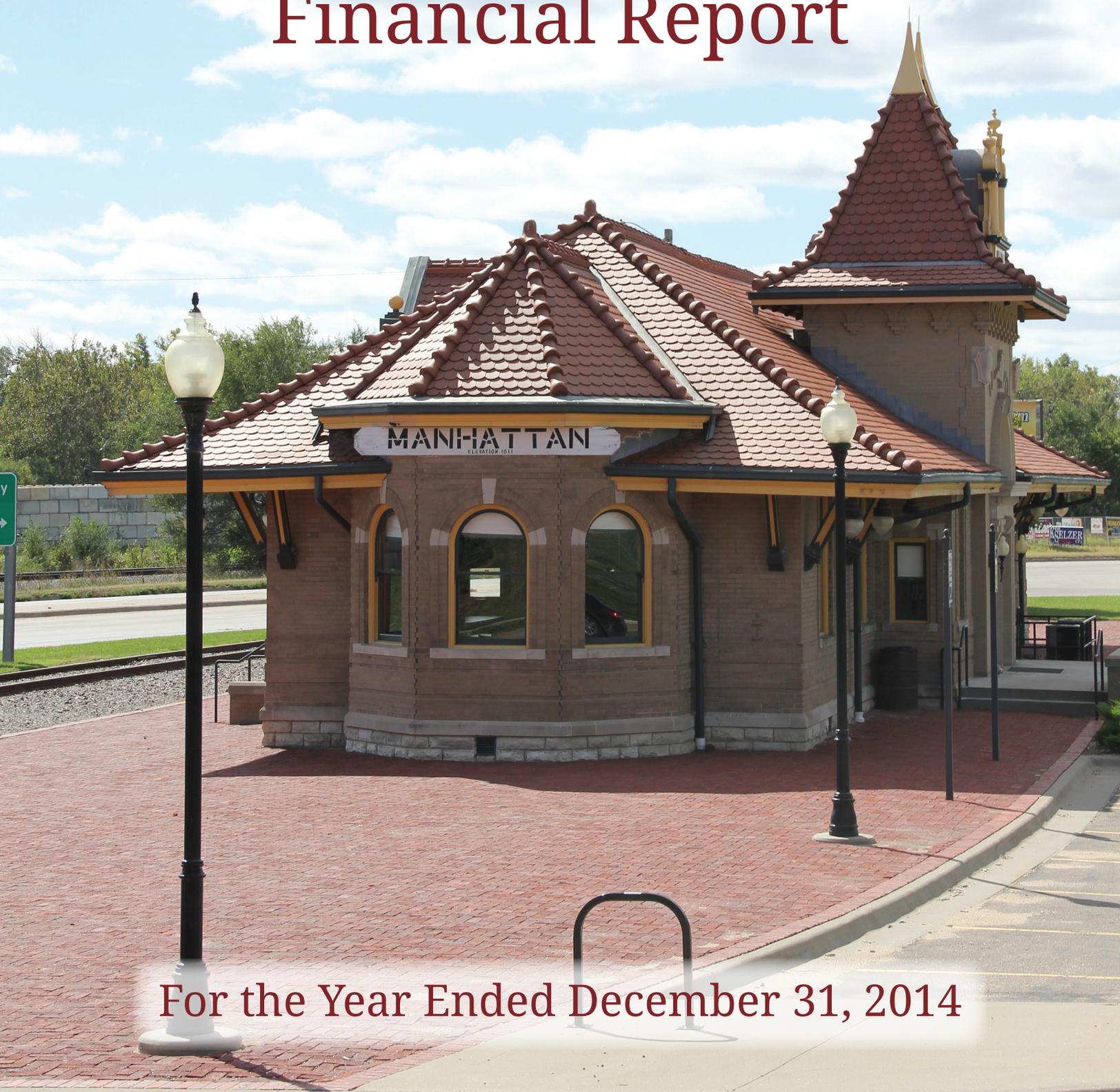




# Comprehensive Annual Financial Report



For the Year Ended December 31, 2014

# **CITY OF MANHATTAN, KANSAS**

## **Comprehensive Annual Financial Report**

**Year Ended  
December 31, 2014**

Prepared by:

Berberich Trahan & Co., P.A.  
Department of Finance

**CITY OF MANHATTAN, KANSAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2014**

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September 30, 2015

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

RE: 2014 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, 2014.

This report was prepared by the City's Finance Department and Berberich Trahan, LLC, an independent firm of licensed certified public accountants. 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, 2014, 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, 2014, 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 56,078 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 24,766 in the fall of 2014. 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 15 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 17,522 soldiers and 22,592 family members. In addition to the military personnel at Fort Riley, approximately 6,522 civilians work at the installation. Annually, Fort Riley provides training for approximately 14,000 Army National Guard and U.S. Army Reserve personnel.

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. 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. The Army has identified the fiscal need to cut 40,000 troops nationwide over a two-year period. In mid-2015, it was announced that Fort Riley would only be reduced by 615 troops meaning local areas that are heavily reliant on military spending will not be largely impacted.

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, 2014 (most recent federal fiscal year available):

Economic Impact of Fort Riley on the State of Kansas

Direct Economic Impact on Kansas	\$1,629,891,957
Payroll (Annually)	1,211,638,386
Supplies/Services/Contracts	215,621,553
Construction	78,363,327
Health Care	102,395,165
Education	21,873,526

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 795 persons. In 2015, Mercy Regional Health Center underwent a change in name and ownership and is now Via Christi Hospital. 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. There are currently over 90 medical doctors practicing in the City, and a surgical center has been constructed to provide surgical and post-surgical services to the region.

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 that include 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 (a LEED Gold Facility) 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, Via Christi Hospital, and GTM Sportswear.

In total, the civilian labor force of Riley County according to the Kansas Department of Labor, Labor Market Information Services, is 37,790 as of December of 2014. Of this number, 36,685 or 97.1%, 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 17,522 military and approximately 3,543 civilian employees.

Work Force - Riley County, Kansas as of December 31, 2014

Civilian Work Force	37,790
Unemployed	1,105
Employed	36,685
Estimated % Unemployed	2.9%

Major Employers in the Manhattan Area:

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Fort Riley Military Base	Military training	17,522
Kansas State University	Higher education	6,028
Fort Riley Military Base	Civilian employees	3,543
U.S.D. No. 383 - Manhattan Schools	Public Schools	1,350
GTM Sportswear	Retail & Manufacturing	900
Via Christi Hospital	Health Care	795
Florence Manufacturing	Commercial Mailbox Manufacturer	519
Wal-Mart	Discount department store	480
City of Manhattan	Government	374
Meadowlark Hills Retirement Community	Geriatric care	349

\*Wal-Mart Stores, Inc. includes full-time, part-time and/or temporary employees.

## 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 2013, 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. For the first three (3) reporting periods (2012, 2013, and 2014), CivicPlus has achieved greater than or equal to 100% compliance with the terms of their economic development agreement. CivicPlus 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 and started demolition work in May of 2013. Construction was completed in September 2014, and the building is now occupied. CivicPlus has 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 the City and Kansas State University (KSU) as the site of a state-of-the-art, high security laboratory facility to study foreign animal and zoonotic diseases that may impact livestock. There is currently no laboratory facility in the United States with the capabilities for BSL-4 research on large livestock. The facility design began in 2009 and site work began in 2010 with utility relocation. A Central Utility Plant (CUP) groundbreaking was held in May of 2013 for the NBAF. NBAF will replace the current facilities at the Plum Island Animal Disease Center (PIADC) in New York. Kansas' national leadership in animal health research and industry has made it the preferred location for the federal scientific laboratory that will accelerate animal disease research to protect the American food supply and agricultural economy. The total project estimate now exceeds \$1 billion. Related to this, in 2009, the United States Department of Agriculture (USDA) Arthropod-Borne Animal Diseases Research Unit was successfully recruited from Laramie, Wyoming. This team occupies renovated space in the current USDA research facility, and periodically leases space in KSU's state-of-the-art BSL 3-3Ag Biosecurity Research Institute. KSU recently demolished an old feed mill, which was located on the NBAF site, and constructed a new modern Feed Technology Innovation Center. As of June 2015, the CUP was approximately 95% complete, and construction has begun on the main lab with an estimated building completion date of 2020.
- 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. The company broke ground on a 17,000 square-foot expansion in 2012 and, in July 2013, the company exercised its option to purchase Lot 21A in the Corporate Technology Park to accommodate future expansions. The sale proceeds were returned to the City's Industrial Promotion Fund.
- 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.
- Via Christi Hospital (formerly 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. A change in ownership occurred in 2015, which resulted in a name change to Via Christi Hospital. Since then, Via Christi has been in the process of expanding Emergency Room services, as well as constructing a medical office building to the north of the existing hospital.
- 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.

- Tallgrass Brewing Company. Tallgrass is a regional craft beer brewery with distribution to 14 states. Tallgrass received a \$250,000 forgivable loan and \$180,000 performance grant in April 2014 to assist in acquisition and equipping a new facility at the Manhattan Tech Park. Tallgrass also recently finished construction on the Tallgrass Taphouse restaurant in downtown Manhattan, which opened in June 2015.
- Kansas State University. Major improvements have been completed since 2012, and construction is ongoing at the athletic complexes. A new \$90 million West Stadium Center for KSU 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. Demolition and construction of the Vanier Football Complex began in late fall 2014. An expansion to the College of Engineering is underway, as well as a new building for the College of Business Administration, renovations to Memorial Stadium, and a new \$56 million chilled water plant expansion.
- Manhattan has experienced steady growth during the past few years although growth has moderated somewhat with the recent economic downturn. In 2014, the value of the property tax base grew about 3.2%. Total sales tax revenues in 2014 were \$26,895,621, which represents an 8.01% increase from 2013. The population has grown 9.3% 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 2014 estimated population for Manhattan is 56,078 persons.

#### Current Major Initiatives/Planned Activities

In 2015, 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 public park with a fountain, river, splash component synchronized with music and light shows as well as a central shade gathering area. Two additional hotels and a mixed use building bordering the periphery have been approved, with a Candlewood Suites hotel opening in March 2013, and a Holiday Inn Express opening in May of 2015. A four-story residential structure with 32 living was completed in December of 2014. Total private investment by HCW, Nobel Inc., Riffel Asset Management, 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. Additional STAR bonds totaling approximately \$50 million will be issued for the construction of the Discovery Center, land acquisition, and infrastructure costs.

The renovation and upgrading of the Downtown Core area alley ways and Poyntz Avenue Improvements was completed in spring of 2014, and features pedestrian safety enhancements, new trees, landscaping, curbs and sidewalks, refurbish lighting, and a new traffic signal at 4th and Poyntz along with other improvements.

- 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 as it responds to the growth occurring throughout this region of Kansas. A 42,000 square-foot expansion of the passenger terminal began in November 2013 and will be completed in two phases. Phase I is substantially complete as of summer 2015. Phase II has been funded by the FAA and is expected to start as soon as Phase I is completed. Phase II is anticipated to be complete in April 2016. Coinciding with the end of Phase II will be the start of a parking lot expansion. Improvements will create a segment of the new loop road, align parking stalls consistent with the new terminal, and add access control and revenue collection equipment. Construction of the parking lot expansion is expected to be completed in November 2016. To accommodate the parking lot expansion a new military entry road will be designed and built West of the airport terminal entrance to provide access for Fort Riley equipment to the military aircraft apron. Design of this road will be completed March 2015 with construction beginning in the summer and completed in December 2015. Installation of security and wildlife fence around the airport perimeter began in October 2013 and was completed in May 2014.

