductions	$ 3,659
Change in net assets	$ (3,369)
NET POSITION - BEGINNING	94,648
NET POSITION - ENDING	$ 91,279

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

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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.

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, 2012 percent interest and investments in the venture of each participant is as follows:

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

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, 2012 was $648,814, which includes $236,471 for the City's share of the joint venture's net income from 1997 to 2012 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.

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.

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.

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.

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, 2012, investment earnings allocated to the various funds were $108,702.

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	25%
More than one and up to two years old	65%
More than two and up to four years old	85%
More than four and up to five years old	95%
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.

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, 2012, the City estimates the accumulated unpaid vacation amount to be $1,133,453 for governmental funds and $194,358 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, 2012, the City estimates the accumulated unpaid sick pay amount to be $1,051,033 for governmental funds and $136,991 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 $2,184,486. 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 $331,349. This liability is recorded in both the business-type activities column of the government-wide financial statements and the proprietary fund financial statements.

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 $488,420 were delinquent at December 31, 2012.

Fund Balance

The City of Manhattan elected to implement GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions, in calendar year 2011. Through various City ordinances and resolutions approved by the City Commission, in addition to policies set by the City Manager, the Finance Director assigns fund balances across all budgeted and non-budgeted funds of the City for any given fiscal year.

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.

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. Net investment in capital assets – 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, 2012, 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. 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.

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. 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.

GASB Statement No. 69, “Government Combinations and Disposals of Government Operations”, was issued January 2013. This Statement requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this Statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees”, was issued April 2013. This Statement specifies the information required to be disclosed by governments that extend nonexchange financial guarantees. In addition, this Statement requires new information to be disclosed by governments that receive nonexchange financial guarantees. The provisions of this Statement are effective for reporting periods beginning after June 15, 2013.

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.

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

A. Budgets and Budgetary Accounting (continued)

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.

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
City/University Projects	Library Employee Benefit Contribution
Capital Improvement Reserve	Park Development
Downtown Business Improvement District	Riley County Police Department
Economic Development	Sales Tax
Employee Benefit Contribution	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

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.

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	$ 18,308,010	$ 13,191,826	$ 12,253,704
Canceled encumbrances	-	-	-
Revenues - GAAP basis	$ 18,308,010	$ 13,191,826	$ 12,253,704
Expenditures - budgetary basis	$ 23,268,556	$ 13,054,500	$ 13,713,383
Encumbrances, beginning of year	58,505	-	-
Encumbrances, end of year	(145,765)	-	-
Canceled encumbrances	-	-	-
Expenditures - GAAP basis	$ 23,181,296	$ 13,054,500	$ 13,713,383
Fund balances - budgetary basis	$ 4,338,329	$ 228,355	$ 14,677,973
Encumbrances, end of year	145,765	-	-
Fund balance - GAAP basis	$ 4,484,094	$ 228,355	$ 14,677,973

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.

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

C. Deficit Fund Equity

The Airport Federal Grant No. 41 had a deficit balance of $13,426 as of December 31, 2012. The Airport Federal Grant No. 43 had a deficit balance of $172,463 as of December 31, 2012. The Airport TVOR Land Acquisition Grant Special Revenue Fund had a deficit balance of $22,041 as of December 31, 2012. The Federal Entitlement 2011 Special Revenue Fund had a deficit balance of $14,446 as of December 31, 2012. The Federal Entitlement 2012 Special Revenue Fund had a deficit balance of $12,677 as of December 31, 2012. The FHDC Archeology Grant Special Revenue Fund had a deficit balance of $1,510 as of December 31, 2012. Any deficits remaining in these funds after all grant revenues have been received will be covered with transfers from the General Fund. The Old Engine One Fund had a deficit balance of $4,018 as of December 31, 2012. A cash receipt was received in 2013 to cover this deficit. The Yes! Grant-2012 Special Revenue Fund had a deficit balance of $1,274 as of December 31, 2012. A transfer from the Special Sunset Zoo Special Revenue Fund will be made to cover this deficit once all grant revenues have been received.

Note 3: Detailed Notes on All Funds

A. Cash and Investments

At December 31, 2012, the City's investment balances were:

	Reported Amount/ Fair Value
Investment Type:	
Cash with refunding escrow agent	$ 6,782,833
Cash with special obligation bonds trustee	4,178,803
Total Investments	$ 10,961,636
Deposits	$ 44,078,156
Cash on Hand	6,295
Total Deposits	$ 44,084,451
TOTAL DEPOSITS AND INVESTMENTS	$ 55,046,087

Reconciliation of Government-wide Statement of Net Assets to Total Deposits and Investments:

Cash and Cash Equivalents	$ 43,755,937
Cash with refunding escrow agent	6,782,833
Cash with special obligation bonds trustee	4,178,803
Restricted Construction Accounts	236,004
Add Fiduciary Funds cash and cash equivalents: Private Purpose Trusts	92,510
TOTAL DEPOSITS AND INVESTMENTS	$ 55,046,087

Note 3: Detailed Notes on All Funds (continued)

Cash and Investments (continued)

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.

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 $851,275 are stated at cost which approximates fair value. Manhattan Housing Authority component unit cash and cash equivalents of $847,580 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 $763,070.

Accounts receivable for the Enterprise Funds are reported net of allowances for uncollectible accounts. The allowances at December 31, 2012, are as follows:

Water Fund	$48,289
Wastewater Fund	81,871
Total	$130,160

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.

Note 3: Detailed Notes on All Funds (Continued)

C. Economic Development Loans

Economic Development Loans receivable, aggregating $1,731,879 at December 31, 2012, 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 2012 totaled $250,000. 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.

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. In 2012, $100,000 was paid on the loan and $148,201 was forgiven. The balance as of December 31, 2012 is $9,197,818.

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. In 2012, $25,471 was paid by the Manhattan Public Library for the FCIP Improvements. The balance as of December 31, 2012 is $229,239.

Note 3: Detailed Notes on All Funds (Continued)

F. Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

Primary Government

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 18,851,808	$ 129,441	$ -	$ 18,981,249
Construction in progress	44,705,467	15,307,941	47,985,556	12,027,852
TOTAL	63,557,275	15,437,382	47,985,556	31,009,101
Capital assets being depreciated:				
Buildings and improvements	71,388,978	36,948,903	18,500	108,319,381
Contents and equipment	7,333,341	825,036	88,628	8,069,749
Vehicles	7,054,702	797,920	297,197	7,555,425
Infrastructure	119,475,665	11,296,664	-	130,772,329
TOTAL	205,252,686	49,868,523	404,325	254,716,884
Less accumulated depreciation:				
Buildings and improvements	25,272,598	3,211,742	18,500	28,465,840
Contents and equipment	5,187,339	498,871	87,691	5,598,519
Vehicles	5,538,109	392,412	297,157	5,633,364
Infrastructure	46,601,390	5,614,616	-	52,216,006
TOTAL	82,599,436	9,717,641	403,348	91,913,729
Total capital assets being depreciated, net	122,653,250	40,150,882	977	162,803,155
Governmental activities capital assets, net	$ 186,210,525	$ 55,588,264	$ 47,986,533	$ 193,812,256
Business-type activities:				
Capital assets not being depreciated:				
Land	$ 499,272	$ -	$ -	$ 499,272
Construction in progress	46,703,865	16,709,007	26,424,232	36,988,640
TOTAL	47,203,137	16,709,007	26,424,232	37,487,912
Capital assets being depreciated:				
Buildings and improvements	14,495,696	20,064,405	-	34,560,101
Contents and equipment	2,605,609	554,708	33,577	3,126,740
Vehicles	1,527,943	51,506	43,280	1,536,169
Infrastructure	125,363,196	7,201,584	-	132,564,780
TOTAL	143,992,444	27,872,203	76,857	171,787,790
Less accumulated depreciation:				
Buildings and improvements	8,024,385	779,026	-	8,803,411
Contents and equipment	1,166,289	236,158	26,862	1,375,585
Vehicles	995,489	121,999	42,650	1,074,838
Infrastructure	50,778,533	3,136,033	-	53,914,566
TOTAL	60,964,696	4,273,216	69,512	65,168,400
Total capital assets being depreciated, net	83,027,748	23,598,987	7,345	106,619,390
Business-type activities capital assets, net	$ 130,230,885	$ 40,307,994	$ 26,431,577	$ 144,107,302

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	$ -	$ -	$ -	$ -
Works of Art	32,400	-	-	32,400
	$ 32,400	$ -	$ -	$ 32,400
Capital assets being depreciated:				
Contents and equipment	2,165,518	56,327	17,300	2,204,545
TOTAL	2,165,518	56,327	17,300	2,204,545
Less accumulated depreciation	1,363,715	112,421	9,474	1,466,662
Total capital assets being depreciated, net	801,803	(56,094)	7,826	737,883
Library capital assets, net	$ 834,203	$ (56,094)	$ 7,826	$ 770,283
Manhattan Housing Authority				
Capital assets not being depreciated:				
Construction in progress	$ 27,449	$ (27,449)	$ -	$ -
Capital assets being depreciated:				
Buildings and leasehold improvements	$ 8,148,325	$ 115,665	-	$ 8,263,990
Contents and equipment	191,956	-	-	191,956
TOTAL	8,340,281	115,665	-	8,455,946
Less accumulated depreciation	6,488,203	101,843	-	6,590,046
Total capital assets being depreciated, net	1,852,078	13,822	-	1,865,900
Housing Authority capital assets, net	$ 1,879,527	$ (13,627)	$ -	$ 1,865,900

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	$ 1,704,458
Public safety	529,413
Public works	5,406,153
Urban development and housing	34,131
Culture/Recreation	1,834,154
Downtown Redevelopment	209,332
Total depreciation expense for governmental activities	$ 9,717,641
Business-type activities:	
Water	$ 1,768,697
Wastewater	2,051,121
Storm Water Management	453,398
Total depreciation expense for business-type activities	$ 4,273,216

G. Capital Projects

At December 31, 2012 the City had contractual commitments for the construction of various projects:

	Expenditures to Date	Amount Authorized
Miscellaneous governmental activities	$ 170,272	$ 319,571
Airport Improvements	2,949,104	3,773,083
Storm Water Improvements	2,214,280	4,564,519
Sanitary Sewer Improvements	31,774,340	32,909,753
Street Improvements	8,908,476	16,370,740
Water Improvements	3,000,019	3,253,100
Total	$ 49,016,491	$ 61,190,766

Note 3: Detailed Notes on All Funds (Continued)

H. Interfund Receivable/Payable

Individual fund receivable/payable balances at December 31, 2012, are as follows.

	Receivable	Payable
Major Funds:		
Governmental Funds:		
General Fund	$ 1,141,150	$ -
Capital Projects Fund	9,528,461	18,077
Proprietary Funds:		
Water Fund	-	2,934,633
Wastewater Fund	-	4,421,040
Non-major Governmental Funds	-	3,295,861
TOTAL	$ 10,669,611	$ 10,669,611

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 and temporary notes.

I. Interfund Transfers

A summary of 2012 interfund transfers is as follows:

	Transfer In	Transfer Out
Major Funds:		
Governmental Funds:		
General	$ 4,704,514	$ 485,281
Riley County Police Department	-	-
Debt Service	1,953,258	-
Capital Projects	2,290,852	194,824
Proprietary Funds:		
Water	-	1,503,605
Wastewater Fund	14,416	1,214,661
Non-major Governmental Funds	4,970,881	10,592,550
Non-major Proprietary Funds	57,000	-
TOTAL TRANSFERS	$ 13,990,921	$ 13,990,921

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 $826,014 were made from the governmental activities to the business-type activities.

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, 2012:

	Balance January 1, 2012	Issued	Retired/ Refunded	Balance December 31, 2012	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 95,715,000	$ 19,245,000	$ (9,485,000)	$ 105,475,000	$ 10,505,000
Senior lien special obligation bonds-Series 2009A	21,220,000	-	(460,000)	20,760,000	780,000
Subordinate lien special obligation bonds-Series 2009B	4,130,000	-	-	4,130,000	-
STAR bonds-Series 2009-1	12,110,000	-	(2,635,000)	9,475,000	-
Taxable STAR bonds-Series 2009-2	33,145,000	-	(1,710,000)	31,435,000	1,905,000
Temporary notes	37,365,000	7,265,000	(11,385,000)	33,245,000	10,290,000
Notes payable	180,000	-	(60,000)	120,000	-
Transportation Development District Sales Tax Revenue Bonds-Series 2009	400,000	-	(40,000)	360,000	-
Transportation Development District Sales Tax Revenue Bonds-Series 2010	5,580,000	-	(95,000)	5,485,000	110,000
Transportation Revolving Fund Loan	3,578,444	-	(222,648)	3,355,796	230,930
Capital leases	1,555,084	443,597	(199,505)	1,799,176	331,507
Other postemployment benefits	1,420,781	417,736	-	1,838,517	-
Compensated absences	1,968,385	1,500,039	(1,283,938)	2,184,486	1,398,071
Total for governmental activities	$ 218,367,694	$ 28,871,372	$ (27,576,091)	$ 219,662,975	$ 25,550,508
Business-type Activities:					
General obligation bonds	$ 7,000,000	$ -	$ (910,000)	$ 6,090,000	840,000
State revolving loans	43,885,556	9,592,677	(2,840,620)	50,637,613	2,687,000
Capital leases	160,449		(51,292)	109,157	53,016
Compensated absences	292,704	229,570	(190,925)	331,349	212,063
Total for business-type activities	$ 51,338,709	$ 9,822,248	$ (3,992,837)	$ 57,168,119	$ 3,792,079

Of the $105,475,000 in general obligation bond debt shown above, $60,124,423 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.