The Airport is also beginning the design process to upgrade its General Aviation (GA) area, which will include a new \$1 million 5,000 square-foot Fixed Base Operator (FBO) Facility to be lease financed by Kansas Air Center the Airport's Fixed Base Operator and infrastructure (water, sewer, stormwater, parking, access road) improvements to support it. Design will be completed by Summer of 2015 with

construction expected to begin immediately afterwards. In support of the GA improvements, the City and Riley County will make improvements to Airport Road, improving its design by improving drainage and adding a below grade storm sewer system.

- Community Development. In 2014, the Community Development Department administered grants totaling approximately \$768,344 for projects to improve the Senior Center, renovate and improve park facilities, rehabilitate single-family homes for LMI households and address modification to neighborhood intersections. The Community Development Department also administered grant funds for programs that addressed homelessness issues, provided financial counseling to LMI households and aided children. The Department continued work on an update of the City's Comprehensive Plan that will also include segments of Western Pottawatomie County and Riley County. Other efforts included several floodplain related projects, including public education on the new FEMA Floodplain maps, new insurance requirements for properties affected by the floodplain; adoption of the Wildcat Creek Floodplain Management Plan and meetings to develop a Blue River Floodplain Management Plan. The Department also completed a total revision of the City's sign regulations, which was adopted by the City Commission in December 2014.
- Public Works. Some of the more significant infrastructure improvements completed in the City over the past year are the following projects:
  - Construction of a bridge on Casement Road over the Marlatt Water Way, which is a major improvement to a very old structure that needed to be replaced. The project lowered the 100-year flood elevation along Marlatt Water Way to the west.
  - Roadway improvements for Casement Road from Marlatt Avenue south to Northfield Road, which included widening the existing rural two lane section of road to a three lane urban roadway segment with a sidewalk on the west side of the road to serve the neighborhood.
- Residential. In 2014, the City experienced a growth in the number of new subdivisions with the outlook for 2015 to continue with a similar pace to keep up with demand for new homes in the community. Some of the subdivisions completed in 2014 were the following: Congressional Addition, K-State Research Park Unit 1, Phase II, Western Hills Unit 14 Phase 2, Lee Mill Heights Unit 7, Grand Bluffs @ Mill Pointe Addition, Grand Vista Unit III, Highland Meadows Unit 7, Birchwood Villas and Lee Mill Heights Unit 8.
- Utilities. Due to existing and expected growth in the City, and to achieve full compliance with State and Federal environmental regulations, the Water and Wastewater Treatment Plants began major expansions in 2010 at costs of \$16.59 million and \$23.67 million, respectively. The expansion of the Water Treatment Plant was completed in December 2012, increasing the plant capacity from 20 to 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, Biological Nutrient Removal (BNR) has been added to the treatment process. 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.

In 2014, the City began projects to provide improvements to various portions of the City's Water Distribution and Sewer Collection Systems.

In order to replace undersized and deteriorated water mains in the College View and Westwood neighborhoods, as well as other locations, the City began a water systems improvement project at a cost estimated at nearly \$2 million. Design and construction also began on a \$5.7 million project that is being funded by both the City and the Pottawatomie County RWD No.1 to install a new transmission main, booster pump station and water tower that will supply water to the Blue Township area. Design commenced on a \$3.8 million project to construct a high-pressure transmission main to supply adequate amounts of domestic water and fire protection to K-18/Eureka Valley Corridor, which includes the Manhattan Regional Airport, TecPark, and all future development throughout the corridor. Finally, construction began on the Water Meter Replacement and Automation project, a \$3 million project to replace over 8,000 water meters and meter reading infrastructure that will replace older meters and complete the full automation of the meter reading system. This project is being funded with a KDHE Kansas Public Water Supply Loan that has 40 percent principal forgiveness.

The Wastewater Department neared completion of construction of the Wildcat Creek Lift Station, Phase II Improvements in 2014, which had an estimated cost of \$860,000. This project increased the pumping capacity of the City's biggest lift station, which serves roughly a third of the City's area. Approximately \$900,000 of improvements were made to the sewer collection system, including a large replacement project in the Wildcat Ridge neighborhood, as well as sewer lining and manhole rehabilitation projects city-wide.

- Parks and Recreation. In 2009, City voters approved an increase in the City's sales tax rate from 1.00% to 1.25%. The additional 0.25% is dedicated to the payment of debt service on debt issued to finance the construction the new City Park Aquatic Center, renovations and improvements to the CiCo Park and Northview Park pools, and construction of a new Nature Education Center at 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 has also completed the FCC requirements of narrow banding on all City radio frequencies and hardware. The Fire Department upgrading all the self-contained

breathing apparatus (SCBA) to the 2012 National Fire Protection Association (NFPA) standard in 2014. The City has adopted the 2012 International Fire Code along with the 2012 International Building Code. In 2015, the Fire Department is lease-purchasing a new Pierce PUC fire apparatus that will be delivered in October of 2015.

### **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, 2013. This was the 17th 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 2015. 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 Berberich Trahan & Co., P.A. and 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 2014 financial records.

Respectfully submitted,



Ron R. Fehr  
City Manager



Bernie Hayen  
Director of Finance



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

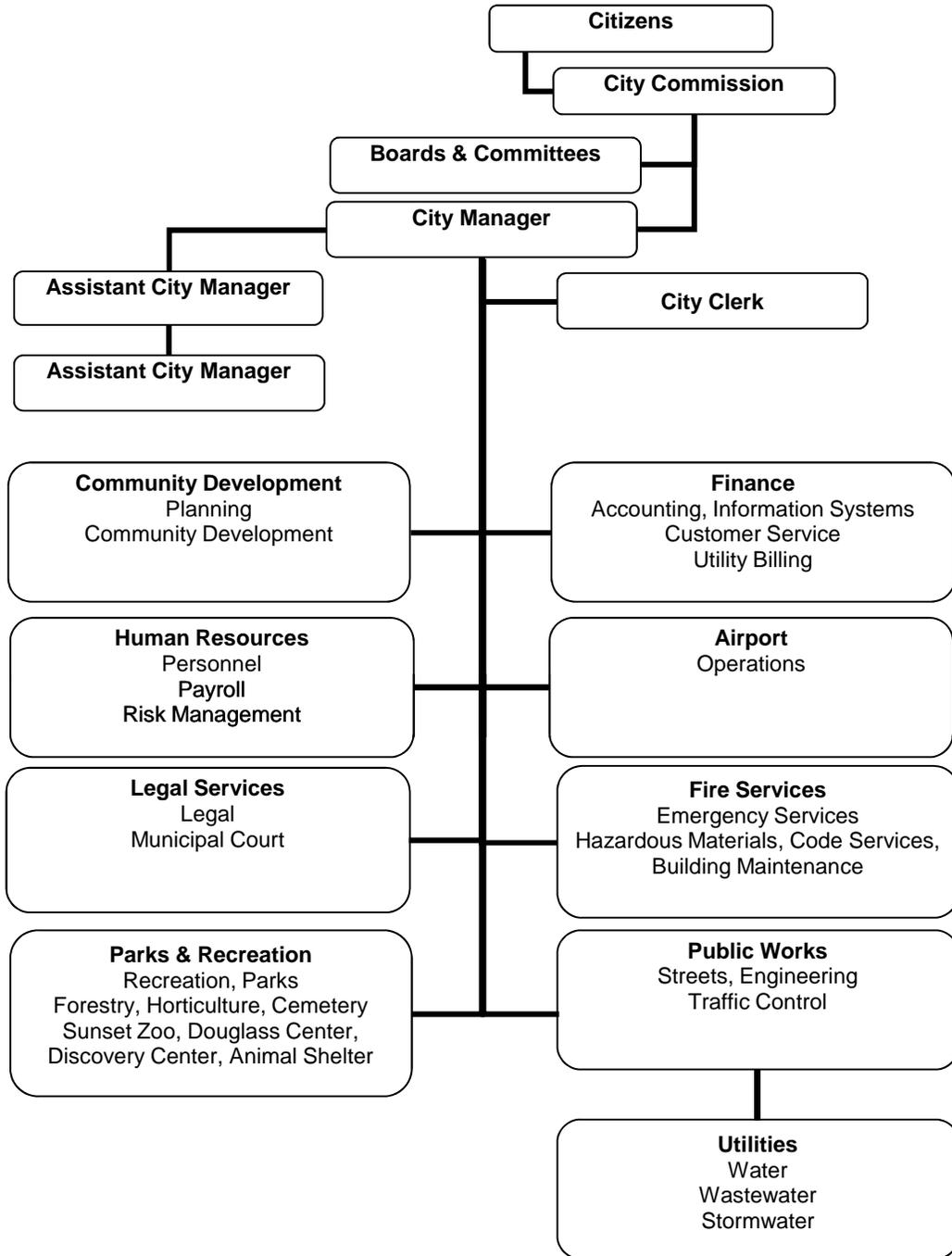
**City of Manhattan  
Kansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO

# 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	Karen McCulloh
City Commissioner, Mayor Pro-tem	Usha Reddi
City Commissioner	Linda Morse
City Commissioner	Michael Dodson
City Commissioner	Wynn Butler

### APPOINTED OFFICIALS

City Manager	Ron Fehr
Deputy City Manager	Jason Hilgers
Assistant City Manager	Kiel Mangus
Airport Director	Jesse Romo
Director of Community Development	Karen Davis
Director of Parks and Recreation	Edward Eastes
City Clerk	Gary Fees
City Attorney	Katherine Jackson
Director of Human Resources/Personnel	Cathy Harmes
Director of Fire Services	Scott French
Director of Public Works/Utilities	Rob K. Ott
Director of Finance	Bernie Hayen

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September 23, 2015

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, each discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manhattan, Kansas as of and for the year ended December 31, 2014, 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 and Accounting 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, as well as evaluating the overall presentation of the financial statements.

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

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manhattan, Kansas, as of December 31, 2014, 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.

**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. With respect to management's discussion and analysis, 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. With respect to the budgetary comparison information, it is our opinion that this information is fairly stated in all material respects in relation to the financial statements as a whole.

*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.

September 23, 2015  
City of Manhattan, Kansas  
Page three

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated September 23, 2015, 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.

*Vanney & 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, 2014. 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 2014 by \$221,714,869. Of this amount, \$20,857,350 may be used to meet the City's ongoing obligations that would be due within one year.
- The City's total net position increased by \$19,138,235 over the course of this year's operations. The net position of our governmental activities increased by \$9,954,903 (9 percent) and the net position of our business-type activities increased by \$9,183,332 (10 percent).
- As of the end of 2014, the City of Manhattan's governmental funds reported combined ending fund balances of \$48,592,427, an increase of \$3,174,183 in comparison with the prior year. Approximately 20 percent of this total amount, \$9,980,247 is assigned for purchases on order and subsequent year budget appropriations while less than 1 percent, \$340,808 is considered unassigned and available for spending at the City's discretion.
- At the end of 2014, the assigned fund balance for the general fund was \$2,023,100, or 8 percent of total general fund expenditures. The unassigned fund balance for the general fund was \$573,403, or 2 percent of total general fund expenditures.
- The City's total debt increased by \$4,916,948 during 2014. General obligation bonds outstanding increased by \$14,915,000 in 2014. General obligation bonds in the amount of \$25,935,000 were issued in 2014, while \$11,020,000 was retired. Several special assessment projects that were in progress at the end of 2013 were completed and bonded in 2014. In addition, several city-at-large capital projects such as the Flint Hills Discovery Center Exhibit, Downtown Conference Center, and the Parking Garage. There was a decrease of \$5,000,000 in temporary notes outstanding at the end of 2014 as compared to 2013. This decrease was due to the bonding of several downtown redevelopment projects that took place in 2014.

### 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 for which the City is financially accountable. Financial information for this component unit 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.

**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 54 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 50 governmental funds are combined into a single aggregated

presentation. Individual fund data for each of these non-major 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 non-major 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 \$222,000,011 at the close of 2014.

A large portion of the City of Manhattan's net position (53 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	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 159,904,013	\$ 164,001,748	\$ 8,578,030	\$ 5,265,155	\$ 168,482,043	\$ 169,266,903
Capital assets	205,509,121	195,558,567	158,726,753	150,407,772	364,235,874	345,966,339
<b>Total assets</b>	<b>365,413,134</b>	<b>359,560,315</b>	<b>167,304,783</b>	<b>155,672,927</b>	<b>532,717,917</b>	<b>515,233,242</b>
Long-term liabilities outstanding	214,906,312	211,729,109	64,027,934	62,027,998	278,934,246	273,757,107
Other liabilities	8,198,400	37,489,411	1,858,678	1,410,090	10,057,078	38,899,501
<b>Total liabilities</b>	<b>223,104,712</b>	<b>249,218,520</b>	<b>65,886,612</b>	<b>63,438,088</b>	<b>288,991,324</b>	<b>312,656,608</b>
Net investment in capital assets	22,478,602	17,482,048	95,208,986	88,798,571	117,687,588	106,280,619
Restricted	87,708,105	81,794,527	-	-	87,708,105	81,794,527
Unrestricted	10,109,991	11,065,220	6,209,185	3,436,268	16,319,176	14,501,488
<b>Total net position</b>	<b>\$ 120,296,698</b>	<b>\$ 110,341,795</b>	<b>\$ 101,418,171</b>	<b>\$ 92,234,839</b>	<b>\$ 221,714,869</b>	<b>\$ 202,576,634</b>

An additional portion of the City's net position (39.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$16,319,176 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2014, the City is able to report positive balances in all three categories of net position for the government as a whole. Investments in capital assets net position for all categories increased by 11 percent since the end of 2013. In 2014, the City's net position, for governmental and business activities, increased by \$19,138,235.

**Governmental activities.** Governmental activities increased the City's net position by \$9,954,903. Key elements of this increase are as follows:

**CITY OF MANHATTAN'S CHANGES IN NET POSITION**

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 6,121,241	\$ 5,613,404	\$ 21,490,369	\$ 18,838,946	\$ 27,611,610	\$ 24,452,350
Operating grants and contributions	3,926,624	4,066,771	-	-	3,926,624	4,066,771
Capital grants and contributions	18,102,297	2,186,597	-	-	18,102,297	2,186,597
General revenues:						
Property taxes	23,884,803	22,828,418	-	-	23,884,803	22,828,418
Other taxes	32,078,322	29,715,319	-	-	32,078,322	29,715,319
Other	1,591,709	3,680,748	407,966	511,728	1,999,675	4,192,476
<b>Total revenues</b>	<b>85,704,996</b>	<b>68,091,257</b>	<b>21,898,335</b>	<b>19,350,674</b>	<b>107,603,331</b>	<b>87,441,931</b>
Expenses:						
General government	11,866,408	12,184,815	-	-	11,866,408	12,184,815
Public safety	21,922,853	21,870,430	-	-	21,922,853	21,870,430
Public works	10,827,570	9,855,929	-	-	10,827,570	9,855,929
Urban development and housing	4,862,288	4,246,269	-	-	4,862,288	4,246,269
Culture and recreation	9,296,881	8,898,223	-	-	9,296,881	8,898,223
Culture and recreation (payments to Library)	2,748,299	2,710,583	-	-	2,748,299	2,710,583
Interest on long-term debt	7,112,471	7,368,568	-	-	7,112,471	7,368,568
Water	-	-	9,025,858	7,486,394	9,025,858	7,486,394
Wastewater	-	-	9,191,695	7,783,979	9,191,695	7,783,979
Storm water management	-	-	1,610,773	1,001,630	1,610,773	1,001,630
<b>Total expenses</b>	<b>68,636,770</b>	<b>67,134,817</b>	<b>19,828,326</b>	<b>16,272,003</b>	<b>88,465,096</b>	<b>83,406,820</b>
Increase in net position before transfers	17,068,226	956,440	2,070,009	3,078,671	19,107,105	4,035,111
Transfers	(7,113,323)	856,597	7,113,323	(856,597)	-	-
Increase in net position	9,954,903	1,813,037	9,183,332	2,222,074	19,138,235	4,035,111
Net position - 01/01	\$ 110,341,795	\$ 113,781,974	\$ 92,234,839	\$ 90,012,765	\$ 202,576,634	\$ 203,794,739
Net position - 12/31, as previously stated	\$ 120,296,698	\$ 115,595,011	\$ 101,418,171	\$ 92,234,839	\$ 221,714,869	\$ 207,829,850
Prior period adjustment	-	(5,253,216)	-	-	\$ -	\$ (5,253,216)
<b>Net position - 12/31, as restated</b>	<b>\$ 120,296,698</b>	<b>\$ 110,341,795</b>	<b>\$ 101,418,171</b>	<b>\$ 92,234,839</b>	<b>\$ 221,714,869</b>	<b>\$ 202,576,634</b>

Capital grants for governmental activities increased by \$15,915,700 from 2013 to 2014. Some of this increase is due to grant revenues received from the Federal Aviation in 2014 as compared to 2013 for improvements to the terminal building expansion project.

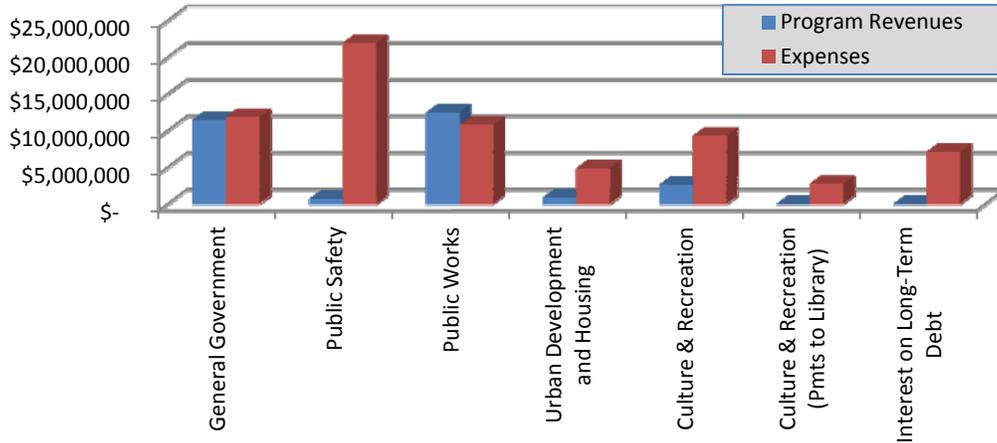
- Operating grants and contributions decreased by \$140,147 from 2013 to 2014. This decrease can be attributed to operating grants and contributions for urban housing and development. The remaining increase reflects the normal fluctuation in several of the City's grant funds.
- Charges for services for governmental activities increased by \$507,837 from 2013 to 2014. The majority of this increase was from culture and recreation services, which increased by \$333,558 from 2013 to 2014.
- Property taxes increased by \$1,056,385 from 2013 to 2014. The increase in taxes levied in 2014 is lower than the increase of \$1,997,186 between 2012 and 2013. Other taxes increased by \$2,363,003 during 2014.
- Other general revenues decreased by \$2,089,039 from 2013 to 2014. This decrease is due to classification of revenues from the 2013 to the 2014 financial statements.

Total expenses increased by \$1,501,953 from 2013 to 2014. In 2014, expenses for general government and interest on long-term debt decreased by \$574,504. The general government

function decreased expenses by \$318,407 (-2.6 percent) from 2013 to 2014. Other significant increases include escalating health insurance premiums and payroll tax expenses. Expenditures related to urban housing and development, as well as the culture and recreation function increased by \$1,052,393 (20.38 percent) from 2013 to 2014. The public works function increased by \$971,641 (10 percent) from 2013 to 2014.

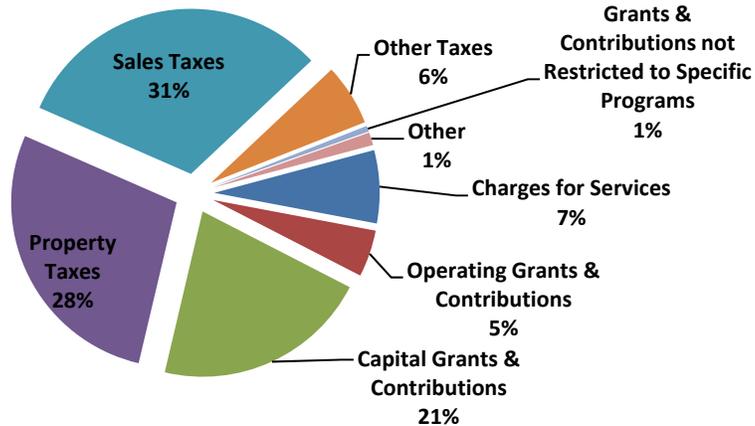
The following chart compares expenses with program revenues for the various governmental activities of the City.

**Expenses and Program Revenues - Governmental Activities**



The following graph shows the composition of 2014 revenues for the governmental activities.

**Revenues by Source - Governmental Activities**

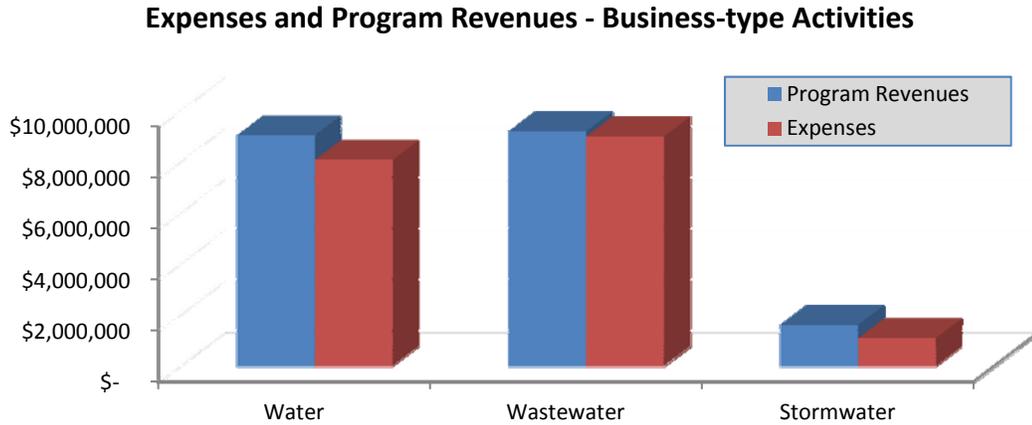


**Business-type activities.** Business-type activities increased the City’s net position by \$9,183,332 in 2014. This is \$6,961,258 more than the increase for 2013. This increase is due to the additional infrastructure assets in the Water, Wastewater and Stormwater Funds. Revenue received from service charges in 2014 totaled \$21,490,369 compared to \$18,838,946 in 2013. This is an increase of \$2,651,423 (14 percent) from 2013 to 2014.