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

General Obligation Bonds and Temporary Notes

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. 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 Lowest	Remaining Principal Annual Installments Highest	Interest Rate	Maturity Date	Balance December 31, 2012
1995 Series 198	Serial	$ 404,200	11/1/95	$ 25,000	$ 35,000	5.2% to 5.3%	11/1/15	$ 95,000
1999 Series 209	Serial	560,000	6/1/99	30,000	40,000	5.0% to 5.5%	11/1/19	255,000
1999 Series 210	Serial/Term	314,000	12/1/99	15,000	55,000	5.4% to 5.6%	11/1/19	150,000
2000 Series 213	Serial	340,000	12/1/00	15,000	25,000	5.0% to 5.45%	11/1/20	180,000
2003 Refunding, Series 2003C	Serial	3,415,000	9/1/03	140,000	300,000	3.9% to 4.3%	11/1/16	870,000
2003 Series 2003D	Serial	2,850,000	12/1/03	150,000	155,000	3.5% to 3.6%	11/1/13	155,000
2004 Series 2004A	Serial/Term	1,130,000	6/1/04	55,000	85,000	3.9% to 4.9%	11/1/23	110,000
2004 Series 2004B	Serial/Term	950,000	12/1/04	40,000	65,000	3.3% to 4.25%	11/1/24	90,000
2005 Series 2005A	Serial	1,795,000	6/1/05	80,000	130,000	3.25% to 4.2%	11/1/24	1,270,000
2005 Series 2005B	Serial/Term	1,010,000	12/1/05	45,000	70,000	3.6% to 4.15%	11/1/25	735,000
2005 Refunding, Series 2005C	Serial	6,150,000	12/1/05	450,000	535,000	3.5% to 3.85%	11/1/19	3,465,000
2006 Series 2006A	Serial/Term	1,540,000	6/1/06	60,000	185,000	4.0% to 4.65%	11/1/26	1,205,000
2006 Series 2006B	Serial	7,460,000	12/1/06	310,000	445,000	4.0% to 4.25%	11/1/26	1,655,000
2007 Series 2007A	Serial	6,790,000	6/1/07	270,000	495,000	4.0% to 4.25%	11/1/27	5,640,000
2007 Series 2007B	Serial	5,645,000	6/1/07	545,000	705,000	5.125% to 5.25%	11/1/17	3,180,000
2007 Series 2007C	Serial/Term	3,275,000	12/1/07	130,000	460,000	4.0% to 4.5%	11/1/27	2,665,000
2008 Series 2008A	Serial	15,385,000	6/1/08	670,000	995,000	3.5% to 4.5%	11/1/28	12,760,000
2008 Refunding, Series 2008B	Serial	2,495,000	6/1/08	205,000	270,000	3.5% to 3.75%	11/1/20	1,905,000
2008 Series 2008C	Serial/Term	1,865,000	12/1/08	135,000	255,000	3.25% to 5.0%	11/1/28	1,360,000
2009 Series 2009A	Serial	3,830,000	6/1/09	170,000	245,000	2.5% to 4.3%	11/1/29	3,330,000
2009 Refunding Series 2009B	Serial	4,325,000	6/1/09	155,000	665,000	2.0% to 3.5%	11/1/19	1,705,000
2009 Series 2009C	Serial	11,110,000	12/1/09	260,000	880,000	3.0% to 4.0%	11/1/29	8,785,000
2009 Refunding Series 2009D	Serial	8,820,000	12/1/09	705,000	1,075,000	2.375% to 3.375%	11/1/21	7,415,000
2010 Series 2010A	Serial	6,700,000	6/1/10	160,000	535,000	2.0% to 4.0%	11/1/30	5,795,000
2010 Series 2010B	Serial	10,860,000	12/1/10	1,040,000	1,140,000	2.0% to 4.0%	11/1/20	8,775,000
2011 Series 2011A	Serial	10,535,000	12/1/11	110,000	990,000	2.0% to 3.75%	11/1/31	9,635,000
2011 Refunding Series 2011B	Serial	2,790,000	12/1/11	160,000	405,000	2.0% to 3.0%	11/1/23	2,790,000
2012 Series 2012A	Serial	1,465,000	6/1/12	60,000	85,000	1.5% to 3.75%	1/1/32	1,465,000
2012 Series 2012B	Serial	12,885,000	12/1/12	45,000	1,095,000	1.5% to 3.0%	1/1/32	12,885,000
2012 Refunding Series 2012C	Serial	4,895,000	12/20/12	20,000	555,000	2.0% to 4.0%	11/1/26	4,895,000
								$ 105,220,000
Crossover Refunded Bonds								
Series 2003D		2,850,000	12/1/03			3.7% to 4.5%	11/1/13*	1,440,000
Series 2004A		1,130,000	6/1/04			2.95% to 4.90%	11/1/2023*	635,000
Series 2004B		950,000	12/1/04			2.25% to 4.25%	11/1/2024*	555,000
Series 2006B		7,460,000	12/1/06			4.0% to 4.25%	11/1/2026*	3,715,000
								$ 111,565,000
Less amount to be paid by Enterprise Funds								(6,090,000)
Total General Obligation Bonds Payable-Governmental Activities								$ 105,475,000

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, 2012, are as follows:

Years Ending December 31,	Principal	Interest	Total
2013	$ 10,505,000	$ 3,473,733	$ 13,978,733
2014	9,715,000	3,185,130	12,900,130
2015	8,550,000	2,878,546	11,428,546
2016	12,415,000	2,624,865	15,039,865
2017	8,685,000	2,192,421	10,877,421
2018-2022	33,720,000	7,073,028	40,507,078
2023-2027	17,745,000	2,733,342	20,478,342
2028-2032	4,140,000	279,704	4,419,704
TOTALS	$ 105,475,000	$ 24,440,769	$ 129,915,769

General obligation bonds in the amount of $6,090,000 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, 2012, are as follows:

Years Ending December 31,	Principal	Interest	Total
2013	$ 840,000	$ 168,183	$ 1,008,183
2014	805,000	145,338	950,338
2015	815,000	123,538	938,538
2016	845,000	101,388	946,388
2017	710,000	77,225	787,225
2018-2021	2,075,000	122,925	2,197,925
TOTALS	$ 6,090,000	$ 738,597	$ 6,828,597

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	12/31/12 Balance
2009-02	6/15/2013	2.00%	$ 85,000
2009-03	6/15/2013	1.90%	225,000
2009-04	12/15/2013	1.65%	1,770,000
2010-01	12/15/2013	1.60%	355,000
2010-04	12/15/2013	1.15%	3,195,000
2011-01	12/15/2013	1.00%	1,620,000
2011-02	12/15/2013	1.50%	4,750,000
2011-03	6/15/2013	1.00%	90,000
2011-03	6/15/2014	1.25%	5,570,000
2011-03	6/15/2015	2.00%	90,000
2011-04	6/15/2014	1.30%	4,750,000
2011-05	6/15/2013	0.50%	265,000
2011-05	6/15/2014	0.65%	810,000
2011-06	12/15/2014	0.90%	3,010,000
2011-06	12/15/2015	1.20%	1,460,000
2012-01	3/15/2012	0.45%	265,000
2012-01	3/15/2012	0.60%	3,510,000
2012-02	6/15/2012	0.50%	2,150,000
2012-03	9/15/2012	1.00%	395,000
2012-04	12/15/2012	0.30%	545,000
2012-04	12/15/2012	0.40%	245,000
2012-04	12/15/2012	0.45%	350,000
2012-04	12/15/2012	0.50%	615,000
Total			$36,120,000

$10,235,014 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 $270,000, 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 $2,305,000 outstanding December 31, 2012, were retired June 15, 2013, with funds on hand. Temporary notes in the amount of $30,940,000 will mature in 2013, 2014 and 2015.

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

At December 31, 2012 there were temporary notes in the amount of $2,875,000 maturing in 2013 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, 2012. The coupon rates on the notes range from 1.0 to 3.0 percent.

Changes in this short-term debt during 2012 are summarized in the following table:

Balance at January 1, 2012	$3,770,000
Issued	2,875,000
Retired	(3,770,000)
Balance at December 31, 2012	$2,875,000

Debt Service Limit

The December 31, 2012 debt limit is $146,043,310. There was $92,945,764 in outstanding long and short-term G.O. debt applicable to the debt limit as of December 31, 2012. 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
2013	$ -	$ 14,400	$ 14,400
2014	-	14,400	14,400
2015	-	14,400	14,400
2016	360,000	14,400	374,400
TOTALS	$360,000	$57,600	$417,600

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 $145,000 have been redeemed.

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
2013	$ -	$ 242,613	$ 242,613
2014	-	242,613	242,613
2015	370,000	242,613	612,613
2016	145,000	234,750	379,750
2017	-	231,125	231,125
2018-2022	715,000	1,078,300	1,793,300
2023-2027	1,265,000	918,275	2,183,275
2028-2032	2,990,000	747,500	3,737,500
TOTALS	$5,4850,000	$3,937,789	$9,422,789

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
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	160,000	231,125	391,125
2018-2022	1,005,000	1,063,425	2,068,425
2023-2027	1,470,000	807,125	2,277,125
2028-2032	2,335,000	386,250	2,721,250
TOTALS	$5,485,000	$3,443,181	$8,928,181

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**
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%

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 2012, $2,635,000 in principal has been redeemed on the 2009-1 STAR Bonds, resulting in a current balance of $9,475,000.

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
$285,000	2025

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. In 2012, $1,710,000 in principal has been redeemed on the 2009-1 STAR Bonds, resulting in a current balance of $31,435,000. Interest is payable semiannually at the following annual rates:

Serial Bonds		
Stated Maturity December 1	**Principal Amount**	**Annual Rate of Interest**
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.

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 12/31/2012	Lease Balance 12/31/2012
Governmental Activities:				
Fire Truck	$ 622,452	$ 722,025	$ 288,812	$ 367,544
Motor Grader	85,000	108,900	29,040	21,995
25-passenger Bus	33,335	49,272	14,781	16,985
Patch Machine	32,823	55,923	7,456	24,948
Single-axle Dump Truck	44,396	67,496	26,998	33,240
Single-axle Dump Truck	46,583	69,683	27,874	34,700
Facilities Conservation Improv. Prog.	930,000	285,815	28,582	856,167
Rubber Tire Loader	64,354	99,000	9,900	64,354
Aerial Lift Truck	75,439	94,439	6,600	75,439
Narrow Band Equipment	303,804	-	-	303,804
Total	$ 2,238,186	$ 1,552,553	$ 440,043	$ 1,799,176
Business-type Activities:				
Street Sweeper	$ 100,000	$ 178,117	$ 142,492	$ 26,067
Street Sweeper	109,333	203,990	81,596	83,090
Total	$ 209,333	$ 382,107	$ 224,088	$ 109,157

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

Future minimum lease obligations as of December 31, 2012, are:

Year Ending December 31,	Governmental Activities	Business-type Activities
2013	$ 331,506	$ 56,359
2014	308,672	29,234
2015	299,757	29,234
2016	267,004	-
2017	230,475	-
2018-2021	592,771	-
Total Minimum Lease Payments	$ 2,030,185	$ 114,827
Less: Amount representing interest	(231,009)	(5,670)
Present Value of Minimum Lease Payments	**$ 1,799,176**	**$ 109,157**

Amortization on these assets acquired through capital leases totaled $156,199 for governmental activities and $76,421 for business-type activities in 2012 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. Principal in the amount of $439,633 was paid in 2012. The balance on the loan as of December 31, 2012, is $5,050,963 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
2013	$ 437,272	$ 155,195	592,467
2014	451,114	141,357	592,471
2015	465,394	127,081	592,475
2016	480,125	112,353	592,478
2017	495,323	97,159	592,482
2018-2022	2,721,735	240,517	2,962,252
Totals	$ 5,050,963	$ 873,662	$ 5,924,625

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 $6,961,870 were made during 2012. The balance on the loan as of December 31, 2012, is $26,968,760 and is shown as a liability to the Wastewater Fund in the accompanying financial statements. Payments on the loan began in 2012. Principal in the amount of $1,509,769 was paid in 2012. 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
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	1,728,130	846,005	2,574,135
2018-2022	9,376,980	3,493,694	12,870,674
2023-2027	10,733,195	2,137,479	12,870,674
2028-2031	9,693,923	602,616	10,296,539
Totals	$ 37,996,231	$ 10,912,331	$ 48,908,562

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. 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, 2012, is $1,277,257 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
2013	$ 52,107	$ 31,689	$ 83,796
2014	53,444	30,352	83,796
2015	54,816	28,980	83,796
2016	56,223	27,573	83,796
2017	57,666	26,130	83,796
2018-2022	311,300	107,681	418,981
2023-2027	353,347	65,634	418,981
2028-2031	338,354	18,442	356,796
Totals	$ 1,277,257	$ 336,481	$ 1,613,738

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 $2,630,807 were made during 2012. The balance on the loan as of December 31, 2012, is $17,340,633 and is shown as a liability to the Water Fund in the accompanying financial statements. Payments on the loan began in 2012. Principal in the amount of $341,103 was paid in 2012. 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
2013	$ 646,509	$ 623,920	$ 1,270,429
2014	658,125	610,755	1,268,880
2015	682,232	586,648	1,268,880
2016	707,222	561,658	1,268,880
2017	733,127	535,753	1,268,880
2018-2022	4,088,668	2,255,733	6,344,401
2023-2027	4,894,400	1,450,001	6,344,401
2028-2032	5,224,475	485,487	5,709,962
Totals	$ 17,634,758	$ 7,109,955	$ 24,744,713

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, 2012, 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
2013	$ 21,311	$ 14,556	$ 35,867
2014	43,462	28,271	71,733
2015	44,609	27,124	71,733
2016	45,785	25,948	71,733
2017	46,993	24,740	71,733
2018-2022	254,219	104,448	358,667
2023-2027	289,556	69,111	358,667
2028-2032	329,803	28,864	358,667
2033	35,404	465	35,869
Totals	$ 1,111,142	$ 323,527	$ 1,434,669

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, 2012, is $3,355,796. The annual amounts to amortize the loan are as follows:

December 31,	Principal	Interest	Total
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	267,258	88,508	355,766
2018-2022	1,493,028	285,802	1,778,830
2023-2024	618,955	33,673	652,628
	$ 3,355,796	$ 854,492	$ 4,210,288

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, 2012, Industrial Revenue Bonds relating to nine entities were outstanding with a total balance of approximately $111,178,197.

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. In 2012, the Series 2002B ($485,000) and Series 2003A ($785,000) General Obligation bonds matured and were paid off.

In 2012, the City issued Series 2012C General Obligation Refunding bonds in the amount of $4,895,000. The proceeds were used to crossover refund Series 2004A, Series 2004B, and Series 2006B General Obligation bonds in the amounts of $635,000, $555,000, and $3,715,000, 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.

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 $1,122,178 at December 31, 2012. The claims liability of $610,246 reported in the Fund at December 31, 2012 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 2012 and 2011 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Paid	Balance at Fiscal Year End
2011-2012	$ 573,877	$ 3,236,376	$ 3,200,007	$ 610,246
2010-2011	$ 339,244	$ 4,139,396	$ 3,904,763	$ 573,877

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 2012 and 2011 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Paid	Balance at Fiscal Year End
2011-2012	$ 285,713	$ 23,151	$ 65,831	$ 243,033
2010-2011	$ 225,196	$ 173,705	$ 113,188	$ 285,713

Note 4: Other Information (continued)

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.

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.

C. Defined Benefit Pension Plan

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.

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, 2012, is 8.34%. The employer contributions to KPERS for the years ended December 31, 2012, 2011 and 2010 were $900,037, $774,793, and $698,261, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2012 is 16.54%. 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, 2012, 2011 and 2010 were $622,065, $512,613, and $468,873, 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.

Note 4: Other Information (continued)

D. Postemployment Benefits Other Than Pensions (continued)

Plan Description (continued)

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.

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)	$ 473.920
Interest on net OPEB obligation	46,175
Adjustment to ARC	(47,359)
Annual OPEB cost (expense)	$ 472,736
Contributions made	(55,000)
Increase in net OPEB obligation	$ 417,736
Net OPEB obligation January 1, 2012	1,420,781
Net OPEB obligation December 31, 2012	$1,838,517

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:

Year Ended	OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	$ 422,095	10.4%	$1,045,796
12/31/2011	449,985	16.7%	1,420,781
12/31/2012	472,736	11.6%	1,838,517

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $3,781,944. 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 $3,781,944. The covered payroll (annual payroll of active employees covered by the plan) in 2012 was $15,418,180 and the ratio of the UAAL to covered payroll was 24.6 percent.