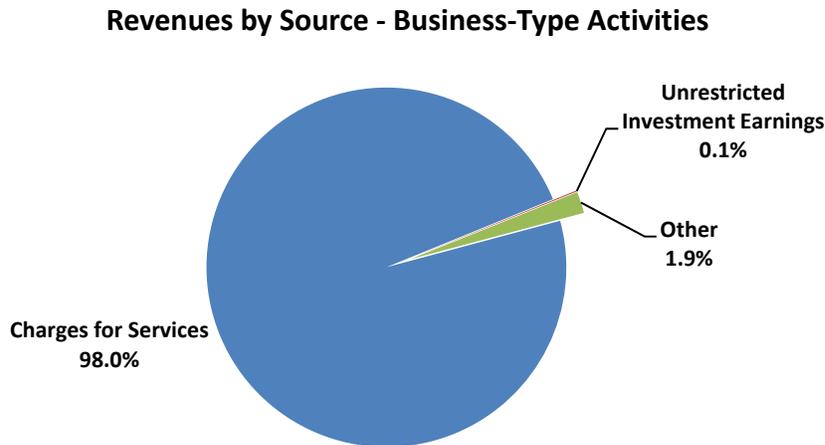
A rate increase of 3 percent went into effect January 1, 2014 for wastewater and storm water. Rate increases of four percent also went into effect January 1, 2014, for the water fund. Capital contributions received in 2014 totaled \$9,895,425, while these contributions totaled \$1,916,917 in

2013. The vast majority of these contributions resulted from capital assets that were acquired by the enterprise funds through contributions from the governmental funds. Total expenses increased \$3,556,323 (22 percent) from 2013 to 2014.

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



The following graph shows the composition of 2014 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.

At the end of 2014, the City of Manhattan's governmental funds reported combined ending fund balances of \$48,592,427 an increase of \$3,174,183 in comparison with the prior year. Less than 1 percent of this total amount (\$340,808) 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 non-spendable to indicate that it is not available for new spending. The assigned fund balance is 21 percent (\$9,980,247) of the total and is dedicated to 1) liquidate contracts and purchase orders for the year (\$127,033) and 2) to appropriate funds for the subsequent year's budget allocation (\$9,853,214). The committed fund balance is approximately 0.2 percent (\$100,226) of the total and is legally constrained by the governing body for City-University projects. The restricted fund balance is 77 percent (\$37,701,911) 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 non-spendable fund balance is less than 1 percent (\$469,235) 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 2014, unassigned fund balance of the general fund was \$573,403 while total fund balance was \$4,293,163. 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 10.04 percent of total general fund expenditures, while total fund balance represents 17 percent of the same expenditure amount.

In 2014, City's general fund balance increased by \$280,539. A decrease of \$471,471 was shown in 2013. Key elements of this are as follows:

- Taxes increased \$1,354,008 in 2014. Sales tax revenues increased by \$376,090 from 2013 to 2014. Franchise taxes increased by \$274,712 from 2013 to 2014. This increase can be attributed to a myriad of factors including an increase in consumption and an increase in rates. Property taxes increased by \$648,876 from 2013 to 2014.
- Licenses and permits decreased by \$66,938 in 2014. Over 55% of this decrease was due to building permit fees.
- Intergovernmental revenues increased by approximately \$60,602 from 2013 to 2014. Over 85% of this increase was due to taxes received from liquor sales, which is distributed by the State of Kansas.
- Charges for services increased by \$490,078 from 2013 to 2014. This increase was primarily due to the reclassification of revenue for the rent paid by the Manhattan Town Center and tenants at the Manhattan Regional Airport. In prior years this revenue source was classified as investment income.
- Fine and forfeitures increased by \$54,060 in 2014. The municipal court revenues were the primary reason for the increase.
- Investment income decreased by \$335,421 from 2013 to 2014. This decrease was primarily due to the reclassification of revenue for the rent paid by the Manhattan Town Center and tenants as the Manhattan Regional Airport. In 2013, the revenue was classified as investment income and in 2014 classified as charges for services.
- Miscellaneous revenues decreased by \$97,958 from 2013 to 2014. The decrease is attributed to a decrease of several line items.

- Expenditures increased by \$1,289,876 in 2014. Some functions showed increases in expenditures, while others showed decreases. General government expenditures increased by \$541,775. This increase can be attributed to increases in health insurance premiums (32% of increase). Public safety expenditures decreased by \$26,997. Urban development and housing expenditures decreased by \$35,264. Public works expenditures increased by \$72,812. Culture and recreation expenditures increased nearly \$335,211.
- Transfers in increased \$581,200 from 2013 to 2014. This increase is primarily attributed to payment in lieu of taxes, administration fees, and franchise fees paid by the utility funds, to inter-fund transfers.

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 \$262,584, of which all is restricted for the subsequent year's budget appropriations.

The debt service fund has a total fund balance of \$14,153,611. The net decrease in fund balance during the current year was \$733,830. Debt service expenditures outpaced revenues by \$2,551,907. However, this deficit was offset by transfers in from other funds. The deficit of revenues over debt service expenditures in 2014 was \$909,415 higher than in 2013.

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 \$9,935,409 all of which all is restricted. This fund balance increased by \$7,691,880 during the current year. The temporary notes payable liability decreased by \$7,325,000 from 2013 to 2014. 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 2014 amounted to \$3,591,175; the wastewater fund amounted to (\$152,692) and the storm water management fund amounted to (\$2,465,318). The total growth in net position for each fund was \$2,234,428, \$2,566,857, and \$4,382,047, 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 by the Water, Wastewater, and Stormwater Funds were \$2,394,754, \$3,587,365 and \$3,913,306, respectively, as compared to \$682,729, \$872,171 and \$362,017 in 2013. The overall increase from 2013 to 2014 was \$7,978,508.

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 2014 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 \$739,219. The majority of this increase stemmed from increased property taxes over 2013. Charges for services also exceeded the budgeted amount by \$194,440. Fines and forfeitures decreased by \$56,433 due to Municipal Court collections. Total expenditures were less than budgetary estimates by \$1,695,587 (6 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, 2014, amounts to \$364,235,874 (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 5 percent.

Major capital asset events during 2014 included the following:

- A children’s library expansion project at the Manhattan Public Library was completed in 2014 with an additional \$1.5 million in capital assets for the construction of the addition.
- Construction of the expansion to the Airport Terminal Phase I of the project started in 2013, and neared completion in 2014. Phase I of the project had additions of \$7.6 million in construction progress.
- Improvements to Bluemont Avenue were completed in 2014. Completed construction added approximately \$900,000 in assets.
- Construction of signalization through the Kimball Avenue and K-113 intersection started in 2014, and added \$525,000 in assets to the City.
- Improvements to Casement Road, which included improvements to a three lane concrete roadway section with curb and gutter, were completed in 2014. Capital assets totaled over \$1.1 million.

#### CITY OF MANHATTAN'S CAPITAL ASSETS

(Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 20,703,354	\$ 20,681,023	\$ 499,272	\$ 499,272	\$ 21,202,626	\$ 21,180,295
Buildings and improvements	77,720,357	77,686,797	50,868,616	52,170,573	128,588,973	129,857,370
Contents and equipment	2,336,540	2,309,345	1,979,290	1,855,557	4,315,830	4,164,902
Vehicles	1,552,510	1,659,043	789,849	366,024	2,342,359	2,025,067
Infrastructure	79,227,823	78,238,406	94,824,218	81,113,737	174,052,041	159,352,143
Construction in progress	23,968,537	14,983,953	9,765,508	14,402,609	33,734,045	29,386,562
<b>Total</b>	<b>\$ 205,509,121</b>	<b>\$ 195,558,567</b>	<b>\$ 158,726,753</b>	<b>\$ 150,407,772</b>	<b>\$ 364,235,874</b>	<b>\$ 345,966,339</b>

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 2014, the City had total bonded debt outstanding of \$184,190,000. Of this amount, \$64,515,206 comprises debt backed by the full faith and credit of the City and \$56,999,794 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).

<b>CITY OF MANHATTAN'S OUTSTANDING DEBT</b>						
<b>General Obligation and Special Obligation Bonds</b>						
	<b>Governmental activities</b>		<b>Business-type activities</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
General obligation bonds	\$ 56,220,206	\$ 43,476,781	\$ 8,295,000	\$ 6,345,000	\$ 64,515,206	\$ 49,821,781
General obligation bonds (special assessment debt with governmental commitment)	56,999,794	56,778,219	-	-	56,999,794	56,778,219
Sales tax revenue bonds	5,490,000	5,665,000	-	-	5,490,000	5,665,000
Special obligation bonds	57,185,000	61,890,000	-	-	57,185,000	61,890,000
<b>Total</b>	<b>\$175,895,000</b>	<b>\$167,810,000</b>	<b>\$8,295,000</b>	<b>\$6,345,000</b>	<b>\$184,190,000</b>	<b>\$174,155,000</b>

The City’s total outstanding debt increased by \$10,035,000 during 2014. General obligation bonds outstanding increased by \$14,915,000 in 2014. Bonds in the amount of \$23,935,000 were issued in 2014, while \$11,020,000 was retired. Several special assessment projects that were in progress at the end of 2013 were completed and bonded in 2014. In addition, several city-at-large capital projects such as the Flint Hills Discovery Center Exhibit, Downtown Conference Center, and the Parking Garage. There was a decrease of \$5,000,000 in temporary notes outstanding at the end of 2014 as compared to 2013. This decrease was due to the bonding of several downtown redevelopment projects that took place in 2014.

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 \$157,111,561, 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 84-98 of this report.

**Economic Factors and Next Year’s Budget and Rates**

- The unemployment rate for the City of Manhattan at the end of 2014 was 3.4 percent. This rate has decreased by 0.8 percent over 2013 and still is very favorable compared to the state’s average unemployment rate of 4.5 percent and the national average rate of 5.5 percent.
- Inflationary trends in the region compare favorably to national indices.

**Highlights of the City's 2015 budget are as follows:**

- The mill levy rate increased by 0.539, with a total mill levy rate of 43.963 for 2015. This rate compares favorably to mill levy rates over the last 20 years.
- Capital improvements anticipated for 2015 and beyond are incorporated into the proposed 2015-2020 Capital Improvements Program. The plan totals \$177,148,102 and includes the following for 2015:
  - ✓North Manhattan Avenue Expansion from Kimball to Research Park Drive
  - ✓Douglass Neighborhood Recreation Center Improvements
  - ✓Soccer Field Artificial Turf for Anneberg Park
  - ✓Improvements to the Utility Maintenance Facility
  - ✓Safety Improvements on Denison Avenue between Claflin Road & College Heights Road
  - ✓Poyntz Pump Station RCB Extension
  - ✓Study of the City's Levee
  - ✓Eureka Valley Transmission Main from Miller Ranch Tower - Flint Hills Technology Park

**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, 2014

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 40,513,254	\$ 11,734,808	\$ 52,248,062
Cash with refunding escrow agent	3,897,746	-	3,897,746
Cash with special obligation bonds trustee	2,715,236	-	2,715,236
Investment in joint venture	300,739	-	300,739
Receivables:			
Accounts (net of allowance for uncollectibles)	922,568	2,380,805	3,303,373
Intergovernmental	1,391,772	-	1,391,772
Franchise tax	462,220	-	462,220
Sales tax	3,870,140	-	3,870,140
Transient guest tax	409,691	-	409,691
Property tax	22,011,724	-	22,011,724
Economic development loans	31,130	-	31,130
Other loans	38,572	-	38,572
Notes:			
Current	100,000	-	100,000
Noncurrent	4,600,000	-	4,600,000
Inventories	21,282	50,222	71,504
Prepaid expenses	-	-	-
Interfund Receivable (Payable)	5,827,483	(5,827,483)	-
Restricted assets:			
Cash and investments			
Construction accounts	-	239,678	239,678
Special assessments:			
Current	6,377,571	-	6,377,571
Noncurrent	66,412,885	-	66,412,885
Capital assets:			
Land	20,703,354	499,272	21,202,626
Infrastructure, net of accumulated depreciation	79,227,823	94,824,218	174,052,041
Other capital assets, net of accumulated depreciation	81,609,407	53,637,755	135,247,162
Construction in progress	23,968,537	9,765,508	33,734,045
Total capital assets	\$ 205,509,121	\$ 158,726,753	\$ 364,235,874
 <b>TOTAL ASSETS</b>	 <b>\$ 365,413,134</b>	 <b>\$ 167,304,783</b>	 <b>\$ 532,717,917</b>