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

Note 4: Other Information (Continued)

E. Restatement of Beginning Balances

Proprietary Funds

The beginning fund balances for the City's proprietary funds have been restated to correct capital contributions from the City's Capital Projects fund recognized in prior years. The City has determined that the cost of the capitalized assets will be repaid by the proprietary funds to the Capital Projects fund through draws on loans from KDHE and through permanent financing of temporary notes that will become the obligations of the proprietary funds. The capitalized cost of these assets in prior years has been restated as interfund liabilities of the proprietary funds. The additional interfund liability recognized by the proprietary funds as of December 31, 2011 is as follows:

Water Fund	859,199
Wastewater Fund	1,927,014
Storm Water Management Fund	501,958
Total	3,288,171

Capital Projects Fund

The beginning fund balance for the City's Capital Projects fund has been restated to recognize the interfund receivable for capital assets that were previously recorded as capital contributions to the proprietary funds and as capital outlay of the Capital Projects fund. The additional interfund receivable recognized by the Capital Projects fund as of December 31, 2011 is $3,288,171.

Government-Wide Financial Statements

The beginning net positions of the governmental and business-type activities have been restated due to the restatements of the proprietary funds and the Capital projects funds. The restatements have had no net effect on the net position of the primary government as a whole.

Component Units

The beginning net position of the Manhattan Public Library was restated to reflect capital assets that were previously expensed by the Library. The restatement resulted in an increase in net capital assets and net position of $254,710 as of December 31, 2011.

The beginning net position of the Manhattan Housing Authority was restated to adjust year end accruals of receivables and payables that were previously reported. The effect of the restatement were decreases to accounts receivable of $4,005 and accrued liabilities of $21,599, resulting in a net increase in net position of $17,594 as of December 31, 2011

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.

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.

Library Employee Benefit Contribution Fund
Provides for the funding of library employees' retirement.

SPECIAL REVENUE FUNDS

Park Development Fund
Provides for park capital improvements.

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. 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. 36 Fund
This federal grant pays for 95% of the cost of relocating weather and air navigation equipment required as a result of shifting Runway 3/21.

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

Airport Federal Grant No. 42 Fund
This federal grant pays for 90% of the cost of desinging the airport terminal expansion.

Airport Federal Grant No. 43 Fund
This federal grant pays for 90% of the cost of constructing the aircraft parking apron.

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.

SPECIAL REVENUE 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.

CDBG Land Sales Fund

Fund accounts for the transfer of land for business expansion and green space purposes.

Emergency Shelter Grant Funds

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

Federal Entitlement Funds

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.

FHDC Archeology Grant Fund

Funds recevied from the Kansas State Historical Society to conduct workshops at the Flint Hills Discovery Center to train teaches to use Kansas Project Archeology educational materials.

Firefighter Memorial Fund

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

HOME Investment Partnerships Program Funds

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-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.

SPECIAL REVENUE FUNDS

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.

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.

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.

Old Engine One Fund

Funds received are used for fire prevention awareness and the maintenance of the historic 1947 Old Engine One Fire Truck.

Park Improvement Fund

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

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.

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.

SPECIAL REVENUE FUNDS

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 Funds

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 Bonds 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 Bonds 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 District.

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, 2012

	Aggieville Business Improvement District	Capital Improvement Reserve	City/ University Projects	Downtown Business Improvement District
Assets				
Cash	$ 2,100	$ 1,865,442	$ 18,322	$ 1,577
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	354
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
Total Assets	$ 2,100	$ 1,865,442	$ 18,322	$ 1,931
Liabilities				
Accounts payable	$ 2,028	$ -	$ -	$ 1,275
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	354
Total Liabilities	$ 2,028	$ -	$ -	$ 1,629
Deferred Inflow of Resources				
Unavailable revenue - Property Taxes	$ -	$ -	$ -	$ -
Fund Balance				
Nonspendable - Perpetual Care	$ -	$ -	$ -	$ -
Restricted:				
Urban Development & Housing	72	-	-	302
General Government	-	115,442	-	-
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - Urban Development	-	-	3,322	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	-	1,750,000	15,000	-
Unassigned	-	-	-	-
Total Fund Balance	$ 72	$ 1,865,442	$ 18,322	$ 302
Total Liabilities, Deferred Inflow of Resources and Fund Balance	$ 2,100	$ 1,865,442	$ 18,322	$ 1,931

(Continued)

Special Revenue					
Economic Development	Employee Benefit Contribution	Fire Equipment Reserve	Fire Pension KP&F	General Improvement	Industrial Promotion
$ 9,011,668	$ 286,422	$ 333,699	$ 137,419	$ 108,282	$ 292,328
-	-	-	-	-	-
648,814	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
460,076	-	-	-	-	-
-	-	-	-	-	-
-	688,390	50,000	75,000	-	-
1,731,879	-	-	-	-	-
$ 11,852,437	$ 974,812	$ 383,699	$ 212,419	$ 108,282	$ 292,328
$ 145,725	$ -	$ -	$ -	$ -	$ 791
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 145,725	$ -	$ -	$ -	$ -	$ 791
$ -	$ 688,390	$ 50,000	$ 75,000	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
7,536,712	-	-	-	-	76,137
-	108,422	-	-	-	-
-	-	-	-	-	-
-	-	208,728	58,319	-	-
-	-	-	-	-	-
-	-	-	-	8,282	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,170,000	178,000	124,971	79,100	100,000	215,400
-	-	-	-	-	-
$ 11,706,712	$ 286,422	$ 333,699	$ 137,419	$ 108,282	$ 291,537
$ 11,852,437	$ 974,812	$ 383,699	$ 212,419	$ 108,282	$ 292,328

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2012

	Library	Library Employee Benefit Contribution	Park Development	Sales Tax
Assets				
Cash	$ 24,116	$ 5,119	$ 25,038	$ 689,007
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	891,948
Transient guest tax receivable	-	-	-	-
Property tax receivable	1,994,828	431,388	-	-
Economic development loans	-	-	-	-
Total Assets	$ 2,018,944	$ 436,507	$ 25,038	$ 1,580,955
Liabilities				
Accounts payable	$ 24,116	$ 5,119	$ -	$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	$ 24,116	$ 5,119	$ -	$ -
Deferred Inflow of Resources				
Unavailable revenue - Property Taxes	$ 1,994,828	$ 431,388	$ -	$ -
Fund Balance				
Nonspendable - Perpetual Care	$ -	$ -	$ -	$ -
Restricted:				
Urban Development & Housing	-	-	-	-
General Government	-	-	-	1,130,955
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	38	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - General Government	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	-	-	25,000	450,000
Unassigned	-	-	-	-
Total Fund Balance	$ -	$ -	$ 25,038	$ 1,580,955
Total Liabilities, Deferred Inflow of Resources and Fund Balance	$ 2,018,944	$ 436,507	$ 25,038	$ 1,580,955

(Continued)

Special Revenue					
Special Alcohol Programs	Special Parks and Recreation	Special Street and Highway	Special Sunset Zoo	Tourism and Convention Promotion	Airport Federal Grant No. 34
$ 184,514	$ 746,350	$ 716,363	$ 120,500	$ 69,398	$ 27,698
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	365,893	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 184,514	$ 746,350	$ 716,363	$ 120,500	$ 435,291	$ 27,698
$ -	$ 10,143	$ 2,808	$ 12,436	$ -	$ -
-	-	1,606	3,450	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ -	$ 10,143	$ 4,414	$ 15,886	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	360,291	-
24,514	-	-	-	-	-
-	-	-	-	-	27,698
-	-	-	-	-	-
-	236,207	-	-	-	-
-	-	441,949	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	54,614	-	-
160,000	500,000	270,000	50,000	75,000	-
-	-	-	-	-	-
$ 184,514	$ 736,207	$ 711,949	$ 104,614	$ 435,291	$ 27,698
$ 184,514	$ 746,350	$ 716,363	$ 120,500	$ 435,291	$ 27,698

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2012

	Airport Federal Grant No. 36	Airport Federal Grant No. 37/38	Airport Federal Grant No. 41	Airport Federal Grant No. 42
Assets				
Cash	$ 24,418	$ 225,465	$ -	$ -
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	491,742
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
Total Assets	$ 24,418	$ 225,465	$ -	$ 491,742
Liabilities				
Accounts payable	$ -	$ -	$ -	$ 268,899
Accrued payroll	-	-	-	-
Interfund payable	-	-	13,426	42,908
Deferred revenue	-	-	-	-
Total Liabilities	$ -	$ -	$ 13,426	$ 311,807
Deferred Inflow of Resources				
Unavailable revenue - Property Taxes	$ -	$ -	$ -	$ -
Fund Balance				
Nonspendable - Perpetual Care	$ -	$ -	$ -	$ -
Restricted:				
Urban Development & Housing	-	-	-	-
General Government	-	-	-	-
Capital Projects	24,418	225,465	(13,426)	179,935
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - General Government	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	$ 24,418	$ 225,465	$ (13,426)	$ 179,935
Total Liabilities, Deferred Inflow of Resources and Fund Balance	$ 24,418	$ 225,465	$ -	$ 491,742

(Continued)

Special Revenue				
Airport Federal Grant No. 43	Airport Small Community Air Service Development	Airport TVOR Land Acquisition Grant	Alcohol and Drug Safety	Emergency Shelter 2012
$ -	$ -	$ -	$ 34,373	$ 1,049
-	-	-	-	-
-	-	-	-	-
-	-	-	46,258	-
1,552,151	164,370	22,229	-	12,500
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 1,552,151	$ 164,370	$ 22,229	$ 80,631	$ 13,549
$ 936,142	$ 81,182	$ 1,750	$ 13,149	$ 11,454
-	-	-	-	-
788,472	76,260	42,520	-	-
-	-	-	46,258	-
$ 1,724,614	$ 157,442	$ 44,270	$ 59,407	$ 11,454
$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -
-	-	-	-	2,095
-	-	-	21,224	-
(172,463)	6,928	(22,041)	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ (172,463)	$ 6,928	$ (22,041)	$ 21,224	$ 2,095
$ 1,552,151	$ 164,370	$ 22,229	$ 80,631	$ 13,549

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2012

	Federal Entitlement 2011	Federal Entitlement 2012	FHDC Archeology Grant	Firefighter Memorial
Assets				
Cash	$ -	$ -	$ -	$ 2,464
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	98,152	68,457	-	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
Total Assets	$ 98,152	$ 68,457	$ -	$ 2,464
Liabilities				
Accounts payable	$ 20,754	$ 17,684	$ 529	$ -
Accrued payroll	-	1,917	-	-
Interfund payable	91,844	61,533	981	-
Deferred revenue	-	-	-	-
Total Liabilities	$ 112,598	$ 81,134	$ 1,510	$ -
Deferred Inflow of Resources				
Unavailable revenue - Property Taxes	$ -	$ -	$ -	$ -
Fund Balance				
Nonspendable - Perpetual Care	$ -	$ -	$ -	$ -
Restricted:				
Urban Development & Housing	(14,446)	(12,677)	-	-
General Government	-	-	-	-
Capital Projects	-	-	-	-
Public Safety	-	-	-	2,464
Culture & Recreation	-	-	(1,510)	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - General Government	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	$ (14,446)	$ (12,677)	$ (1,510)	$ 2,464
Total Liabilities, Deferred Inflow of Resources and Fund Balance	$ 98,152	$ 68,457	$ -	$ 2,464

(Continued)

Special Revenue					
Home Investment Partnerships Program-2011	Juneteenth Grant-2009	Local Energy Assurance Plan Grant	Norvell Band Shell	Old Engine One Fund	Park Improvement
$ 45,152	$ 766	$ 14,458	$ 1,864	$ -	$ 17,710
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,589	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 57,741	$ 766	$ 14,458	$ 1,864	$ -	$ 17,710
$ 14,133	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	4,018	-
-	-	-	-	-	-
$ 14,133	$ -	$ -	$ -	$ 4,018	$ -
$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -
43,608	-	14,458	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(4,018)	-
-	766	-	1,864	-	17,710
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 43,608	$ 766	$ 14,458	$ 1,864	$ (4,018)	$ 17,710
$ 57,741	$ 766	$ 14,458	$ 1,864	$ -	$ 17,710

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2012

	Special Revenue			
	Special Taxi	Sunset Zoo Animals	U.S. SBA Grant for Child Care	Wetland Development Grant
Assets				
Cash	$ 60,824	$ 761	$ 5,038	$ 2,183
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	$ 60,824	$ 761	$ 5,038	$ 2,183
Liabilities				
Accounts payable	$ 2,596	$ -	$ -	$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	$ 2,596	$ -	$ -	$ -
Deferred Inflow of Resources				
Unavailable revenue - Property Taxes	$ -	$ -	$ -	$ -
Fund Balance				
Nonspendable - Perpetual Care	$ -	$ -	$ -	$ -
Restricted:				
Urban Development & Housing	-	-	5,038	-
General Government	58,228	-	-	-
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	761	-	2,183
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - General Government	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	$ 58,228	$ 761	$ 5,038	$ 2,183
Total Liabilities, Deferred Inflow of Resources and Fund Balance	$ 60,824	$ 761	$ 5,038	$ 2,183

(Continued)

Yes! Grant-2012	Total	Debt Service: Downtown Redevelopment Senior Lien TIF Bonds	Debt Service: Downtown Redevelopment Sub Lien TIF Bonds
$ -	$ 15,101,887	$ 82,810	$ -
-	-	2,618,645	1
-	648,814	-	-
-	46,612	-	-
-	2,422,190	-	-
-	1,352,024	175,124	-
-	365,893	-	-
-	3,239,606	-	-
-	1,731,879	-	-
$ -	$ 24,908,905	$ 2,876,579	$ 1
$ -	$ 1,572,713	$ -	$ -
163	7,136	-	-
1,111	1,123,073	-	-
-	46,612	-	-
$ 1,274	$ 2,749,534	$ -	$ -
$ -	$ 3,239,606	$ -	$ -
$ -	$ -	$ -	$ -
-	8,011,590	-	-
-	1,458,785	-	-
-	256,514	-	-
-	265,493	-	-
(1,274)	256,745	-	-
-	450,231	-	-
-	-	2,876,579	1
-	3,322	-	-
-	54,614	-	-
-	8,162,471	-	-
-	-	-	-
$ (1,274)	$ 18,919,765	$ 2,876,579	$ 1
$ -	$ 24,908,905	$ 2,876,579	$ 1

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2012

				Debt Service
	Downtown Redevelopment STAR Bonds	Downtown Redevelopment Taxable STAR Bonds	Transportation Development District	Downtown Redevelopment TDD
Assets				
Cash	$ -	$ -	$ 218,397	$ 2,279,806
Cash with special obligation bonds trustee	21,987	1,772	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	60,032
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
Total Assets	$ 21,987	$ 1,772	$ 218,397	$ 2,339,838
Liabilities				
Accounts payable	$ -	$ -	$ -	$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	$ -	$ -	$ -	$ -
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	21,987	1,772	218,397	2,339,838
Committed - General Government	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Subsequent Year Budget	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	$ 21,987	$ 1,772	$ 218,397	$ 2,339,838
Total Liabilities, Deferred Inflow of Resources and Fund Balance	$ 21,987	$ 1,772	$ 218,397	$ 2,339,838

(Continued)

Limey Pointe TDD	Downtown South End TDD	Total	Permanent Sunrise Perpetual Care	Total Nonmajor Governmental Funds
$ 162,440	$ 35,872	$ 2,779,325	$ 453,529	$ 18,334,741
-	-	2,642,405	-	2,642,405
-	-	-	-	648,814
-	-	-	-	46,612
-	-	-	-	2,422,190
14,129	4,252	253,537	-	1,605,561
-	-	-	-	365,893
-	-	-	-	3,239,606
-	-	-	-	1,731,879
$ 176,569	$ 40,124	$ 5,675,267	$ 453,529	$ 31,037,701
$ -	$ -	$ -	$ 30	$ 1,572,743
-	-	-	-	7,136
-	-	-	-	1,123,073
-	-	-	-	46,612
$ -	$ -	$ -	$ 30	$ 2,749,564
$ -	$ -	$ -	$ -	$ 3,239,606
$ -	$ -	$ -	$ 453,499	$ 453,499
-	-	-	-	8,011,590
-	-	-	-	1,458,785
-	-	-	-	256,514
-	-	-	-	265,493
-	-	-	-	256,745
-	-	-	-	450,231
176,569	40,124	5,675,267	-	5,675,267
-	-	-	-	3,322
-	-	-	-	54,614
-	-	-	-	8,162,471
-	-	-	-	-
$ 176,569	$ 40,124	$ 5,675,267	$ 453,499	$ 25,048,531
$ 176,569	$ 40,124	$ 5,675,267	$ 453,529	$ 31,037,701

CITY OF MANHATTAN, KANSAS

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

For The Year Ended December 31, 2012

	Aggieville Business Improvement District	Capital Improvement Reserve
REVENUES		
Taxes	$ -	$ -
Intergovernmental	-	-
Charges for services	49,425	-
Investment income	-	7,997
Miscellaneous	-	-
Total Revenue	$ 49,425	$ 7,997
EXPENDITURES		
Current		
General government	$ -	$ -
Public safety	-	-
Public works	-	-
Urban development and housing	48,010	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	9,831
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	$ 48,010	$ 9,831
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,415	$ (1,834)
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	$ -	$ -
Proceeds of temporary notes	-	-
General obligation bonds issued	-	-
Speicial obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	-
Transfers out	(1,500)	(743,348)
Total Other Financing Sources (Uses)	$ (1,500)	$ (743,348)
NET CHANGE IN FUND BALANCES	$ (85)	$ (745,182)
FUND BALANCE-BEGINNING OF PERIOD	157	2,610,624
FUND BALANCE - END OF PERIOD	$ 72	$ 1,865,442

(Continued)

	Special Revenue						
	City/ University Projects	Downtown Business Improvement District	Economic Development	Employee Benefit Contribution	Fire Equipment Reserve	Fire Pension KP&F	General Improvement
	$ 430,119	$ -	$ 2,791,153	$ 729,902	$ 53,947	$ 82,902	$ -
	-	-	409,376	-	-	-	-
	-	63,738	-	-	-	-	-
	-	-	185,842	-	1,033	-	403
	-	8	58,946	-	-	-	-
	$ 430,119	$ 63,746	$ 3,445,317	$ 729,902	$ 54,980	$ 82,902	$ 403
	$ -	$ -	$ -	$ 1,671,763	$ -	$ -	$ -
	-	-	-	-	119,048	652,148	-
	-	-	-	-	-	-	-
	-	62,554	1,278,888	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	627,000	-	-	-	49,456	-	46,610
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	$ 627,000	$ 62,554	$ 1,278,888	$ 1,671,763	$ 168,504	$ 652,148	$ 46,610
	$ (196,881)	$ 1,192	$ 2,166,429	$ (941,861)	$ (113,524)	$ (569,246)	$ (46,207)
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	141,249	-	-	1,050,000	100,000	450,000	50,000
	(50,000)	(1,500)	(883,215)	-	-	-	(12,717)
	$ 91,249	$ (1,500)	$ (883,215)	$ 1,050,000	$ 100,000	$ 450,000	$ 37,283
	$ (105,632)	$ (308)	$ 1,283,214	$ 108,139	$ (13,524)	$ (119,246)	$ (8,924)
	123,954	610	10,423,498	178,283	347,223	256,665	117,206
	$ 18,322	$ 302	$ 11,706,712	$ 286,422	$ 333,699	$ 137,419	$ 108,282

CITY OF MANHATTAN, KANSAS

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

For The Year Ended December 31, 2012

	Industrial Promotion	Library
REVENUES		
Taxes	$ 64	$ 2,049,210
Intergovernmental	-	-
Charges for services	-	-
Investment income	765	145
Miscellaneous	118,898	-
Total Revenue	$ 119,727	$ 2,049,355
EXPENDITURES		
Current		
General government	$ -	$ -
Public safety	-	-
Public works	-	-
Urban development and housing	61,815	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	2,049,355
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	$ 61,815	$ 2,049,355
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 57,912	$ -
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	$ -	$ -
Proceeds of temporary notes	-	-
General obligation bonds issued	-	-
Speicial obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	$ -	$ -
NET CHANGE IN FUND BALANCES	$ 57,912	$ -
FUND BALANCE-BEGINNING OF PERIOD	233,625	-
FUND BALANCE - END OF PERIOD	$ 291,537	$ -

(Continued)

Special Revenue						
Library Employee Benefit Contribution	Park Development	Sales Tax	Special Alcohol Programs	Special Parks and Recreation	Special Street and Highway	Special Sunset Zoo
$ 432,569	$ -	$ 5,218,282	$ -	$ -	$ -	$ -
-	-	-	418,440	418,440	1,521,620	-
-	-	-	-	-	-	257,326
30	38	-	312	2,066	3,247	347
-	-	-	7,706	6,347	5,000	39,333
$ 432,599	$ 38	$ 5,218,282	$ 426,458	$ 426,853	$ 1,529,867	$ 297,006
$ -	$ -	$ -	$ 439,779	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	1,147,700	-
-	-	-	-	-	-	-
-	-	-	-	9,378	-	214,627
432,599	-	-	-	-	-	-
-	-	-	-	362,275	207,298	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 432,599	$ -	$ -	$ 439,779	$ 371,653	$ 1,354,998	$ 214,627
$ -	$ 38	$ 5,218,282	$ (13,321)	$ 55,200	$ 174,869	$ 82,379
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-		-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	25,000	-	-	-	12,717	-
-	-	(4,961,000)	-	(102,944)	(381,031)	(59,420)
$ -	$ 25,000	$ (4,961,000)	$ -	$ (102,944)	$ (368,314)	$ (59,420)
$ -	$ 25,038	$ 257,282	$ (13,321)	$ (47,744)	$ (193,445)	$ 22,959
-	-	1,323,673	197,835	783,951	905,394	81,655
$ -	$ 25,038	$ 1,580,955	$ 184,514	$ 736,207	$ 711,949	$ 104,614

CITY OF MANHATTAN, KANSAS

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

For The Year Ended December 31, 2012

	Tourism and Convention Promotion	Airport Federal Grant No. 34
REVENUES		
Taxes	$ 1,172,953	$ -
Intergovernmental	-	-
Charges for services	-	-
Investment income	-	-
Miscellaneous	-	-
Total Revenue	$ 1,172,953	$ -
EXPENDITURES		
Current		
General government	$ -	$ -
Public safety	-	-
Public works	-	-
Urban development and housing	927,231	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	$ 927,231	$ -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 245,722	$ -
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	$ -	$ -
Proceeds of temporary notes	-	-
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	-
Transfers out	(339,000)	-
Total Other Financing Sources (Uses)	$ (339,000)	$ -
NET CHANGE IN FUND BALANCES	$ (93,278)	$ -
FUND BALANCE-BEGINNING OF PERIOD	528,569	27,698
FUND BALANCE - END OF PERIOD	$ 435,291	$ 27,698

(Continued)

Special Revenue						
Airport Federal Grant No. 36	Airport Federal Grant No. 37/38	Airport Federal Grant No. 41	Airport Federal Grant No. 42	Airport Federal Grant No. 43	Airport Small Community Air Service Development Grant	Airport TVOR Land Acquisition Grant
$ -	$ -	$ -	$ -	$ -	$ -	$ -
24,418	225,465	-	491,742	1,552,151	285,975	2,658
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 24,418	$ 225,465	$ -	$ 491,742	$ 1,552,151	$ 285,975	$ 2,658
$ -	$ -	$ -	$ -	$ -	$ 264,656	$ 24,699
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	13,426	700,489	1,724,614	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	6,318	-	-	-
$ -	$ -	$ 13,426	$ 706,807	$ 1,724,614	$ 264,656	$ 24,699
$ 24,418	$ 225,465	$ (13,426)	$ (215,065)	$ (172,463)	$ 21,319	$ (22,041)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	395,000	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ -	$ -	$ -	$ 395,000	$ -	$ -	$ -
$ 24,418	$ 225,465	$ (13,426)	$ 179,935	$ (172,463)	$ 21,319	$ (22,041)
-	-	-	-	-	(14,391)	-
$ 24,418	$ 225,465	$ (13,426)	$ 179,935	$ (172,463)	$ 6,928	$ (22,041)

CITY OF MANHATTAN, KANSAS

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

For The Year Ended December 31, 2012

	Alcohol and Drug Safety	CDBG Land Sales
REVENUES		
Taxes	$ -	$ -
Intergovernmental	-	-
Charges for services	-	-
Investment income	-	-
Miscellaneous	5,725	-
Total Revenue	$ 5,725	$ -
EXPENDITURES		
Current		
General government	$ -	$ -
Public safety	-	-
Public works	-	-
Urban development and housing	-	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	3,000
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	$ -	$ 3,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 5,725	$ (3,000)
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	$ -	$ -
Proceeds of temporary notes	-	-
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	3,000
Transfers out	(6,113)	-
Total Other Financing Sources (Uses)	$ (6,113)	$ 3,000
NET CHANGE IN FUND BALANCES	$ (388)	$ -
FUND BALANCE-BEGINNING OF PERIOD	21,612	-
FUND BALANCE - END OF PERIOD	$ 21,224	$ -

(Continued)

	Special Revenue						
	Emergency Shelter 2011	**Emergency Shelter 2012**	**Federal Entitlement 2010**	**Federal Entitlement 2011**	**Federal Entitlement 2012**	**FHDC Archeology Grant**	**Firefighter Memorial**
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	21,702	26,042	3,594	245,063	90,928	5,144	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	1,784	-	125
	$ 21,702	$ 26,042	$ 3,594	$ 245,063	$ 92,712	$ 5,144	$ 125
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-	914
	-	-	-	-	-	-	-
	20,386	23,947	-	259,509	105,389		-
	-	-	-	-	-	6,654	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	$ 20,386	$ 23,947	$ -	$ 259,509	$ 105,389	$ 6,654	$ 914
	$ 1,316	$ 2,095	$ 3,594	$ (14,446)	$ (12,677)	$ (1,510)	$ (789)
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
		-	-		-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	(1,316)	-	-	-	-	-	-
	$ (1,316)	$ -	$ -	$ -	$ -	$ -	$ -
	$ -	$ 2,095	$ 3,594	$ (14,446)	$ (12,677)	$ (1,510)	$ (789)
	-	-	(3,594)	-	-	-	3,253
	$ -	$ 2,095	$ -	$ (14,446)	$ (12,677)	$ (1,510)	$ 2,464

CITY OF MANHATTAN, KANSAS

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

For The Year Ended December 31, 2012

	Home Investment Partnerships Program-2010	Home Investment Partnerships Program-2011
REVENUES		
Taxes	$ -	$ -
Intergovernmental	10,417	31,106
Charges for services	-	-
Investment income	-	-
Miscellaneous	-	-
Total Revenue	$ 10,417	$ 31,106
EXPENDITURES		
Current		
General government	$ -	$ -
Public safety	-	-
Public works	-	-
Urban development and housing	13,316	35,541
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	$ 13,316	$ 35,541
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (2,899)	$ (4,435)
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	$ -	$ -
Proceeds of temporary notes	-	-
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	27,194
Transfers out	(18,878)	-
Total Other Financing Sources (Uses)	$ (18,878)	$ 27,194
NET CHANGE IN FUND BALANCES	$ (21,777)	$ 22,759
FUND BALANCE-BEGINNING OF PERIOD	21,777	20,849
FUND BALANCE - END OF PERIOD	$ -	$ 43,608

(Continued)

Special Revenue						
Homeland Security Grant-Structural Collapse Course	Homeless Prevention Grant	Juneteenth Grant-2009	Kansas Bioscience Authority Innovation Center Grant	Local Energy Assurance Plan Grant	Norvell Band Shell	Old Engine One Fund
$ 5,196	$ -	$ -	$ -	$ -	$ -	$ -
-	76,172	-	-	37,672	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	189	1,000	-	-	-	16,955
$ 5,196	$ 76,361	$ 1,000	$ -	$ 37,672	$ -	$ 16,955
$ -	$ -	$ -	$ -	$ -	$ -	$ -
5,233	-	-	-	-	-	20,973
-	-	-	-	-	-	-
-	74,652	-	18,923	23,214	-	-
-	-	500	-	-	-	-
-	-	-	-	-	-	-
-	-	-	90,129	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
$ 5,233	$ 74,652	$ 500	$ 109,052	$ 23,214	$ -	$ 20,973
$ (37)	$ 1,709	$ 500	$ (109,052)	$ 14,458	$ -	$ (4,018)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
37	-	-	109,052	-	-	-
-	(7,000)	-	-	-	-	-
$ 37	$ (7,000)	$ -	$ 109,052	$ -	$ -	$ -
$ -	$ (5,291)	$ 500	$ -	$ 14,458	$ -	$ (4,018)
-	5,291	266	-	-	1,864	-
$ -	$ -	$ 766	$ -	$ 14,458	$ 1,864	$ (4,018)

CITY OF MANHATTAN, KANSAS

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

For The Year Ended December 31, 2012

	Park Improvement	Special Taxi
REVENUES		
Taxes	$ -	$ -
Intergovernmental	-	-
Charges for services	-	10,130
Investment income	-	-
Miscellaneous	1,030	10,000
Total Revenue	$ 1,030	$ 20,130
EXPENDITURES		
Current		
General government	$ -	$ 16,124
Public safety	-	-
Public works	-	-
Urban development and housing	-	-
Culture/recreation	131	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	$ 131	$ 16,124
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 899	$ 4,006
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	$ -	$ -
Proceeds of temporary notes	-	
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	$ 899	$ 4,006
FUND BALANCE-BEGINNING OF PERIOD	16,811	54,222
FUND BALANCE - END OF PERIOD	$ 17,710	$ 58,228

(Continued)