(Continued)



**CITY OF MANHATTAN, KANSAS**  
**STATEMENT OF NET POSITION (CONTINUED)**  
December 31, 2014

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 5,283,688	\$ 1,125,938	\$ 6,409,626
Estimated insurance claims payable	476,016	-	476,016
Sales tax payable	-	-	-
Accrued interest payable	1,022,359	646,466	1,668,825
Accrued payroll	481,337	86,274	567,611
Security deposits	-	-	-
Unearned revenue	-	-	-
Temporary notes payable	935,000	-	935,000
Long-term liabilities:			
Due within one year	16,653,850	4,203,500	20,857,350
Due in more than one year	198,252,462	59,824,434	258,076,896
<b>TOTAL LIABILITIES</b>	<b>\$ 223,104,712</b>	<b>\$ 65,886,612</b>	<b>\$ 288,991,324</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	22,011,724	-	22,011,724
<b>NET POSITION</b>			
Net investment in capital assets	\$ 22,478,602	\$ 95,208,986	\$ 117,687,588
Restricted for:			
Culture and recreation	1,179,948	-	1,179,948
Public safety	661,497	-	661,497
Public works	10,681,942	-	10,681,942
Urban development and housing	8,083,384	-	8,083,384
Debt service	65,042,768	-	65,042,768
Perpetual care:			
Nonexpendable	469,235	-	469,235
Other purposes	1,589,331	-	1,589,331
Unrestricted	10,109,991	6,209,185	16,319,176
<b>TOTAL NET POSITION</b>	<b>\$ 120,296,698</b>	<b>\$ 101,418,171</b>	<b>\$ 221,714,869</b>

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

**Component Units**

**Manhattan  
Public  
Library**

\$ 17,964  
-  
-  
-  
36,542  
-  
-  
-  
25,471  
241,482  
\$ 321,459

2,761,000

\$ 660,962

-  
-  
-  
-  
-  
-  
-

792,780

\$ 1,453,742

# CITY OF MANHATTAN, KANSAS

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

	<b>Program Revenues</b>		
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>
<b>FUNCTIONS/PROGRAMS</b>	<b>Expenses</b>		
<b>Primary government</b>			
Governmental activities			
General government	\$ 11,875,764	\$ 2,927,581	\$ 1,107,212
Public safety	21,882,904	678,543	13,756
Public works	10,836,220	219,547	1,570,608
Urban development and housing	4,866,173	133,669	746,577
Culture and recreation	9,304,434	2,161,901	488,471
Culture and recreation (payments to Library)	2,758,804	-	-
Interest on long-term debt	7,112,471	-	-
Total governmental activities	\$ 68,636,770	\$ 6,121,241	\$ 3,926,624
Business-type activities			
Water	\$ 8,080,052	\$ 9,025,858	\$ -
Wastewater	8,994,204	9,191,695	-
Storm water management	1,092,027	1,610,773	-
Total business-type activities	\$ 18,166,283	\$ 19,828,326	\$ -
Total primary government	\$ 86,803,053	\$ 25,949,567	\$ 3,926,624
<b>Component unit</b>			
Manhattan Public Library	\$ 2,959,661	\$ 103,683	\$ 187,123

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.

<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u>
	<u>Primary Government</u>			<u>Manhattan Public Library</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
\$ 7,435,727	\$ (405,244)	\$ -	\$ (405,244)	
-	(21,190,605)	-	(21,190,605)	
10,666,570	1,620,505	-	1,620,505	
-	(3,985,927)	-	(3,985,927)	
-	(6,654,062)	-	(6,654,062)	
-	(2,758,804)	-	(2,758,804)	
-	(7,112,471)	-	(7,112,471)	
<u>\$ 18,102,297</u>	<u>\$ (40,486,608)</u>	<u>\$ -</u>	<u>\$ (40,486,608)</u>	
\$ -	\$ -	\$ 945,806	\$ 945,806	
-	-	197,491	197,491	
-	-	518,746	518,746	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,662,043</u>	<u>\$ 1,662,043</u>	
<u>\$ 18,102,297</u>	<u>\$ (40,486,608)</u>	<u>\$ 1,662,043</u>	<u>\$ (38,824,565)</u>	
<u>\$ -</u>				\$ (2,668,855)
	\$ 21,794,957	\$ -	\$ 21,794,957	\$ -
	2,089,846	-	2,089,846	-
	3,845,886	-	3,845,886	-
	26,895,621	-	26,895,621	-
	1,336,815	-	1,336,815	-
	-	-	-	2,704,359
	488,471	-	488,471	-
	373,923	18,830	392,753	5,578
	729,315	389,136	1,118,451	-
	(7,113,323)	7,113,323	-	-
	<u>\$ 50,441,511</u>	<u>\$ 7,521,289</u>	<u>\$ 57,962,800</u>	<u>\$ 2,709,937</u>
	<u>\$ 9,954,903</u>	<u>\$ 9,183,332</u>	<u>\$ 19,138,235</u>	<u>\$ 41,082</u>
	<u>\$ 110,341,795</u>	<u>\$ 92,234,839</u>	<u>\$ 202,576,634</u>	<u>\$ 1,352,380</u>
	-	-	-	60,280
	<u>\$ 110,341,795</u>	<u>\$ 92,234,839</u>	<u>\$ 202,576,634</u>	<u>\$ 1,412,660</u>
	<u>\$ 120,296,698</u>	<u>\$ 101,418,171</u>	<u>\$ 221,714,869</u>	<u>\$ 1,453,742</u>

**CITY OF MANHATTAN, KANSAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
December 31, 2014

	Riley County		
	General	Police Department	Debt Service
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,177,870	\$ 262,584	\$ 9,560,830
Cash with refunding escrow agent	-	-	3,897,746
Cash with special obligation bonds trustee	-	-	-
Investment in joint venture	-	-	-
Receivables			
Accounts	1,056,144	205	-
Intergovernmental	-	-	-
Franchise tax	462,220	-	-
Sales tax	1,567,517	-	717,686
Transient guest tax	-	-	-
Property tax	1,970,633	13,411,352	2,056,619
Interfund	325,396	-	-
Economic development loans	-	-	-
Other loans	38,572	-	-
Special assessments			
Current	-	-	6,377,571
Noncurrent	-	-	66,412,885
	<u>\$ 8,598,352</u>	<u>\$ 13,674,141</u>	<u>\$ 89,023,337</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,598,352</u>	<u>\$ 13,674,141</u>	<u>\$ 89,023,337</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 808,958	\$ -	\$ 22,651
Accrued payroll	470,024	-	-
Interfund payable	-	-	-
Temporary notes payable	-	-	-
Deferred revenue	1,055,574	205	-
<b>TOTAL LIABILITIES</b>	<u>\$ 2,334,556</u>	<u>\$ 205</u>	<u>\$ 22,651</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	\$ 1,970,633	\$ 13,411,352	\$ 2,056,619
Unavailable revenue - special assessments	-	-	72,790,456
<b>TOTAL DEFERRED INFLOWS</b>	<u>\$ 1,970,633</u>	<u>\$ 13,411,352</u>	<u>\$ 74,847,075</u>
<b>FUND BALANCES (DEFICITS)</b>			
Nonspendable:			
Perpetual care	\$ -	\$ -	\$ -
Restricted:			
Urban Development & Housing	-	-	-
General Government	-	-	-
Capital Projects	-	-	-
Public Safety	-	262,584	-
Culture & Recreation	-	-	-
Public Works			
Debt Service	1,696,660	-	14,153,611
Committed:			
General Government	-	-	-
Culture & Recreation	-	-	-
Assigned:			
Purchases on Order	23,100	-	-
Subsequent Year's Budget Appropriations	2,000,000	-	-
Unassigned	573,403	-	-
<b>TOTAL FUND BALANCES</b>	<u>\$ 4,293,163</u>	<u>\$ 262,584</u>	<u>\$ 14,153,611</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 8,598,352</u>	<u>\$ 13,674,141</u>	<u>\$ 89,023,337</u>

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

<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 8,090,638	\$ 15,240,968	\$ 36,332,890
-	-	3,897,746
36,490	2,678,746	2,715,236
-	300,739	300,739
115,846	35,383	1,207,578
-	1,344,219	1,344,219
-	-	462,220
-	1,584,937	3,870,140
-	409,691	409,691
-	4,573,120	22,011,724
5,827,483	-	6,152,879
-	-	-
-	-	38,572
-	-	6,377,571
-	-	66,412,885
<u>\$ 14,070,457</u>	<u>\$ 26,167,803</u>	<u>\$ 151,534,090</u>
\$ 3,084,202	\$ 1,274,931	\$ 5,190,742
-	11,313	481,337
-	325,396	325,396
935,000	-	935,000
115,846	35,383	1,207,008
<u>\$ 4,135,048</u>	<u>\$ 1,647,023</u>	<u>\$ 8,139,483</u>
\$ -	\$ 4,573,120	\$ 22,011,724
-	-	72,790,456
<u>\$ -</u>	<u>\$ 4,573,120</u>	<u>\$ 94,802,180</u>
\$ -	\$ 469,235	\$ 469,235
-	3,624,388	3,624,388
-	1,461,503	1,461,503
9,935,409	1,507,571	11,442,980
-	121,558	384,142
-	469,446	469,446
-	375,334	375,334
-	4,093,847	19,944,118
-	100,226	100,226
-	-	-
-	103,933	127,033
-	7,853,214	9,853,214
-	(232,595)	340,808
<u>\$ 9,935,409</u>	<u>\$ 19,947,660</u>	<u>\$ 48,592,427</u>
<u>\$ 14,070,457</u>	<u>\$ 26,167,803</u>	<u>\$ 151,534,090</u>

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

December 31, 2014

Fund balances of governmental funds \$ 48,592,427

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. 5,700,681

Capital assets net of depreciation are not financial resources and therefore have not been included in the funds. 205,509,121

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	\$ (113,220,000)	
Special Obligation Bonds Payable	(62,675,000)	
Temporary Notes Payable	(29,560,000)	
Notes Payable	-	
Transportation Revolving Fund Loan Payable	(2,885,345)	
Capital Leases Payable	(1,696,660)	
Compensated absences	(2,350,895)	(212,387,900)

Accrued interest payable on long-term debt has not been reported in the governmental funds. (1,022,359)

Other long-term assets related to special assessments are not available to pay current period expenditures and therefore are deferred in the funds. 72,790,456

In the statement of net position, 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. (2,518,412)