	Special Revenue						
	Sunset Zoo Animals	Take Charge Energy Challenge	U.S. Small Business Administration Grant for Child Care	Vacek	Wetland Development Grant	Woodard	Yes! Grant-2011
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	-	75,884	5,038	-	-	-	-
	-	-	-	-	-	-	-
	3	-	-	-	-	114	-
	-	-	-	-	-	-	-
	$ 3	$ 75,884	$ 5,038	$ -	$ -	$ 114	$ -
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	87,595	-	-	-	-	-
	-	-	-	-	-	-	1,725
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	$ -	$ 87,595	$ -	$ -	$ -	$ -	$ 1,725
	$ 3	$ (11,711)	$ 5,038	$ -	$ -	$ 114	$ (1,725)
	$ -	$ -	$ -	$ -	$ -	$ -	$ -
	-		-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	11,711	-	-	-	-	1,725
	-	-	-	(73,150)	-	(73,318)	-
	$ -	$ 11,711	$ -	$ (73,150)	$ -	$ (73,318)	$ 1,725
	$ 3	$ -	$ 5,038	$ (73,150)	$ -	$ (73,204)	$ -
	758	-	-	73,150	2,183	73,204	-
	$ 761	$ -	$ 5,038	$ -	$ 2,183	$ -	$ -

CITY OF MANHATTAN, KANSAS

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

For The Year Ended December 31, 2012

	Special Revenue	
	Yes! Grant-2012	Total
REVENUES		
Taxes	$ -	$ 12,966,297
Intergovernmental	7,000	5,986,047
Charges for services	-	380,619
Investment income	-	202,342
Miscellaneous	-	273,046
Total Revenue	$ 7,000	$ 19,808,351
EXPENDITURES		
Current		
General government	$ -	$ 2,417,021
Public safety	-	798,316
Public works	-	1,147,700
Urban development and housing	-	3,040,970
Culture/recreation	8,274	241,289
Culture/recreation-payments to Library	-	2,481,954
Capital Outlay	-	3,834,128
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	6,318
Total Expenditures	$ 8,274	$ 13,967,696
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (1,274)	$ 5,840,655
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	$ -	$ -
Proceeds of temporary notes	-	395,000
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	1,981,685
Transfers out	-	(7,715,450)
Total Other Financing Sources (Uses)	$ -	$ (5,338,765)
NET CHANGE IN FUND BALANCES	$ (1,274)	$ 501,890
FUND BALANCE-BEGINNING OF PERIOD	-	18,417,875
FUND BALANCE - END OF PERIOD	$ (1,274)	$ 18,919,765

(Continued)

Debt Service

Downtown Redevelopment Senior Lien TIF Bonds	Downtown Redevelopment Sub Lien TIF Bonds	Downtown Redevelopment STAR Bonds	Downtown Redevelopment Taxable STAR Bonds	Downtown Transportation Development District	Downtown Redevelopment TDD	Limey Pointe TDD
$ 1,425,972	$ -	$ 6,110,115	$ -	$ -	$ 354,634	$ 68,920
-	-	-	609,686	-	-	-
-	-	-	-	-	-	-
46,814	-	125	7	674	7,228	782
-	-	-	-	-	-	-
$ 1,472,786	$ -	$ 6,110,240	$ 609,693	$ 674	$ 361,862	$ 69,702
$ -	$ -	$ -	$ -	$ -	$ -	$ 2
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
460,000	-	2,635,000	1,710,000	-	95,000	40,000
-	-	-	-	-	-	-
1,000,469	21,570	648,275	1,741,962	-	244,513	15,600
$ 1,460,469	$ 21,570	$ 3,283,275	$ 3,451,962	$ -	$ 339,513	$ 55,602
$ 12,317	$ (21,570)	$ 2,826,965	$ (2,842,269)	$ 674	$ 22,349	$ 14,100
$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-		-	-
124,226	21,570	1,129	2,842,271	-	-	-
(37,828)	-	(2,842,271)		-	-	-
$ 86,398	$ 21,570	$ (2,841,142)	$ 2,842,271	$ -	$ -	$ -
$ 98,715	$ -	$ (14,177)	$ 2	$ 674	$ 22,349	$ 14,100
2,777,864	1	36,164	1,770	217,723	2,317,489	162,469
$ 2,876,579	$ 1	$ 21,987	$ 1,772	$ 218,397	$ 2,339,838	$ 176,569

CITY OF MANHATTAN, KANSAS

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

For The Year Ended December 31, 2012

	Debt Service	
	Downtown South End TDD	Total
REVENUES		
Taxes	$ 29,538	$ 7,989,179
Intergovernmental	-	609,686
Charges for services	-	-
Investment income	-	55,630
Miscellaneous	-	-
Total Revenue	$ 29,538	$ 8,654,495
EXPENDITURES		
Current		
General government	$ -	$ 2
Public safety	-	-
Public works	-	-
Urban development and housing	-	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	4,940,000
Bond issuance costs	-	-
Interest and fiscal charges	-	3,672,389
Total Expenditures	$ -	$ 8,612,391
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 29,538	$ 42,104
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	$ -	$ -
Proceeds of temporary notes		-
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	2,989,196
Transfers out	-	(2,880,099)
Total Other Financing Sources (Uses)	$ -	$ 109,097
NET CHANGE IN FUND BALANCES	$ 29,538	$ 151,201
FUND BALANCE-BEGINNING OF PERIOD	10,586	5,524,066
FUND BALANCE - END OF PERIOD	$ 40,124	$ 5,675,267

(Continued)

CITY OF MANHATTAN, KANSAS

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

For The Year Ended December 31, 2012

	Permanent	
	Sunrise Perpetual Care	Total Nonmajor Governmental Funds
REVENUES		
Taxes	$ -	$ 20,955,476
Intergovernmental	-	6,595,733
Charges for services	9,981	390,600
Investment income	1,384	259,356
Miscellaneous	-	273,046
Total Revenue	$ 11,365	$ 28,474,211
EXPENDITURES		
Current		
General government	$ -	$ 2,417,023
Public safety	-	798,316
Public works	-	1,147,700
Urban development and housing	-	3,040,970
Culture/recreation	286	241,575
Culture/recreation-payments to Library	-	2,481,954
Capital Outlay	-	3,834,128
Debt service		
Principal	-	4,940,000
Bond issuance costs	-	-
Interest and fiscal charges	-	3,678,707
Total Expenditures	$ 286	$ 22,580,373
EXCESS (DEFICIENCY) OF REVENUES	$ 11,079	$ 5,893,838
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	$ -	$ -
Proceeds of temporary notes	-	395,000
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	4,970,881
Transfers out	-	(10,595,549)
Total Other Financing Sources (Uses)	$ -	$ (5,229,668)
NET CHANGE IN FUND BALANCES	$ 11,079	$ 664,170
FUND BALANCE-BEGINNING OF PERIOD	442,420	24,384,361
FUND BALANCE - END OF PERIOD	$ 453,499	$ 25,048,531

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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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive (Negative)
REVENUES				
Taxes	$ 4,060,015	$ 4,060,015	$ 5,111,958	$ 1,051,943
Special assessments	6,220,446	6,220,446	6,908,756	688,310
Investment income	-	-	12,813	12,813
Miscellaneous revenues	5,341,217	5,341,217	220,177	(5,121,040)
Total Revenues	$ 15,621,678	$ 15,621,678	$ 12,253,704	$ (3,367,974)
EXPENDITURES				
Current				
General government	106,662	106,662	$ 100,416	$ 6,246
Debt service				
Bonds to be issued	1,000,000	1,000,000	-	1,000,000
Principal	9,804,361	9,804,361	9,707,648	96,713
Interest and fiscal charges	4,268,017	4,268,017	3,486,168	781,849
Bond issuance costs	-	-	419,151	(419,151)
Other	5,166,717	5,166,717	-	5,166,717
Total Expenditures	$ 20,345,757	$ 20,345,757	$ 13,713,383	$ 6,632,374
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (4,724,079)	$ (4,724,079)	$ (1,459,679)	$ 3,264,400
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	$ -	$ -	$ 247,195	$ 247,195
Premium on general obligation bonds	-	-	738,219	738,219
Refunding bonds issued	-	-	4,895,000	4,895,000
Premium on refunding bonds	-	-	521,080	521,080
Temporary notes retired	-	-	(270,000)	(270,000)
Transfers in	3,183,992	3,183,992	1,953,258	(1,230,734)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	$ 3,183,992	$ 3,183,992	$ 8,084,752	$ 4,900,760
NET CHANGE IN FUND BALANCES	$ (1,540,087)	$ (1,540,087)	$ 6,625,073	$ 8,165,160
FUND BALANCE-BEGINNING OF YEAR			8,052,900	
FUND BALANCE - END OF YEAR			$ 14,677,973	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE - GAAP BASIS			$ 14,677,973	

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, 2012

	Aggieville Business Improvement District			
	Budgeted Amounts			Variance with Final Budget Positive
REVENUES	**Original**	**Final**	**Actual**	**(Negative)**
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Charges for services	56,500	56,500	49,425	(7,075)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	$ 56,500	$ 56,500	$ 49,425	$ (7,075)
EXPENDITURES				
Current				
General government	$ -	$ -	$ -	$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	55,000	55,000	48,010	6,990
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	$ 55,000	$ 55,000	$ 48,010	$ 6,990
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,500	$ 1,500	$ 1,415	$ (85)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	(1,500)	(1,500)	(1,500)	-
Total Other Financing Sources (Uses)	$ (1,500)	$ (1,500)	$ (1,500)	$ -
NET CHANGE IN FUND BALANCES	$ -	$ -	$ (85)	$ (85)
FUND BALANCE - BEGINNING OF PERIOD			157	
FUND BALANCE - END OF PERIOD			$ 72	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			$ 72	

(Continued)

Capital Improvement Reserve				City/University Projects			
Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual		Original	Final	Actual	
$ -	$ -	$ -	$ -	$ 430,119	$ 430,119	$ 430,119	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,000	5,000	7,997	2,997	-	-	-	-
-	-	-	-	-	-	-	-
$ 5,000	$ 5,000	$ 7,997	$ 2,997	$ 430,119	$ 430,119	$ 430,119	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,955,000	1,955,000	9,831	1,945,169	627,000	627,000	627,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 1,955,000	$ 1,955,000	$ 9,831	$ 1,945,169	$ 627,000	$ 627,000	$ 627,000	$ -
$ (1,950,000)	$ (1,950,000)	$ (1,834)	$ 1,948,166	$ (196,881)	$ (196,881)	$ (196,881)	$ -
$ -	$ -	$ -	$ -	$ 141,249	$ 141,249	$ 141,249	$ -
(650,000)	(650,000)	(743,348)	(93,348)	(50,000)	(50,000)	(50,000)	-
$ (650,000)	$ (650,000)	$ (743,348)	$ (93,348)	$ 91,249	$ 91,249	$ 91,249	$ -
$ (2,600,000)	$ (2,600,000)	$ (745,182)	$ 1,854,818	$ (105,632)	$ (105,632)	$ (105,632)	$ -
		2,610,624				123,954	
		$ 1,865,442				$ 18,322	
		-				-	
		$ 1,865,442				$ 18,322	

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, 2012

	Downtown Business Improvement District			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
REVENUES	**Original**	**Final**	**Actual**	
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Charges for services	65,500	65,500	63,738	(1,762)
Investment income	-	-	-	-
Miscellaneous	-	-	8	8
Total Revenue	$ 65,500	$ 65,500	$ 63,746	$ (1,754)
EXPENDITURES				
Current				
General government	$ -	$ -	$ -	$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	64,000	64,000	62,554	1,446
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	$ 64,000	$ 64,000	$ 62,554	$ 1,446
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,500	$ 1,500	$ 1,192	$ (308)
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	(1,500)	(1,500)	(1,500)	-
Total Other Financing Sources (Uses)	$ (1,500)	$ (1,500)	$ (1,500)	$ -
NET CHANGE IN FUND BALANCES	$ -	$ -	(308)	$ (308)
FUND BALANCE - BEGINNING OF PERIOD			610	
FUND BALANCE - END OF PERIOD			$ 302	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			$ 302	

(Continued)

Economic Development				Employee Benefit Contribution			
Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual		Original	Final	Actual	
$ 2,602,400	$ 2,602,400	$ 2,791,153	$ 188,753	$ 744,000	$ 744,000	$ 729,902	$ (14,098)
-	-	409,376	409,376	-	-	-	-
-	-	-	-	-	-	-	-
10,750	10,750	185,842	175,092	-	-	-	-
612,946	612,946	58,946	(554,000)	-	-	-	-
$ 3,226,096	$ 3,226,096	$ 3,445,317	$ 219,221	$ 744,000	$ 744,000	$ 729,902	$ (14,098)
$ -	$ -	$ -	$ -	$ 1,794,000	$ 1,794,000	$ 1,671,763	$ 122,237
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,676,933	4,676,933	1,278,888	3,398,045	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 4,676,933	$ 4,676,933	$ 1,278,888	$ 3,398,045	$ 1,794,000	$ 1,794,000	$ 1,671,763	$ 122,237
$ (1,450,837)	$ (1,450,837)	$ 2,166,429	$ 3,617,266	$ (1,050,000)	$ (1,050,000)	$ (941,861)	$ 108,139
$ -	$ -	$ -	$ -	$ 1,050,000	$ 1,050,000	$ 1,050,000	$ -
(699,163)	(699,163)	(883,215)	(184,052)	-	-	-	-
$ (699,163)	$ (699,163)	$ (883,215)	$ (184,052)	$ 1,050,000	$ 1,050,000	$ 1,050,000	$ -
$ (2,150,000)	$ (2,150,000)	1,283,214	$ 3,433,214	$ -	$ -	108,139	$ 108,139
		10,423,498				178,283	
		$ 11,706,712				$ 286,422	
		-				-	
		$ 11,706,712				$ 286,422	

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, 2012

	Fire Equipment Reserve			
	Budgeted Amounts			Variance with Final Budget Positive
REVENUES	**Original**	**Final**	**Actual**	**(Negative)**
Taxes	$ 54,267	$ 54,267	$ 53,947	$ (320)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	1,233	1,233	1,033	(200)
Miscellaneous	-	-	-	-
Total Revenue	$ 55,500	$ 55,500	$ 54,980	$ (520)
EXPENDITURES				
Current				
General government	$ -	$ -	$ -	$ -
Public safety	383,889	383,889	119,048	264,841
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	99,611	99,611	97,910	1,701
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	$ 483,500	$ 483,500	$ 216,958	$ 266,542
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (428,000)	$ (428,000)	$ (161,978)	$ 266,022
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 100,000	$ 100,000	$ 100,000	$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	$ 100,000	$ 100,000	$ 100,000	$ -
NET CHANGE IN FUND BALANCES	$ (328,000)	$ (328,000)	(61,978)	$ 266,022
FUND BALANCE - BEGINNING OF PERIOD			347,223	
FUND BALANCE - END OF PERIOD			$ 285,245	
ADJUSTMENTS TO GAAP				
Encumbrances			48,454	
FUND BALANCE-GAAP BASIS			$ 333,699	

(Continued)

Fire Pension KP&F				General Improvement			
Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual		Original	Final	Actual	
$ 81,900	$ 81,900	$ 82,902	$ 1,002	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	403	403
-	-	-	-	-	-	-	-
$ 81,900	$ 81,900	$ 82,902	$ 1,002	$ -	$ -	$ 403	$ 403
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
628,000	710,000	652,148	57,852	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	50,000	50,000	46,610	3,390
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 628,000	$ 710,000	$ 652,148	$ 57,852	$ 50,000	$ 50,000	$ 46,610	$ 3,390
$ (546,100)	$ (628,100)	$ (569,246)	$ 58,854	$ (50,000)	$ (50,000)	$ (46,207)	$ 3,793
$ 450,000	$ 450,000	$ 450,000	$ -	$ 50,000	$ 50,000	$ 50,000	$ -
-	-	-	-	(12,717)	(12,717)	(12,717)	-
$ 450,000	$ 450,000	$ 450,000	$ -	$ 37,283	$ 37,283	$ 37,283	$ -
$ (96,100)	$ (178,100)	(119,246)	$ 58,854	$ (12,717)	$ (12,717)	(8,924)	$ 3,793
		256,665				117,206	
		$ 137,419				$ 108,282	
		-				-	
		$ 137,419				$ 108,282	

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, 2012

	Industrial Promotion			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
REVENUES	**Original**	**Final**	**Actual**	
Taxes	$ -	$ -	$ 64	$ 64
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	725	725	765	40
Miscellaneous	35,000	35,000	118,898	83,898
Total Revenue	$ 35,725	$ 35,725	$ 119,727	$ 84,002
EXPENDITURES				
Current				
General government	$ -	$ -	$ -	$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	180,725	180,725	61,815	118,910
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	$ 180,725	$ 180,725	$ 61,815	$ 118,910
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (145,000)	$ (145,000)	$ 57,912	$ 202,912
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	$ -	$ -	$ -	$ -
NET CHANGE IN FUND BALANCES	$ (145,000)	$ (145,000)	57,912	$ 202,912
FUND BALANCE - BEGINNING OF PERIOD			233,625	
FUND BALANCE - END OF PERIOD			$ 291,537	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			$ 291,537	

(Continued)

Library				Library Employee Benefit Contribution			
Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual		Original	Final	Actual	
$ 2,073,910	$ 2,073,910	$ 2,049,210	$ (24,700)	$ 439,398	$ 439,398	$ 432,569	$ (6,829)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	145	145	402	402	30	(372)
-	-	-	-	-	-	-	-
$ 2,073,910	$ 2,073,910	$ 2,049,355	$ (24,555)	$ 439,800	$ 439,800	$ 432,599	$ (7,201)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,073,910	2,073,910	2,049,355	24,555	439,800	439,800	432,599	7,201
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 2,073,910	$ 2,073,910	$ 2,049,355	$ 24,555	$ 439,800	$ 439,800	$ 432,599	$ 7,201
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	-	$ -	$ -	$ -	-	$ -
		-				-	
		$ -				$ -	
		-				-	
		$ -				$ -	

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, 2012

	Park Development			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
REVENUES	**Original**	**Final**	**Actual**	
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	38	38
Miscellaneous	-	-	-	-
Total Revenue	$ -	$ -	$ 38	$ 38
EXPENDITURES				
Current				
General government	$ -	$ -	$ -	$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	25,000	25,000	-	25,000
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	$ 25,000	$ 25,000	$ -	$ 25,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (25,000)	$ (25,000)	$ 38	$ 25,038
OTHER FINANCING SOURCES (USES)				
Transfers in	$ 25,000	$ 25,000	$ 25,000	$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	$ 25,000	$ 25,000	$ 25,000	$ -
NET CHANGE IN FUND BALANCES	$ -	$ -	25,038	$ 25,038
FUND BALANCE - BEGINNING OF PERIOD			-	
FUND BALANCE - END OF PERIOD			$ 25,038	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			$ 25,038	

(Continued)

Sales Tax				Special Alcohol Programs			
Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual		Original	Final	Actual	
$ 4,961,000	$ 4,961,000	$ 5,218,282	$ 257,282	$ -	$ -	$ -	$ -
-	-	-	-	400,000	400,000	418,440	18,440
-	-	-	-	-	-	-	-
-	-	-	-	400	400	312	(88)
-	-	-	-	500	500	7,706	7,206
$ 4,961,000	$ 4,961,000	$ 5,218,282	$ 257,282	$ 400,900	$ 400,900	$ 426,458	$ 25,558
$ -	$ -	$ -	$ -	$ 560,900	$ 560,900	$ 439,779	$ 121,121
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ -	$ -	$ -	$ -	$ 560,900	$ 560,900	$ 439,779	$ 121,121
$ 4,961,000	$ 4,961,000	$ 5,218,282	$ 257,282	$ (160,000)	$ (160,000)	$ (13,321)	$ 146,679
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
(4,961,000)	(4,961,000)	(4,961,000)	-	-	-	-	-
$ (4,961,000)	$ (4,961,000)	$ (4,961,000)	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ 257,282	$ 257,282	$ (160,000)	$ (160,000)	$ (13,321)	$ 146,679
		1,323,673				197,835	
		$ 1,580,955				$ 184,514	
		-				-	
		$ 1,580,955				$ 184,514	

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, 2012

	Special Parks and Recreation			
	Budgeted Amounts			Variance with Final Budget Positive
REVENUES	**Original**	**Final**	**Actual**	**(Negative)**
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	400,000	400,000	418,440	18,440
Charges for services	-	-	-	-
Investment income	4,313	4,313	2,066	(2,247)
Miscellaneous	-	-	6,347	6,347
Total Revenue	$ 404,313	$ 404,313	$ 426,853	$ 22,540
EXPENDITURES				
Current				
General government	$ -	$ -	$ -	$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	377,060	377,060	9,378	367,682
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	501,000	501,000	381,848	119,152
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	$ 878,060	$ 878,060	$ 391,226	$ 486,834
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (473,747)	$ (473,747)	$ 35,627	$ 509,374
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	(101,253)	(101,253)	(102,944)	(1,691)
Total Other Financing Sources (Uses)	$ (101,253)	$ (101,253)	$ (102,944)	$ (1,691)
NET CHANGE IN FUND BALANCES	$ (575,000)	$ (575,000)	$ (67,317)	$ 507,683
FUND BALANCE - BEGINNING OF PERIOD			772,857	
FUND BALANCE - END OF PERIOD			$ 705,540	
ADJUSTMENTS TO GAAP				
Encumbrances			30,667	
FUND BALANCE-GAAP BASIS			$ 736,207	

(Continued)

Special Street and Highway				Special Sunset Zoo			
Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual		Original	Final	Actual	
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1,555,180	1,555,180	1,521,620	(33,560)	-	-	-	-
-	-	-	-	320,000	320,000	257,326	(62,674)
-	-	3,247	3,247	50	50	347	297
-	-	15,547	15,547	34,000	34,000	39,333	5,333
$ 1,555,180	$ 1,555,180	$ 1,540,414	$ (14,766)	$ 354,050	$ 354,050	$ 297,006	$ (57,044)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
737,986	737,986	1,147,700	(409,714)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	334,055	334,055	214,627	119,428
-	-	-	-	-	-	-	-
1,009,717	1,009,717	142,372	867,345	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 1,747,703	$ 1,747,703	$ 1,290,072	$ 457,631	$ 334,055	$ 334,055	$ 214,627	$ 119,428
$ (192,523)	$ (192,523)	$ 250,342	$ 442,865	$ 19,995	$ 19,995	$ 82,379	$ 62,384
$ 12,717	$ 12,717	$ 12,717	$ -	$ -	$ -	$ -	$ -
(355,464)	(355,464)	(381,031)	(25,567)	(64,995)	(64,995)	(59,420)	5,575
$ (342,747)	$ (342,747)	$ (368,314)	$ (25,567)	$ (64,995)	$ (64,995)	$ (59,420)	$ 5,575
$ (535,270)	$ (535,270)	$ (117,972)	$ 417,298	$ (45,000)	$ (45,000)	$ 22,959	$ 67,959
		783,459				81,655	
		$ 665,487				$ 104,614	
		46,462				-	
		$ 711,949				$ 104,614	

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, 2012

	Tourism and Convention Promotion			
	Budgeted Amounts			Variance with Final Budget Positive
REVENUES	**Original**	**Final**	**Actual**	**(Negative)**
Taxes	$ 1,096,731	$ 1,096,731	$ 1,172,953	$ 76,222
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	$ 1,096,731	$ 1,096,731	$ 1,172,953	$ 76,222
EXPENDITURES				
Current				
General government	$ -	$ -	$ -	$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	927,231	927,231	927,231	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	$ 927,231	$ 927,231	$ 927,231	$ -
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 169,500	$ 169,500	$ 245,722	$ 76,222
OTHER FINANCING SOURCES (USES)				
Transfers in	$ -	$ -	$ -	$ -
Transfers out	(339,000)	(339,000)	(339,000)	-
Total Other Financing Sources (Uses)	$ (339,000)	$ (339,000)	$ (339,000)	$ -
NET CHANGE IN FUND BALANCES	$ (169,500)	$ (169,500)	$ (93,278)	$ 76,222
FUND BALANCE - BEGINNING OF PERIOD			528,569	
FUND BALANCE - END OF PERIOD			$ 435,291	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			$ 435,291	

Downtown Redevelopment Senior Lien TIF Bonds			
Budgeted Amounts			Variance with Final Budget Positive
Original	Final	Actual	(Negative)
$ 2,700,000	$ 2,700,000	$ 1,425,972	$ (1,274,028)
-	-	-	-
-	-	-	-
-	-	46,814	46,814
-	-	-	-
$ 2,700,000	$ 2,700,000	$ 1,472,786	$ (1,227,214)
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,700,000	2,700,000	460,000	2,240,000
		-	-
-	-	1,000,469	(1,000,469)
$ 2,700,000	$ 2,700,000	$ 1,460,469	$ 1,239,531
$ -	$ -	$ 12,317	$ 12,317
$ -	$ -	$ 124,226	$ 124,226
-	-	(37,828)	(37,828)
$ -	$ -	$ 86,398	$ 86,398
$ -	$ -	$ 98,715	$ 98,715
		2,777,864	
		$ 2,876,579	
		-	
		$ 2,876,579	

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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, 2012

	Motor Pool	Health Care	Workers' Compensation
ASSETS			
Current Assets			
Cash and cash equivalents	$ 137,809	$ 1,734,646	$ 1,506,313
Accounts receivable	-	1,786	-
Inventories	24,745	-	-
Total Current Assets	$ 162,554	$ 1,736,432	$ 1,506,313
Capital Assets			
Equipment and improvements	$ -	$ 19,673	$ -
Less accumulated depreciation	-	(19,673)	-
Net Capital Assets	$ -	$ -	$ -
TOTAL ASSETS	$ 162,554	$ 1,736,432	$ 1,506,313
LIABILITIES			
Current Liabilities			
Accounts payable	$ 54,397	$ 4,008	$ 708
Estimated insurance claims payable	-	610,246	243,033
TOTAL LIABILITIES	$ 54,397	$ 614,254	$ 243,741
NET POSITION			
Unrestricted	$ 108,157	$ 1,122,178	$ 1,262,572
TOTAL NET POSITION	$ 108,157	$ 1,122,178	$ 1,262,572

Photocopy Services	Total
$ 12,291	$ 3,391,059
-	1,786
1,006	25,751
$ 13,297	$ 3,418,596
$ -	$ 19,673
-	(19,673)
$ -	$ -
$ 13,297	$ 3,418,596
$ 10,228	$ 69,341
-	853,279
$ 10,228	$ 922,620
$ 3,069	$ 2,495,976
$ 3,069	$ 2,495,976

CITY OF MANHATTAN, KANSAS

INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For The Year Ended December 31, 2012

	Motor Pool	Health Care	Workers' Compensation
OPERATING REVENUES			
Service charges	$ 51,978	$ 4,007,944	$ 270,000
OPERATING EXPENSES			
Commodities	$ 28,977	$ 168	$ -
Contractual services	3,292	3,714,014	94,931
Total Operating Expenses	$ 32,269	$ 3,714,182	$ 94,931
OPERATING INCOME (LOSS)	$ 19,709	$ 293,762	$ 175,069
NON-OPERATING REVENUE			
Investment income	$ -	$ 5,232	$ 4,698
INCOME (LOSS) BEFORE TRANSFERS	$ 19,709	$ 298,994	$ 179,767
Transfers in	-	-	-
Transfers (out)	-	-	-
CHANGE IN NET ASSETS	$ 19,709	$ 298,994	$ 179,767
TOTAL NET POSITION - BEGINNING	88,448	823,184	1,082,805
TOTAL NET POSITION - ENDING	$ 108,157	$ 1,122,178	$ 1,262,572

Photocopy Services	Total
$ 65,561	$ 4,395,483
$ 7,171	$ 36,316
58,259	3,870,496
$ 65,430	$ 3,906,812
$ 131	$ 488,671
$ -	$ 9,930
$ 131	$ 498,601
-	-
-	-
$ 131	$ 498,601
2,938	1,997,375
$ 3,069	$ 2,495,976

CITY OF MANHATTAN, KANSAS

INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2012

	Motor Pool	Health Care	Workers' Compensation
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 51,978	$ 4,006,735	$ 270,000
Payments to suppliers	(29,521)	(3,676,101)	(139,437)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 22,457	$ 330,634	$ 130,563
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	$ -	$ -	$ -
Transfers (out)	-	-	-
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	$ -	$ -	$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	$ -	$ -	$ -
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	$ -	$ 5,232	$ 4,698
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 22,457	$ 335,866	$ 135,261
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	115,352	1,398,780	1,371,052
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 137,809	$ 1,734,646	$ 1,506,313
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 19,709	$ 293,762	$ 175,069
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	$ -	$ -	$ -
(Increase) decrease in receivables	-	(1,209)	-
(Increase) decrease in inventory	16,977	-	-
Increase (decrease) in accounts payable and accrued expenses	(14,229)	38,081	(44,506)
Total Adjustments	$ 2,748	$ 36,872	$ (44,506)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 22,457	$ 330,634	$ 130,563

Photocopy Services	Total
$ 65,561	$ 4,394,274
(65,400)	(3,910,459)
$ 161	$ 483,815
$ -	$ -
-	-
$ -	$ -
$ -	$ -
$ -	$ 9,930
$ 161	$ 493,745
12,130	2,897,314
$ 12,291	$ 3,391,059
$ 131	$ 488,671
$ -	$ -
-	(1,209)
(131)	16,846
161	(20,493)
$ 30	$ (4,856)
$ 161	$ 483,815

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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. 174

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 Ten Fiscal Years

(accrual basis of accounting)

	Fiscal			
	2003	2004	2005	2006
Governmental activities				
Net investment in capital assets	$ (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				
Net investment in capital assets	$ 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				
Net investment in capital assets	$ 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

Year					
2007	2008	2009	2010	2011	2012
$ (149,237)	$ 503,672	$ (8,650,155)	$ 4,933,739	$ 11,604,164	$ (7,750,318)
79,516,619	100,974,706	123,438,073	115,871,934	110,959,126	117,628,046
(1,888,077)	(1,972,316)	(15,854,643)	(27,721,787)	(18,098,318)	3,904,246
$ 77,479,305	$ 99,506,062	$ 98,933,275	$ 93,083,886	$ 104,464,972	$ 113,781,974
$ 68,575,348	$ 72,497,433	$ 74,558,929	$ 79,402,336	$ 79,345,330	$ 87,379,688
-	-	-	-	-	-
10,020,584	7,862,491	7,886,180	10,716,663	10,986,068	2,633,077
$ 78,595,932	$ 80,359,924	$ 82,445,109	$ 90,118,999	$ 90,331,398	$ 90,012,765
$ 68,426,111	$ 73,001,105	$ 65,908,774	$ 84,336,075	$ 90,949,494	$ 79,629,370
79,516,619	100,974,706	123,438,073	115,871,934	110,959,126	117,628,046
8,132,507	5,890,175	(7,968,463)	(17,005,124)	(7,112,250)	6,537,323
$ 156,075,237	$ 179,865,986	$ 181,378,384	$ 183,202,885	$ 194,796,370	$ 203,794,739