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. 3,632,684

Net position of governmental activities \$ 120,296,698

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, 2014

		<b>Riley County Police Department</b>
<b>REVENUES</b>	<b>General</b>	<b>Department</b>
Taxes	\$ 14,078,726	\$ 14,226,203
Special assessments	-	-
Licenses and permits	669,088	-
Intergovernmental revenues	575,027	-
Charges for services	2,600,596	-
Fines and forfeitures	1,515,867	4,541
Investment income	12,394	-
Miscellaneous revenues	403,916	-
<b>Total Revenues</b>	<b>\$ 19,855,614</b>	<b>\$ 14,230,744</b>
<b>EXPENDITURES</b>		
Current		
General government	\$ 9,132,368	\$ -
Public safety	5,642,450	14,449,680
Public works	3,475,051	-
Urban development and housing	535,060	-
Culture/recreation	6,304,360	-
Culture/recreation-payments to Library	-	-
Capital outlay	263,902	-
Debt service		
Principal	230,473	-
Bond issuance costs	-	-
Interest and fiscal charges	30,335	-
<b>Total Expenditures</b>	<b>\$ 25,613,999</b>	<b>\$ 14,449,680</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (5,758,385)</b>	<b>\$ (218,936)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
General obligation bonds issued	\$ -	\$ -
Premium on general obligation bonds	-	-
Proceeds from sales of capital assets	-	-
Premium on refunding bonds	-	-
Temporary notes issued	-	-
Temporary notes retired	-	-
Capital leases	-	-
Transfers in	6,276,924	-
Transfers out	(238,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 6,038,924</b>	<b>\$ -</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 280,539</b>	<b>\$ (218,936)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>4,012,624</b>	<b>481,520</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 4,293,163</b>	<b>\$ 262,584</b>

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

<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 5,683,696	\$ 400,000	\$ 21,574,498	\$ 55,963,123
6,133,458	290,113	-	6,423,571
-	-	-	669,088
-	2,864,469	10,703,023	14,142,519
271,202	-	575,886	3,447,684
-	-	-	1,520,408
19,869	4	337,200	369,467
68,000	1,484,552	354,261	2,310,729
<u>\$ 12,176,225</u>	<u>\$ 5,039,138</u>	<u>\$ 33,544,868</u>	<u>\$ 84,846,589</u>
\$ 100,416	\$ 24,341	\$ 1,119,585	\$ 10,376,710
-	-	1,264,704	21,356,834
-	292,230	999,917	4,767,198
-	-	4,043,817	4,578,877
-	-	1,114,256	7,418,616
-	-	2,708,169	2,708,169
-	16,737,641	11,474,043	28,475,586
10,359,521	-	4,984,611	15,574,605
505,667	151,767	-	657,434
3,762,528	187,704	3,505,560	7,486,127
<u>\$ 14,728,132</u>	<u>\$ 17,393,683</u>	<u>\$ 31,214,662</u>	<u>\$ 103,400,156</u>
<u>\$ (2,551,907)</u>	<u>\$ (12,354,545)</u>	<u>\$ 2,330,206</u>	<u>\$ (18,553,567)</u>
\$ -	\$ 23,085,000	\$ -	\$ 23,085,000
447,854	-	-	447,854
-	14,189	-	14,189
-	-	-	-
-	14,970,000	-	14,970,000
(165,000)	(19,805,000)	-	(19,970,000)
-	398,605	-	398,605
1,535,223	1,477,845	4,818,172	14,108,164
-	(94,214)	(10,993,848)	(11,326,062)
<u>\$ 1,818,077</u>	<u>\$ 20,046,425</u>	<u>\$ (6,175,676)</u>	<u>\$ 21,727,750</u>
\$ (733,830)	\$ 7,691,880	\$ (3,845,470)	\$ 3,174,183
14,887,441	2,243,529	23,793,130	45,418,244
<u>\$ 14,153,611</u>	<u>\$ 9,935,409</u>	<u>\$ 19,947,660</u>	<u>\$ 48,592,427</u>

**CITY OF MANHATTAN, KANSAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds \$ 3,174,183

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	\$ 18,299,485	
Less current year depreciation	<u>(9,990,411)</u>	8,309,074

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals, donations) is to increase net position. 1,641,480

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. 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	\$ (18,483,605)	
Principal payments	<u>15,574,605</u>	(2,909,000)

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	\$ (8,012)	
Other postemployment benefits other than pensions	(260,191)	
Accrued interest on bonds	<u>583,236</u>	315,033

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	\$ (75,162)	
Special assessments	<u>(1,147,642)</u>	(1,222,804)

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.

646,937

Change in net position of governmental activities \$ 9,954,903

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 (BUDGETARY BASIS)**  
**GENERAL FUND**

For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	13,339,507	\$ 13,339,507	\$ 14,078,726	\$ 739,219
Licenses and permits	620,850	620,850	669,088	48,238
Intergovernmental revenues	490,000	490,000	575,027	85,027
Charges for services	2,406,156	2,406,156	2,600,596	194,440
Fines and forfeitures	1,572,300	1,572,300	1,515,867	(56,433)
Investment income	406,250	406,250	12,394	(393,856)
Miscellaneous revenues	228,300	228,300	403,916	175,616
<b>Total Revenues</b>	<u>\$ 19,063,363</u>	<u>\$ 19,063,363</u>	<u>\$ 19,855,614</u>	<u>\$ 792,251</u>
<b>EXPENDITURES</b>				
Current				
General government				
Administration	749,290	749,290	\$ 701,416	\$ 47,874
Finance	1,102,730	1,102,730	1,066,779	35,951
Airport	881,571	881,571	860,883	20,688
Animal Shelter	534,538	534,538	540,239	(5,701)
Human Resources	405,963	405,963	355,559	50,404
Legal Services	1,003,720	1,003,720	1,019,577	(15,857)
General Services	4,750,376	4,750,376	4,375,196	375,180
Outside Services	622,774	622,774	435,424	187,350
Municipal parking lots	52,000	52,000	31,651	20,349
Public safety				
Fire Department				
Administration	339,375	339,375	310,611	28,764
Operations	4,658,260	4,658,260	4,286,610	371,650
Technical Services	783,240	783,240	771,117	12,123
Municipal Building Maintenance	602,840	602,840	590,527	12,313
Public works				
Administration	251,083	251,083	224,473	26,610
Street	1,995,053	1,995,053	1,832,859	162,194
Engineering	863,314	863,314	747,827	115,487
Traffic Control	576,340	576,340	559,111	17,229
Urban development and housing	628,200	628,200	549,695	78,505
Culture/recreation				
Administration	186,124	186,124	188,208	(2,084)
Douglass Center	198,175	198,175	186,129	12,046
City Parks	2,155,900	2,155,900	2,074,243	81,657
Swimming Pools	601,600	601,600	614,175	(12,575)
Sunset Zoo	976,549	976,549	955,500	21,049
Blue Earth Park	17,650	17,650	25,430	(7,780)
Recreation	1,431,390	1,431,390	1,411,420	19,970
Discovery Center	881,730	881,730	837,292	44,438
<b>Total Expenditures</b>	<u>\$ 27,249,785</u>	<u>\$ 27,249,785</u>	<u>\$ 25,551,951</u>	<u>\$ 1,697,834</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	<u>\$ (8,186,422)</u>	<u>\$ (8,186,422)</u>	<u>\$ (5,696,337)</u>	<u>\$ 2,490,085</u>

(Continued)

**CITY OF MANHATTAN, KANSAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**GENERAL FUND (CONTINUED)**  
For The Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 6,186,422	\$ 6,186,422	\$ 6,276,924	\$ 90,502
Transfers out	-	-	(238,000)	(238,000)
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 6,186,422</u>	<u>\$ 6,186,422</u>	<u>\$ 6,038,924</u>	<u>\$ (147,498)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (2,000,000)</u>	<u>\$ (2,000,000)</u>	342,587	<u>\$ 2,342,587</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>3,929,723</u>	
<b>FUND BALANCE - END OF YEAR</b>			\$ 4,272,310	
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			23,100	
Cancellation of prior year encumbrances			(2,247)	
<b>FUND BALANCE - GAAP BASIS</b>			<u>\$ 4,293,163</u>	

**CITY OF MANHATTAN, KANSAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**RILEY COUNTY POLICE DEPARTMENT FUND**  
For the Year Ended December 31, 2014

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 14,392,980	\$ 14,392,980	\$ 14,226,203	\$ (166,777)
Fines and forfeitures	6,700	6,700	4,541	
<b>Total Revenues</b>	<u>\$ 14,399,680</u>	<u>\$ 14,399,680</u>	<u>\$ 14,230,744</u>	<u>\$ (166,777)</u>
<b>EXPENDITURES</b>				
Current				
Public safety	\$ 14,449,680	\$ 14,449,680	\$ 14,449,680	\$ -
<b>Total Expenditures</b>	<u>\$ 14,449,680</u>	<u>\$ 14,449,680</u>	<u>\$ 14,449,680</u>	<u>\$ -</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ (218,936)</u>	<u>\$ (166,777)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ (218,936)</u>	<u>\$ (166,777)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			481,520	
<b>FUND BALANCE - END OF YEAR</b>			\$ 262,584	
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			-	
<b>FUND BALANCE - GAAP BASIS</b>			<u>\$ 262,584</u>	

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

December 31, 2014

	<b>Business-type Activities-Enterprise</b>		
	<b>Major</b>		<b>Non-Major</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Storm Water Management</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 6,092,853	\$ 2,708,636	\$ 2,933,319
Accounts receivable (net of allowance for uncollectibles)	1,277,516	919,534	183,755
Inventories	50,222	-	-
<b>Total Current Assets</b>	<b>\$ 7,420,591</b>	<b>\$ 3,628,170</b>	<b>\$ 3,117,074</b>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents	\$ -	\$ 239,678	\$ -
Capital assets:			
Land	281,430	217,842	-
Buildings and improvements	26,019,368	36,422,546	29,827
Equipment, contents and vehicles	2,446,627	2,641,635	573,571
Infrastructure	47,894,922	86,960,625	20,893,456
Construction in progress	5,834,252	3,256,669	674,587
Less accumulated depreciation	(25,087,806)	(46,724,353)	(3,608,445)
Total capital assets (net of accumulated depreciation)	<b>\$ 57,388,793</b>	<b>\$ 82,774,964</b>	<b>\$ 18,562,996</b>
<b>Total Noncurrent Assets</b>	<b>\$ 57,388,793</b>	<b>\$ 83,014,642</b>	<b>\$ 18,562,996</b>
<b>TOTAL ASSETS</b>	<b>\$ 64,809,384</b>	<b>\$ 86,642,812</b>	<b>\$ 21,680,070</b>

(Continued)

<u>Funds</u>	<u>Governmental Activities- Internal Service Funds</u>
<u>Total</u>	
\$ 11,734,808	\$ 4,180,364
2,380,805	-
50,222	21,282
<u>\$ 14,165,835</u>	<u>\$ 4,201,646</u>
\$ 239,678	\$ -
499,272	-
62,471,741	-
5,661,833	19,673
155,749,003	-
9,765,508	-
<u>(75,420,604)</u>	<u>(19,673)</u>
<u>\$ 158,726,753</u>	<u>\$ -</u>
<u>\$ 158,966,431</u>	<u>\$ -</u>
<u>\$ 173,132,266</u>	<u>\$ 4,201,646</u>