CITY OF MANHATTAN, KANSAS
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal 2003	Fiscal 2004	Fiscal 2005	Fiscal 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	33,168,325	35,829,245	41,037,164	40,612,085
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	9,128,356	9,582,129	9,964,032	10,851,117
Total primary government expenses	$ 42,296,681	$ 45,411,374	$ 51,001,196	$ 51,463,202
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	16,040,362	12,224,195	16,554,877	24,924,693
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	9,913,788	9,758,777	9,819,007	10,847,978
Total primary government program revenues	$ 25,954,150	$ 21,982,972	$ 26,373,884	$ 35,772,671
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	$ (16,342,531)	$ (23,428,402)	$ (24,627,312)	$ (15,690,531)

(Continued)

Year					
2007	2008	2009	2010	2011	2012
$ 11,364,213	$ 12,829,036	$ 14,306,640	$ 20,972,740	$ 12,783,282	$ 14,150,646
14,676,580	15,917,237	17,410,323	17,638,865	18,221,529	20,038,497
7,079,426	7,689,400	7,853,696	8,833,653	8,820,381	9,611,675
12,242,830	3,966,578	13,113,182	3,805,938	3,668,229	3,831,509
-	-	-	-	-	-
4,666,046	5,118,870	5,242,521	5,672,709	6,350,056	7,954,509
1,900,410	2,147,807	2,326,251	2,419,344	2,439,394	2,481,954
4,134,577	5,215,511	6,143,930	7,748,900	8,240,975	8,103,115
56,064,082	52,884,439	66,396,543	67,092,149	60,523,846	66,171,905
5,850,953	6,573,170	7,045,534	7,203,256	8,068,281	7,828,021
4,773,432	5,138,975	5,506,505	5,710,774	6,258,103	6,502,206
436,351	828,879	617,627	869,211	1,111,373	1,127,681
11,060,736	12,541,024	13,169,666	13,783,241	15,437,757	15,457,908
$ 67,124,818	$ 65,425,463	$ 79,566,209	$ 80,875,390	$ 75,961,603	$ 81,629,813
$ 4,558,023	$ 4,958,815	$ 4,511,875	$ 5,131,309	$ 5,073,680	$ 2,881,010
639,711	565,892	576,964	909,505	711,309	547,626
414,376	754,083	446,133	178,967	108,039	86,761
98,658	108,026	101,495	103,065	108,209	127,966
913,578	983,589	950,140	1,165,866	1,281,595	1,897,490
3,482,457	3,554,445	3,253,286	4,494,839	4,586,011	3,667,084
17,655,503	25,874,349	19,810,546	11,975,164	4,248,884	5,597,801
27,762,306	36,799,199	29,650,439	23,958,715	16,117,727	14,805,738
5,486,560	5,789,434	5,989,318	6,898,082	8,057,214	9,639,695
4,133,603	4,049,883	4,819,899	6,148,740	7,621,553	8,859,560
826,176	1,033,734	1,178,772	1,284,632	1,354,542	1,471,039
-	-	-	-	-	-
-	6,699	-	780,026	80,000	-
10,446,339	10,879,750	11,987,989	15,111,480	17,113,309	19,970,294
$ 38,208,645	$ 47,678,949	$ 41,638,428	$ 39,070,195	$ 33,231,036	$ 34,776,032
$ (28,301,776)	$ (16,085,240)	$ (36,746,104)	$ (43,133,434)	$ (44,406,119)	$ (51,366,167)
(614,397)	(1,661,274)	(1,181,677)	1,328,239	1,675,552	4,512,386
$ (28,916,173)	$ (17,746,514)	$ (37,927,781)	$ (41,805,195)	$ (42,730,567)	$ (46,853,781)

CITY OF MANHATTAN, KANSAS
Changes in Net Position (continued)
Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal 2003	Fiscal 2004	Fiscal 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	23,748,817	28,902,317	29,990,217	27,567,259
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	1,593,785	1,644,670	1,648,332	8,004,992
Total primary government	$ 25,342,602	$ 30,546,987	$ 31,638,549	$ 35,572,251
Change in Net Position				
Governmental activities	$ 6,620,854	$ 5,297,267	$ 5,507,930	$ 11,879,867
Business-type activities	2,379,217	1,821,318	1,503,307	8,001,853
Total primary government	$ 9,000,071	$ 7,118,585	$ 7,011,237	$ 19,881,720

Year					
2007	2008	2009	2010	2011	2012
$ 12,862,373	$ 14,155,988	$ 15,461,552	$ 16,619,713	$ 17,541,340	$ 18,247,779
593,988	514,484	622,156	939,686	2,442,504	2,583,453
2,478,108	2,964,974	3,023,374	3,216,639	3,279,897	3,329,606
15,496,467	15,895,779	16,214,434	19,823,920	27,194,560	26,653,421
684,047	902,088	844,129	976,839	1,035,636	1,172,953
346,241	401,352	406,339	393,862	408,281	880,440
1,714,084	1,042,391	545,131	180,576	185,320	711,726
1,292,569	5,204,348	2,009,066	1,152,817	1,982,385	1,994,784
(9,601,446)	(2,969,407)	(2,952,864)	(6,020,007)	1,717,282	1,820,836
25,866,431	38,111,997	36,173,317	37,284,045	55,787,205	57,394,998
668,525	260,900	98,606	27,991	33,182	35,617
216,766	194,959	215,392	297,653	220,947	242,371
9,601,446	2,969,407	2,952,864	6,020,007	(1,717,282)	(1,820,836)
10,486,737	3,425,266	3,266,862	6,345,651	(1,463,153)	(1,542,848)
$ 36,353,168	$ 41,537,263	$ 39,440,179	$ 43,629,696	$ 54,324,052	$ 55,852,150
$ (2,435,345)	$ 22,026,757	$ (572,787)	$ (5,849,389)	$ 11,381,086	$ 6,028,831
9,872,340	1,763,992	2,085,185	7,673,890	212,399	2,969,538
$ 7,436,995	$ 23,790,749	$ 1,512,398	$ 1,824,501	$ 11,593,485	$ 8,998,369

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

(modified accrual basis of accounting)

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

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

Year						Fiscal Year	
2007	2008	2009	2010			2011	2012
				General fund			
$ 50,262	$ 178,129	$ 139,851	$ 179,366		Nonspendable	$ -	$ -
3,911,850	5,670,740	4,732,050	5,024,683		Restricted	1,555,085	1,799,177
$ 3,962,112	$ 5,848,869	$ 4,871,901	$ 5,204,049		Committed	-	-
					Assigned	2,358,505	2,645,765
					Unassigned	1,224,557	39,152
$ 3,488,115	$ 3,581,928	$ 3,648,726	$ 3,785,479	Total general fund		$ 5,138,147	$ 4,484,094
12,107,549	14,945,628	14,453,466	14,547,330	All other governmental funds			
4,840,072	6,892,172	18,969,751	15,306,276		Nonspendable	442,420	453,499
(793,492)	(2,353,806)	32,937,186	18,073,855		Restricted	26,877,922	31,327,467
$ 19,642,244	$ 23,065,922	$ 70,009,129	$ 51,712,940		Committed	54,977	57,936
					Assigned	8,462,306	12,655,430
					Unassigned	(14,391)	-
				Total all other governmental funds		$ 35,823,234	$ 44,494,332

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

(modified accrual basis of accounting)

	Fiscal			
	2003	2004	2005	2006
Revenues				
Taxes	$ 22,973,830	$ 27,339,044	$ 28,825,185	$ 30,617,183
Special assessments	1,845,244	3,921,310	4,118,716	4,737,898
Licenses and permits	571,228	603,382	623,469	924,647
Intergovernmental revenues	3,135,294	3,105,803	5,642,983	3,963,034
Charges for services	2,931,532	2,956,824	3,212,670	3,391,900
Fines and forfeitures	1,604,782	1,650,071	1,699,568	1,540,085
Investment income	167,508	256,125	377,956	1,135,688
Miscellaneous revenues	4,073,526	2,803,331	1,854,337	2,892,416
Total revenues	37,302,944	42,635,890	46,354,884	49,202,851
Expenditures				
General government	6,956,494	7,016,098	8,141,725	8,345,149
Public safety	10,900,974	11,725,804	12,058,163	13,132,569
Public works	2,748,273	2,782,868	2,621,363	3,200,313
Urban development and housing	2,253,832	2,117,240	2,382,727	2,241,255
Culture/recreation	3,625,881	3,755,808	3,809,089	3,950,140
Culture/recreation-payments to Library	1,560,926	1,558,731	1,587,345	1,743,149
Capital outlay	7,668,230	4,647,333	9,839,956	34,087,262
Debt service				
Principal	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	2,452,117	2,516,692	2,400,661	2,517,571
Refunding costs	59,763	-	83,127	-
Total expenditures	48,538,783	45,731,862	53,272,994	84,643,202
Excess of revenues over (under) expenditures	(11,235,839)	(3,095,972)	(6,918,110)	(35,440,351)
Other financing sources (uses)				
General obligation bonds issued	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	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	5,564,569	5,298,592	6,532,881	9,187,196
Transfers out	(5,333,671)	(5,349,242)	(6,580,776)	(7,987,187)
Insurance recoveries	-	-	-	-
Refunding bonds issued	3,415,000	-	6,150,000	-
Premium on refunding bonds	-	-	-	-
Refunding special obligation bonds issued	-	-	-	-
Payment to refunded bond escrow agent	(470,000)	-	(6,066,873)	-
Total other financing sources (uses)	14,919,841	4,258,521	6,362,589	41,921,776
Net change in fund balances	$ 3,684,002	$ 1,162,549	$ (555,521)	$ 6,481,425
Debt service as a percentage of noncapital expenditures	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 Ten 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
2012	20,831,232	26,653,421	3,329,606	1,172,953	51,987,212

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

	REAL		PERSONAL		UTILITIES	
Fiscal Year	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
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
2012	426,359,106	3,216,392,575	11,373,002	49,322,708	11,344,925	34,378,561

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

Total Assessed Value	Total Direct Tax Rate	Total Estimated Actual Value	Assessed Value as a Percentage of Actual Value
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%
449,077,033	42.156	3,300,093,844	13.61%

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fund Levies In Mills										
General Operating	0.666	2.070	2.510	3.077	2.730	2.976	2.787	2.721	2.692	2.445
Bond & Interest[1]	8.623	9.025	7.869	5.006	1.078	1.037	1.361	2.096	5.497	5.409
Employment Benefit Contribution	-	0.753	0.610	0.664	0.757	0.627	0.344	0.737	1.439	1.533
Fire Equipment Reserve	-	0.030	0.316	0.314	0.276	0.122	0.119	0.116	0.115	0.111
Fire Pension KP&F	0.027	0.233	0.141	0.318	0.259	0.211	0.193	0.347	0.172	0.167
General Improvement	-	-	-	-	-	-	-	-	-	-
Industrial Promotion	0.811	0.747	0.187	0.994	0.249	0.121	-	-	-	-
Library[2]	5.059	4.532	4.314	0.645	3.644	3.378	3.499	4.247	4.175	4.238
Library-Employee Benefit Contribution	0.741	0.552	0.559	0.641	0.645	0.723	0.878	0.932	0.916	0.891
Park Development	-	-	-	-	-	-	-	-	-	-
Riley County Health Department	0.719	0.636	0.613	0.575	0.521	0.487	0.519	0.531	0.612	-
Riley County Police Department	27.742	24.962	23.713	24.001	22.929	22.001	24.568	25.562	26.299	27.362
TOTAL: City Mill Rate	**44.388**	**43.540**	**40.832**	**36.235**	**33.088**	**31.683**	**34.268**	**37.289**	**41.917**	**42.156**

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

[1]In 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.

[2]In 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

Fiscal Year	Manhattan City	Riley County	Pottawatomie County	School Dist. 383
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
2012	42.156	34.782	25.986	51.637

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

		2012			2003		
Taxpayer	**Type of Business**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Assessed Valuation**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Assessed Valuation**
Manhattan Town Center Mall	Retail	$20,285,862	1	4.52%	$6,375,000	1	2.64%
Individual	Residential	9,886,700	3	2.20%	-		-
Westar Energy	Utility	7,536,720	2	1.68%	5,608,654	2	2.32%
Wal-Mart Stores Inc.	Retail	6,712,500	4	1.49%	-		-
Manhattan Marketplace	Shopping Center	5,758,931	5	1.28%	-		-
University Commons	Residential	5,334,482	6	1.19%	1,463,789	9	0.61%
Manhattan Medical Center	Medical Complex	4,551,765	7	1.01%	-		-
Westloop Center Association	Retail	4,081,126	8	0.91%	2,873,625	5	1.19%
Target Corporation	Retail	3,933,600	9	0.88%	-		-
S&B Motel	Motel	3,524,625	10	0.78%	-		-
Southwestern Bell	Utility	-		-	3,863,170	3	1.60%
Kansas Farm Bureau	Insurance	-		-	3,218,281	4	1.33%
Professional Center Medical Complex	Real Estate - Commercial	-		-	1,813,831	6	0.75%
Kansas Hotel Partners (Holidome)	Hotel	-		-	1,807,850	7	0.75%
Home Depot	Retail	-		-	1,592,375	8	0.66%
Western Wireless	Real Estate - Commercial	-		-	1,395,126	10	0.58%
Total		$71,606,311		15.94%	$30,011,701		12.43%

Source: Riley and Pottawatomie County Clerks' Offices

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percentage of Current Collections to Current Levy	Delinquent Property Taxes Collected	Total Tax Collections	Percentage of Total Collections to Current Levy
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%
2012	18,932,078	18,479,520	97.61%	284,710	18,764,230	99.11%

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. Delinquent taxes are reported in the year that they are collected. The City is working with both Counties to collect information that will allow for reporting by levy year for the 2013 CAFR.

Source: City of Manhattan Finance Department

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

	2004	2005	2006	2007
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
Accomodation 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	$ 723,115,700	$ 742,812,900	$ 815,927,040	$ 891,283,000
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

2008	2009	2010	2011	2012
$ 53,483,039	$ 46,844,368	$ 50,673,215	$ 49,737,744	$ 53,105,248
20,900,046	17,814,284	20,305,980	19,572,141	19,221,222
22,774,274	19,365,639	21,007,993	20,396,696	24,082,264
48,857,423	40,752,414	43,156,462	41,275,002	42,171,041
570,245,375	590,686,296	592,012,033	611,319,978	628,543,906
41,723,079	47,878,972	46,731,108	46,388,328	48,616,262
105,188,266	98,851,406	100,134,295	108,208,474	133,925,014
20,722,647	19,472,283	19,026,101	20,137,517	18,045,652
61,538,038	48,312,789	51,569,986	53,666,722	67,031,028
$ 945,432,187	$ 929,978,451	$ 944,617,173	$ 970,702,602	$ 1,034,741,637
1.00%	1.25% (1)	1.25% (1)	1.25% (1)	1.25%

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

Fiscal Year	Manhattan City		Riley County	Pottawatomie County		School Dist. 383	
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%		-	
2012	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 2012 and 2004

	2012				2004			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail	735	27.33%	$ 8,015,516	60.74%	620	31.06%	$ 4,490,795	62.10%
Accomodation and food services	182	6.77%	1,707,881	12.94%	109	5.46%	802,600	11.10%
Other	520	19.34%	854,814	6.48%	351	17.59%	414,414	5.73%
Utilities	30	1.12%	677,225	5.14%	10	0.50%	372,309	5.15%
Information	130	4.83%	619,980	4.70%	173	8.67%	334,819	4.63%
Wholesale	335	12.46%	537,787	4.08%	227	11.37%	323,085	4.47%
Manufacturing	213	7.93%	307,109	2.33%	136	6.81%	148,062	2.05%
Construction	342	12.72%	245,119	1.86%	168	8.42%	146,040	2.02%
Services	202	7.51%	230,127	1.74%	202	10.12%	199,033	2.75%
Total	2,689	100.01%	$ 13,195,558	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

	Governmental Activities						
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Special Obligation Bonds	Temporary Notes	Notes Payable	Sales Tax Revenue Bonds	Transportation Revolving Fund Loan
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
2012	45,350,577	60,124,423	65,800,000	36,120,000	120,000	5,845,000	3,355,796

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

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

	Business-type Activities					
Capital Leases	General Obligation Bonds	State Revolving Loans	Capital Leases	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
970,055	3,715,000	5,263,917	-	73,424,972	6.0%	1,568.81
844,843	2,685,000	5,559,373	-	68,194,216	5.2%	1,414.41
746,550	2,210,000	5,297,404	-	63,206,130	4.6%	1,277.87
672,175	2,925,000	5,027,531	-	89,356,808	5.7%	1,783.18
861,598	2,325,000	4,749,118	-	119,759,794	6.5%	2,318.19
1,231,605	2,405,000	5,248,561	-	137,032,074	6.6%	2,626.44
1,000,393	4,130,000	5,986,497	100,000	209,131,960	9.7%	3,958.13
687,229	5,485,000	16,308,285	75,188	227,403,808	9.9%	4,349.65
1,555,084	7,000,000	43,885,556	160,449	275,774,533	11.0%	5,137.57
1,799,176	6,090,000	50,637,614	109,157	275,351,743	8.0%	4,910.94

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

Fiscal Year	Governmental Activities General Obligation Bonds[1]	Business-Type Activities General Obligation Bonds	Less: Amounts Available in Debt Service Fund[2]	Total	Percentage of Estimated Actual Value[3] of Property	Per Capita[4]
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
2012	105,475,000	6,090,000	14,677,973	96,887,027	2.9%	1,728.00

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

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

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

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

[4]Population 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, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Overlapping debt			
Unified School Dist. #383	$ 109,847,195	76.40%	$ 83,923,257
Unified School Dist. #378	1,505,000	12.80%	192,640
Riley County	4,945,000	80.90%	4,000,505
Pottawatomie County	5,900,000	8.10%	477,900
Total overlapping debt			**88,594,302**
Direct debt			
Bonded debt:			
General obligation debt			45,350,577
Special assessment debt			60,124,423
Total general obligation bonded debt			105,475,000
Special obligation bonded debt			65,800,000
Sales tax revenue bonded debt			5,845,000
Temporary note debt			36,120,000
Notes payable			120,000
Transportation revolving fund loan			3,355,796
Capital leases			1,799,176
Total direct debt			218,514,972
Total Direct and Overlapping Debt			**$ 307,109,274**

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.

[1]The 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

	2003	2004	2005	2006
Debt limit[1]	$81,620,626	$90,897,770	$98,691,193	$106,939,202
Total net debt applicable to limit	42,023,981	37,224,713	33,733,161	47,015,307
Legal debt margin	$39,596,645	$53,673,057	$64,958,032	$59,923,895
Total net debt applicable to the limit as a percentage of debt limit	51.49%	40.95%	34.18%	43.96%

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

Fiscal Year 2007	2008	2009	2010	2011	2012
$121,577,656	$135,179,174	$140,952,445	$140,952,445	$142,176,832	$146,043,310
54,967,050	59,027,855	67,946,855	72,739,910	90,779,021	92,945,794
$66,610,606	$76,151,319	$73,005,590	$68,212,535	$51,397,811	$53,097,516
45.21%	43.67%	48.21%	51.61%	63.85%	63.64%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Valuation of Taxable Tangible Property		$ 449,077,033
Motor Vehicle Valuation		37,734,000
Total Valuation		486,811,033
Debt Limit Ratio		30%
December 31, 2012 Debt Limit		$146,043,310
Outstanding Debt Subject to Debt Limit	*	92,945,794
Debt Authority Remaining December 31, 2012		$ 53,097,516

12/31/12 G.O.Bonds Outstanding	$ 105,220,000	
Add: Amount for Refunded Bonds	3,918,552	
Less: Amount for Refunding, Water, Sewer and Storm water projects	44,562,758	64,575,794
12/31/12 Temporary Notes Outstanding	36,120,000	
Less: Amount for Water, Sewer & Storm water Projects	7,750,000	28,370,000
Total Outstanding Debt Subject to Debt Limit 12/31/12	*	$ 92,945,794

CITY OF MANHATTAN, KANSAS
Pledged Revenue Coverage

Fiscal Year	Special Assessment Collections	Principal	Interest	Coverage
2010	$6,045,853	$3,959,785	$2,157,724	0.99
2011	$6,634,031	$3,650,057	$2,200,261	1.13
2012	$6,908,756	$3,907,420	$2,264,366	1.12

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

Note: Detail regarding the City's oustanding 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

Fiscal Year	Population[1]	Public School Enrollment[2]	Personal Income	Per Capita Income	Average Wage per Job[3]	Unemployment Rate[4]
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	2,152,062,142	40,731	31,177	4.3%
2010	52,281	6,323	2,306,260,643	44,113	32,089	4.1%
2011	53,678	6,369	2,516,821,605	46,887	33,232	4.1%
2012	56,069	6,319	2,773,497,574	49,466	unavailable	4.5%

[1]U.S. Bureau of the Census estimates, except for 2010 and 2011 (actual)

[2]Kansas State Department of Education (organization level headcount)

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

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

CITY OF MANHATTAN, KANSAS
Personal Income
Last Ten Fiscal Years

Fiscal Year	Riley County Personal Income[1,2]	Riley County Population[3]	City of Manhattan Population	Population as a Percentage of Riley County Population	City of Manhattan Personal Income
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	2,905,836,000	71,341	52,836	74.06%	2,152,062,142
2010	3,136,916,000	71,115	52,281	73.52%	2,306,260,643
2011	3,422,850,000	72,997	53,678	73.53%	2,516,821,605
2012	3,734,847,258	75,508	56,069	74.26%	2,773,497,574

[1]U.S. Bureau of Economic Analysis

[2]2012 Riley County Personal Income is estimated based on prior year growth.

[3]U.S. Bureau of the Census estimates

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

	2012			2003		
Employer	**Employees**	**Rank**	**Percentage of Total Riley County Employment**	**Employees**	**Rank**	**Percentage of Total Riley County Employment**
Fort Riley Military Base (military)[1]	19,468	1	48.79%	11,616	1	37.08%
Fort Riley Military Base (civilian)[1]	7,470	2	18.72%	4,813	3	15.37%
Kansas State University	6,028	3	15.11%	5,529	2	17.65%
U.S.D. No. 383 - Manhattan Schools	1,350	4	3.38%	1,279	4	4.08%
Mercy Health Center	795	5	1.99%	755	5	2.41%
GTM Sportswear	693	6	1.74%	-		-
Wal-Mart	480	7	1.20%	350	8	1.12%
Meadowlark Hill Retirement Community	349	8	0.87%	-		-
City of Manhattan	320	9	0.80%	295	10	0.94%
Manko Windo Systems, Inc.	235	10	0.59%	-		-
Kansas Farm Bureau				445	6	1.42%
Western Wireless (Cellular One)				352	7	1.12%
McCall Pattern Co.				311	9	0.99%
Total	37,188		93.19%	25,745		82.18%

[1]Not 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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government										
Full-time	58	58	61	61	50	52	56	57	56	53
Part-time	3	4	3	3	4	4	4	4	5	4
Seasonal/temporary	14	14	15	13	13	13	13	15	16	15
Public safety										
Full-time	76	78	79	79	81	81	81	83	85	96
Part-time	1	2	2	2	2	3	3	3	3	3
Seasonal/temporary	9	9	9	9	10	10	11	11	11	6
Public works										
Full-time	40	39	40	40	44	46	47	47	49.5	55
Part-time	2	-	1	3	1	-	-	-	-	-
Seasonal/temporary	14	5	7	8	9	8	9	9	7	2
Urban development and housing										
Full-time	8	8	8	8	9	9	9	9	10	10
Part-time	1	1	-	-	-	-	-	-	-	-
Seasonal/temporary	1	1	1	1	1	1	2	4	3	3
Culture and recreation										
Full-time	55	52	52	56	66	72	74	75	76.5	88.5
Part-time	9	12	10	8	8	6	7	7	7	12
Seasonal/temporary	1407	1400	1383	1144	1146	912	818	849	871	893
Water										
Full-time	22	22	23	24	25	26	26	25	25.5	29.5
Part-time	-	-	1	-	-	-	-	-	1	1
Seasonal/temporary	1	3	1	1	1	3	3	7	3	5
Wastewater										
Full-time	25	24	24	22	24	24	24	24	25.5	26.5
Part-time	-	-	-	-	-	-	-	-	-	-
Seasonal/temporary	-	-	2	-	-	-	-	1	3	2
Storm Water Management										
Full-time	1	1	-	1	1	1	2	2	2	2
Totals										
Full-time	**285**	**282**	**287**	**291**	**300**	**311**	**319**	**322**	**330**	**361**
Part-time	**16**	**19**	**17**	**16**	**15**	**13**	**14**	**14**	**16**	**20**
Seasonal/temporary	**1446**	**1432**	**1418**	**1176**	**1180**	**947**	**856**	**896**	**914**	**926**

Source: City of Manhattan Finance Department

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Incident responses	1,099	1,318	2,142	2,333	2,554	2,511	2,514	2,334	2,345	2,672
Fire inspections	2,645	2,511	2,428	2,615	2,700	2,562	2,567	2,786	1,763	1,969
Construction inspections	4,735	5,146	5,448	8,914	7,361	5,885	6,476	7,094	7,108	6,129
Public works										
Road added (square yards)	21,628	27,009	54,664	160,855	105,009	72,804	26,769	35,267	21,948	52,354
Asphalt placed for street repairs (tons)	244	254	178	119	257	248	379	822	350	299
Call backs for signal problems	29	60	43	31	62	43	43	40	49	52
Urban development and housing										
Annexations	3	4	6	8	5	2	2	2	2	1
Rezonings	27	21	22	33	18	19	10	8	8	5
Culture and recreation										
Annual swimming pool attendance[1]	64,066	51,465	56,615	63,994	60,049	55,507	39,115	87,674	96,528	128,602
Annual zoo attendance	50,006	56,741	49,751	52,769	60,206	51,985	57,969	62,668	63,066	71,936
Annual registrations in recreation programs[2]	15,575	14,785	15,902	16,110	13,267	11,828	11,630	11,206	9,022	10,579
Water										
New taps	448	375	301	912	551	254	414	420	383	342
Total water metered in distribution system (MG)	2,300	2,217	2,359	2,450	3,176	2,286	2,391	2,448	2,597	2,800
Wastewater										
Total influent flow (MG)	1,766	1,781	1,741	1,659	1,824	1,859	1,780	1,779	1,734	1,695

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

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Fire stations	4	4	4	4	4	4	4	4	4	5
Public works										
Streets (miles)	174.5	176.7	183.7	190.6	194.9	196.03	201.53	204.09	206.27	218.79
Traffic signals	55	55	55	57	63	64	64	66	68	68
Culture and recreation										
Park acreage (developed)	536	536	536	550	555	555	561	561	580	580
Parks (developed)	16	16	16	16	16	16	17	17	25	25
Swimming pools	4	3	3	3	3	2	2	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (lineal feet)	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	1,447,307
Maximum daily capacity (millions of gallons)	20	20	20	20	20	20	20	20	20	20
Wastewater										
Sewer lines (lineal feet)	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	1,234,648
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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VARNEY
& ASSOCIATES, CPAs, LLC

August 14, 2013

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 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, 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 14, 2013. Our report includes a reference to other auditors who audited the financial statements of the Manhattan Housing Authority, one of the discretely presented component units, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

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

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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

Varney + Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

VARNEY
& ASSOCIATES, CPAs, LLC

August 14, 2013

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, 2012. 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.

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

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.
We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program
In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

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Other Matters
The City's basic financial statements include the operations of the Manhattan Housing Authority, which received and expended $1,619,891 in federal awards which are not included in the schedule of expenditures of federal awards during the year ended December 31, 2012. 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.

Report on 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 of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Varney & Associates, CPAs, LLC
Certified Public Accountants
Manhattan, Kansas

CITY OF MANHATTAN, KANSAS
Manhattan, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

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	14.218	$ 362,749
Passed through the Kansas Housing Resources Corp.		
HOME Investments Partnership Program	14.239	40,541
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.257	81,462
Emergency Shelter Grants Program	14.231	45,649
Total U.S. Department of Housing and Urban Development		$ 530,401
U.S. Department of the Interior		
Passed through the Kansas State Historical Society		
National Park Service Archeology Grant	15.904	$ 6,654
U.S. Department of Energy		
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	$ 23,214
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	75,884
Total U.S. Department of Energy		$ 99,098
Environmental Protection Agency:		
Passed through the Kansas Department of Health and Environment		
Capitalization Grants for Clean Water State Revolving Funds	66.458	$ 8,094,592
Capitalization Grants for Drinking Water State Revolving Funds	66.468	1,981,562
Total Environmental Protection Agency		$ 10,076,154
U.S. Department of Homeland Security		
Passed through the Kansas Adjutant General		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	$ 119,414
Passed through the Kansas Highway Patrol/North Central Regional Planning Commission		
Assistance to Firefighters Grant	97.044	5,196
Total U.S. Department of Homeland Security		$ 124,610
U.S. Department of Transportation		
Airport Improvement Program	20.106	$ 2,046,535
Payments for Small Community Air Service Development	20.930	264,656
Total U.S. Department of Transportation		$ 2,311,191
TOTAL		$ 13,148,108

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, 2012

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, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	___ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	X None reported
Noncompliance material to financial statements noted?	___ Yes	X No

Federal Awards

Internal controls over major programs:		
Material weaknesses identified?	___ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	X None reported
Type of auditor's report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	___ Yes	X No

Identification of major programs:

Name of Federal program	CFDA Number
Airport Improvement Program	20.106
Payments for Small Community Air Service Development	20.930
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	
Auditee qualified as a low-risk auditee?	X Yes	___ No

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, 2012

None.