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

December 31, 2014

	<b>Business-type Activities-Enterprise</b>		
	<b>Major</b>		<b>Non-Major</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Storm Water Management</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 625,136	\$ 402,251	\$ 98,551
Accrued payroll	49,587	33,010	3,677
Estimated insurance claims payable	-	-	-
Interfund payable	2,718,597	2,741,107	367,779
Accrued interest	282,542	340,910	23,014
Compensated absences	96,739	124,663	10,903
Current portion of capital leases payable	-	-	56,758
Current portion of state revolving loan	779,785	1,994,652	-
Current portion of general obligation bonds payable	275,000	405,000	460,000
<b>Total Current Liabilities</b>	<b>\$ 4,827,386</b>	<b>\$ 6,041,593</b>	<b>\$ 1,020,682</b>
<b>Noncurrent Liabilities</b>			
Compensated absences	\$ 56,815	\$ 73,215	\$ 6,403
Capital leases payable	-	-	84,671
State revolving loan	17,865,614	34,582,716	-
General obligation bonds payable	2,040,000	1,760,000	3,355,000
<b>Total Noncurrent Liabilities</b>	<b>\$ 19,962,429</b>	<b>\$ 36,415,931</b>	<b>\$ 3,446,074</b>
<b>Total Liabilities</b>	<b>\$ 24,789,815</b>	<b>\$ 42,457,524</b>	<b>\$ 4,466,756</b>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 36,428,394	\$ 44,032,596	\$ 14,747,996
Unrestricted	3,591,175	152,692	2,465,318
<b>TOTAL NET POSITION</b>	<b>\$ 40,019,569</b>	<b>\$ 44,185,288</b>	<b>\$ 17,213,314</b>

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

<u>Funds</u>	<b>Governmental Activities- Internal Service Funds</b>
<u>Total</u>	
\$ 1,125,938	\$ 92,946
86,274	-
-	476,016
5,827,483	-
646,466	-
232,305	-
56,758	-
2,774,437	-
1,140,000	-
<u>\$ 11,889,661</u>	<u>\$ 568,962</u>
\$ 136,433	\$ -
84,671	-
52,448,330	-
7,155,000	-
<u>\$ 59,824,434</u>	<u>\$ -</u>
<u>\$ 71,714,095</u>	<u>\$ 568,962</u>
\$ 95,208,986	\$ -
6,209,185	3,632,684
<u>\$ 101,418,171</u>	<u>\$ 3,632,684</u>

**CITY OF MANHATTAN, KANSAS**  
**PROPRIETARY FUNDS - STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET POSITION**  
For the Year Ended December 31, 2014

	<b>Business-type Activities-Enterprise</b>		
	<b>Major</b>		<b>Non-Major</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Storm Water Management</b>
<b>OPERATING REVENUES</b>			
Service charges	\$ 9,025,858	\$ 9,191,695	\$ 1,610,773
Rent income	277,529	-	-
Miscellaneous revenue	49,067	58,672	3,868
<b>Total Operating Revenues</b>	<b>\$ 9,352,454</b>	<b>\$ 9,250,367</b>	<b>\$ 1,614,641</b>
<b>OPERATING EXPENSES</b>			
Personnel services	\$ 1,949,131	\$ 1,798,770	\$ 173,288
Commodities	1,093,901	367,840	19,746
Contractual services	2,358,392	2,792,363	184,796
Depreciation	1,953,011	2,953,288	611,225
<b>Total Operating Expenses</b>	<b>\$ 7,354,435</b>	<b>\$ 7,912,261</b>	<b>\$ 989,055</b>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 1,998,019</b>	<b>\$ 1,338,106</b>	<b>\$ 625,586</b>
<b>NON-OPERATING REVENUE (EXPENSE)</b>			
Investment income	\$ 12,162	\$ 3,791	\$ 2,877
Interest and fiscal charges	(725,617)	(1,081,943)	(102,972)
<b>Total Non-Operating Revenue (Expense)</b>	<b>\$ (713,455)</b>	<b>\$ (1,078,152)</b>	<b>\$ (100,095)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>\$ 1,284,564</b>	<b>\$ 259,954</b>	<b>\$ 525,491</b>
Capital contributions	\$ 2,394,754	\$ 3,587,365	\$ 3,913,306
Transfers in	-	89	57,000
Transfers (out)	(1,444,890)	(1,280,551)	(113,750)
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,234,428</b>	<b>\$ 2,566,857</b>	<b>\$ 4,382,047</b>
<b>TOTAL NET POSITION - BEGINNING</b>	<b>37,785,141</b>	<b>41,618,431</b>	<b>12,831,267</b>
<b>TOTAL NET POSITION - ENDING</b>	<b>\$ 40,019,569</b>	<b>\$ 44,185,288</b>	<b>\$ 17,213,314</b>

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

<u>Funds</u>	<b>Governmental Activities- Internal Service Funds</b>
<u>Total</u>	<u>Funds</u>
\$ 19,828,326	\$ 4,657,245
277,529	-
111,607	-
\$ 20,217,462	\$ 4,657,245
\$ 3,921,189	\$ -
1,481,487	67,494
5,335,551	3,947,270
5,517,524	-
\$ 16,255,751	\$ 4,014,764
\$ 3,961,711	\$ 642,481
\$ 18,830	\$ 4,456
(1,910,532)	-
\$ (1,891,702)	\$ 4,456
\$ 2,070,009	\$ 646,937
9,895,425	-
57,089	-
(2,839,191)	-
\$ 9,183,332	\$ 646,937
92,234,839	2,985,747
\$ 101,418,171	\$ 3,632,684

**CITY OF MANHATTAN, KANSAS**  
**PROPRIETARY FUNDS - STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2014

	<b>Business-type Activities-</b>	
	<b>Major</b>	
	<b>Water</b>	<b>Wastewater</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 9,288,427	\$ 9,165,341
Cash paid to vendors and suppliers	(3,341,546)	(2,925,762)
Cash paid to employees	(1,938,076)	(1,797,569)
Cash received from miscellaneous sources	49,067	58,672
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 4,057,872</b>	<b>\$ 4,500,682</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Cash received from other funds	\$ -	\$ 89
Cash paid to other funds	(1,815,417)	(1,272,736)
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>\$ (1,815,417)</b>	<b>\$ (1,272,647)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash received from issuance of debt	\$ 2,223,537	\$ 1,306,511
Cash paid for purchase of capital assets	(3,019,527)	(1,165,493)
Cash paid for interest on long-term debt	(710,918)	(1,098,414)
Cash paid for principal on long-term debt	(896,532)	(2,629,950)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>\$ (2,403,440)</b>	<b>\$ (3,587,346)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash received from investment of idle funds	\$ 12,162	\$ 3,185
<b>Net Cash Provided by Investing Activities</b>	<b>\$ 12,162</b>	<b>\$ 3,185</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (148,823)</b>	<b>\$ (356,126)</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>6,241,676</b>	<b>3,064,762</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 6,092,853</b>	<b>\$ 2,708,636</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 1,998,019	\$ 1,338,106
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	\$ 1,953,011	\$ 2,953,288
(Increase) decrease in accounts receivable	(14,960)	(26,354)
(Increase) decrease in inventory	(26,742)	-
Increase (decrease) in accounts payable and accrued expenses	148,544	235,642
<b>Total Adjustments</b>	<b>\$ 2,059,853</b>	<b>\$ 3,162,576</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 4,057,872</b>	<b>\$ 4,500,682</b>
<b>Noncash investing, capital, and financing activities:</b>		
Capital assets acquired through contributions from governmental funds	\$ 2,394,754	\$ 3,587,365
Capital assets acquired through capital lease	-	-

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

<u>Enterprise Funds</u>		<b>Governmental</b>
<u>Non-Major</u>		<b>Activities-</b>
<u>Storm Water</u>		<b>Internal</b>
<u>Management</u>	<u>Total</u>	<b>Service</b>
		<b>Funds</b>
\$ 1,598,908	\$ 20,052,676	\$ 4,702,383
(149,370)	(6,416,678)	(4,491,543)
(170,976)	(3,906,621)	-
3,868	111,607	-
<u>\$ 1,282,430</u>	<u>\$ 9,840,984</u>	<u>\$ 210,840</u>
\$ 57,000	\$ 57,089	\$ -
(113,750)	(3,201,903)	-
<u>\$ (56,750)</u>	<u>\$ (3,144,814)</u>	<u>\$ -</u>
\$ 2,185,000	\$ 5,715,048	\$ -
(2,411,974)	(6,596,994)	-
(88,200)	(1,897,532)	-
(349,265)	(3,875,747)	-
<u>\$ (664,439)</u>	<u>\$ (6,655,225)</u>	<u>\$ -</u>
\$ 2,877	\$ 18,224	\$ 4,456
<u>\$ 2,877</u>	<u>\$ 18,224</u>	<u>\$ 4,456</u>
\$ 564,118	\$ 59,169	\$ 215,296
2,369,201	11,675,639	3,965,068
<u>\$ 2,933,319</u>	<u>\$ 11,734,808</u>	<u>\$ 4,180,364</u>
<u>\$ 625,586</u>	<u>\$ 3,961,711</u>	<u>\$ 642,481</u>
\$ 611,225	\$ 5,517,524	\$ -
(11,865)	(53,179)	45,138
-	(26,742)	8,474
57,484	441,670	(485,253)
<u>\$ 656,844</u>	<u>\$ 5,879,273</u>	<u>\$ (431,641)</u>
<u>\$ 1,282,430</u>	<u>\$ 9,840,984</u>	<u>\$ 210,840</u>
\$ 3,913,306	\$ 9,895,425	\$ -
154,553	154,553	-

**CITY OF MANHATTAN, KANSAS**  
**STATEMENT OF FIDUCIARY NET POSITION-FIDUCIARY FUNDS**  
December 31, 2014

	<b>ASSETS</b>	<b>Private- purpose Trust</b>
Cash and cash equivalents		<u>\$ 86,647</u>
<b>TOTAL ASSETS</b>		<u><u>\$ 86,647</u></u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable		<u>\$ -</u>
<b>TOTAL LIABILITIES</b>		<u><u>\$ -</u></u>
<b>NET POSITION</b>		
Held in trust for various purposes		<u><u>\$ 86,647</u></u>

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, 2014

	<u>Private- purpose Trust</u>
<b>ADDITIONS</b>	
Interest	\$ 94
Miscellaneous	-
Total additions	<u>\$ 94</u>
 <b>DEDUCTIONS</b>	
Contractual services	\$ 97
Commodities	-
Total deductions	<u>\$ 97</u>
Change in net position	\$ (3)
 <b>NET POSITION - BEGINNING</b>	 <u>86,650</u>
 <b>NET POSITION - ENDING</b>	 <u><u>\$ 86,647</u></u>

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

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**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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.

**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

The City has two entities that meet the criteria as listed above, the Manhattan Public Library (MPL) and the Manhattan Housing Authority (MHA). Because the financial information of these entities is generally insignificant relative to that of the City's, the City's policy is to discretely present the financial information of these entities if they are readily available at the date of issuance. As of the date that these financial statements were ready to be issued, the Manhattan Public Library's financial statements were ready and have been discretely presented on the government-wide financial statements. The financial statements of the Manhattan Housing Authority, however, were not readily available and have not been discretely presented.

**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.

Complete financial statements for the Manhattan Public Library may be obtained at the entity's administrative offices.

**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.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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, 2014 percent interest and investments in the venture of each participant is as follows:

<u>Entity</u>	<u>Initial Percent Interest</u>	<u>Initial Investment</u>	<u>12/31/14 Percent Interest</u>	<u>12/31/14 Share of Contributed Capital</u>
KTEC Holdings	57.90%	\$550,000	33.334%	\$ 600,000
City of Manhattan	21.05%	\$200,000	33.333%	\$ 600,000
KSU Foundation	<u>21.05%</u>	<u>\$200,000</u>	<u>33.333%</u>	<u>\$ 600,000</u>
<b>Total</b>	<b><u>100%</u></b>	<b><u>\$950,000</u></b>	<b><u>100%</u></b>	<b><u>\$1,800,000</u></b>

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, 2014 was \$300,739, which includes \$300,739 for the City's share of the joint venture's net income from 1997 to 2014 less distributions of \$137,657, \$50,000, \$119,751, and \$292,592 in 2001, 2011, 2013, and 2014, respectively. The City's share of the joint venture's income is reported in investment income in these financial statements.

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

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**Note 1: Summary of Significant Accounting Policies (Continued)**

**B. Government-wide and Fund Financial Statements**

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

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

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

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

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

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

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

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

**D. Assets, Liabilities, and Net Position**

**Cash, Cash Equivalents and Investments**

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

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

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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, 2014, investment earnings allocated to the various funds were \$44,729.

**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.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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, 2014, the City estimates the accumulated unpaid vacation amount to be \$1,231,173 for governmental funds and \$211,419 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, 2014, the City estimates the accumulated unpaid sick pay amount to be \$1,119,722 for governmental funds and \$157,319 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 \$2,350,895. 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 \$368,738. This liability is recorded in both the business-type activities column of the government-wide financial statements and the proprietary fund financial statements.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**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 \$780,818 were delinquent at December 31, 2014.

**Fund Balance**

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 City Commission of the City, binding unless modified or rescinded by the City Commission.
- **Assigned:** amounts constrained by the express intent of the City Commission, City Manager or Finance Director. Encumbrances shall be considered as assigned, unless they specifically meet the requirements to be committed or restricted.
- **Unassigned:** all amounts not included in other fund balance classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balances.

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

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**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 position 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 position that do not meet the definition of “restricted” or “net investment in capital assets”

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, 2014, 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. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27, was issued in June 2012. The objective of this statement is to improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and to enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This statement enhances decision-usefulness and accountability through new note disclosures and required supplementary information. This statement also improves the consistency and transparency of the information reported by employers and governmental nonemployer contributing entities about pension transactions. Additionally, this statement improves the comparability of reported pension information through changes related to the attribution method used to determine service cost and the total pension liability, requirements for immediate recognition in pension expense of certain items, and the establishment of standardized expense recognition periods for amounts reported as deferred

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

**Pending Governmental Accounting Standards Board Statements (Continued)**

outflows of resources and deferred inflows of resources related to pensions. The provisions of this statement are effective for periods beginning after June 15, 2014.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, was issued in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

GASB Statement No. 72, *Fair Value Measurement and Application*, was issued in February 2015. The objective of this statement is to address financial reporting issues related to fair value measurements. The statement provides guidance for determining a fair value measurement for financial reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this statement are effective for periods beginning after June 15, 2015.

**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.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**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
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The following enterprise funds also have legally adopted annual budgets:

Water  
Wastewater  
Storm Water Management

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

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**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:

	<b>Major Governmental Funds</b>		
	<b>General Fund</b>	<b>Riley County Police Department</b>	<b>Debt Service</b>
Revenues - Budgetary basis	\$ 19,855,614	\$ 14,230,744	\$ 12,176,225
Cancelled encumbrances	(2,247)	-	-
<b>Revenues - GAAP basis</b>	<b>\$ 19,853,367</b>	<b>\$ 14,230,744</b>	<b>\$ 12,176,225</b>
Expenditures - budgetary basis	\$ 25,554,198	\$ 14,449,680	\$ 14,728,132
Encumbrances, beginning of year	84,997	-	-
Encumbrances, end of year	(23,100)	-	-
Cancelled encumbrances	-	-	-
<b>Expenditures - GAAP basis</b>	<b>\$ 25,616,095</b>	<b>\$ 14,449,680</b>	<b>\$ 14,728,132</b>
Fund balances - budgetary basis	\$ 4,270,063	\$ 262,584	\$ 14,153,611
Encumbrances, end of year	23,100	-	-
<b>Fund balance - GAAP basis</b>	<b>\$ 4,293,163</b>	<b>\$ 262,584</b>	<b>\$ 14,153,611</b>

**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.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

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

**C. Deficit Fund Equity**

The Airport Federal Grant No. 42 had a deficit balance of \$15,041 as of December 31, 2014. The Airport Federal Grant No. 43 had a deficit balance of \$198,625 as of December 31, 2014. The Federal Entitlement 2013 Special Revenue Fund had a deficit balance of \$2,508 as of December 31, 2014. The CDBG Entitlement Special Revenue Fund had a deficit balance of \$15,950 as of December 31, 2014. The Share the Story Grant had a deficit balance of \$471 as of December 31, 2014. Any deficits remaining in these funds after all grant revenues have been received will be covered with transfers from the General Fund.

**Note 3: Detailed Notes on All Funds**

**A. Cash and Investments**

At December 31, 2014, the City's investment balances were:

	<b>Reported Amount/ Fair Value</b>
<b>Investment Type:</b>	
Cash with refunding escrow agent	\$ 3,897,746
Cash with special obligation bonds trustee	2,715,239
<b>Total Investments</b>	6,612,985
<b>Deposits</b>	52,568,237
<b>Cash on Hand</b>	6,150
<b>Total Deposits</b>	52,574,387
<b>TOTAL DEPOSITS AND INVESTMENTS</b>	\$ 59,187,372
 <b>Reconciliation of Government-wide Statement of Net Position to Total Deposits and Investments:</b>	
Cash and Cash Equivalents	\$ 52,248,062
Cash with refunding escrow agent	3,897,746
Cash with special obligation bonds trustee	2,715,239
Restricted Construction Accounts	239,678
Add Fiduciary Funds cash and cash equivalents: Private Purpose Trusts	86,647
<b>TOTAL DEPOSITS AND INVESTMENTS</b>	\$ 59,187,372

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**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 \$1,114,239 are stated at cost which approximates fair value. As the Manhattan Public Library is 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 \$716,307.

Accounts receivable for the Enterprise Funds are reported net of allowances for uncollectible accounts. The allowances at December 31, 2014, are as follows:

Water Fund	\$68,079
Wastewater Fund	<u>112,765</u>
 Total	 <u>\$180,844</u>

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

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**Note 3: Detailed Notes on All Funds (Continued)**

**C. Economic Development Loans**

Economic Development Loans receivable, aggregating \$1,823,594 at December 31, 2014, consist of loans to eight 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 2014 totaled \$450,000. Loans are secured by either property and/or life insurance policies on key personnel of the company. An allowance for uncollectible amounts of \$388,570 has been recorded as of December 31, 2014. The loan balance is also presented net of \$1,435,024 of forgivable loans that will not be collected if specified terms are met.

**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 2014, \$100,000 was paid on the loan and \$148,201 was forgiven. The balance as of December 31, 2014 is \$8,701,416 and is reported net of the expected of the forgivable note balance of \$4,001,416 on the government-wide financial statements.

**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 2014, \$25,471 was paid by the Manhattan Public Library for the FCIP Improvements. The balance as of December 31, 2014 is \$178,297.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**Note 3: Detailed Notes on All Funds (Continued)**

**F. Capital Assets**

Capital asset activity for the year ended December 31, 2014, was as follows:

**Primary Government**

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 20,681,023	\$ 22,331	\$ -	\$ 20,703,354
Construction in progress	14,983,953	9,095,728	111,144	23,968,537
<b>TOTAL</b>	<b>35,664,976</b>	<b>9,118,059</b>	<b>111,144</b>	<b>44,671,891</b>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	109,369,883	2,979,541	-	112,349,424
Contents and equipment	8,327,730	437,318	24,055	8,740,993
Vehicles	7,603,611	280,220	95,465	7,788,366
Infrastructure	136,311,508	7,245,756	-	143,557,264
<b>TOTAL</b>	<b>261,612,732</b>	<b>10,942,835</b>	<b>119,520</b>	<b>272,436,047</b>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	31,683,086	2,945,981	-	34,629,067
Contents and equipment	6,018,385	410,123	24,055	6,404,453
Vehicles	5,944,568	377,968	86,680	6,235,856
Infrastructure	58,073,102	6,256,339	-	64,329,441
<b>TOTAL</b>	<b>101,719,141</b>	<b>9,990,411</b>	<b>110,735</b>	<b>111,598,817</b>
<b>Total capital assets being depreciated, net</b>	<b>159,893,591</b>	<b>952,424</b>	<b>8,785</b>	<b>160,837,230</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 195,558,567</b>	<b>\$ 10,070,483</b>	<b>\$ 119,929</b>	<b>\$ 205,509,121</b>
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 499,272	\$ -	\$ -	\$ 499,272
Construction in progress	14,402,609	2,028,840	6,665,941	9,765,508
<b>TOTAL</b>	<b>14,901,881</b>	<b>2,028,840</b>	<b>6,665,941</b>	<b>10,264,780</b>
<b>Capital assets being depreciated:</b>				
Buildings and improvements	62,371,332	100,409	-	62,471,741
Contents and equipment	3,466,908	374,791	19,237	3,822,462
Vehicles	1,566,526	570,962	298,117	1,839,371
Infrastructure	138,313,237	17,435,766	-	155,749,003
<b>TOTAL</b>	<b>205,718,003</b>	<b>18,481,928</b>	<b>317,354</b>	<b>223,882,577</b>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	10,200,759	1,402,366	-	11,603,125
Contents and equipment	1,611,351	242,736	10,915	1,843,172
Vehicles	1,200,502	147,137	298,117	1,049,522
Infrastructure	57,199,500	3,725,285	-	60,924,785
<b>TOTAL</b>	<b>70,212,112</b>	<b>5,517,524</b>	<b>309,032</b>	<b>75,420,604</b>
<b>Total capital assets being depreciated, net</b>	<b>135,505,891</b>	<b>12,964,404</b>	<b>8,322</b>	<b>148,461,973</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 150,407,772</b>	<b>\$ 14,993,244</b>	<b>\$ 6,674,263</b>	<b>\$ 158,726,753</b>

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**Note 3: Detailed Notes on All Funds (Continued)**  
**F. Capital Assets (Continued)**

**Discretely Presented Component Units**

	<b>Beginning Balance</b>	<b>Additions/ Transfers</b>	<b>Deletions/ Transfers</b>	<b>Ending Balance</b>
<b>Manhattan Public Library</b>				
<b>Capital assets not being depreciated:</b>				
Construction in progress	\$ 13,456	\$ -	\$ (13,456)	\$ -
Works of Art	32,400	-	-	32,400
	<u>\$ 45,856</u>	<u>\$ -</u>	<u>\$ (13,456)</u>	<u>\$ 32,400</u>
<b>Capital assets being depreciated:</b>				
Contents and equipment	2,231,914	113,796	(1,137,156)	1,208,554
<b>TOTAL</b>	<u>2,231,914</u>	<u>113,796</u>	<u>(1,137,156)</u>	<u>1,208,554</u>
<b>Less accumulated depreciation</b>	1,585,535	131,613	1,137,156	579,992
<b>Total capital assets being depreciated, net</b>	<u>737,883</u>	<u>(17,817)</u>	<u>-</u>	<u>628,562</u>
<b>Library capital assets, net</b>	<u>\$ 692,235</u>	<u>\$ (17,817)</u>	<u>\$ (13,456)</u>	<u>\$ 660,962</u>

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**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	\$ 1,377,231
Public safety	479,104
Public works	6,019,145
Urban development and housing	48,989
Culture/Recreation	1,856,611
Downtown Redevelopment	<u>209,331</u>
Total depreciation expense for governmental activities	<u><u>\$ 9,990,411</u></u>

Business-type activities:

Water	\$ 1,953,011
Wastewater	2,953,288
Storm Water Management	<u>611,225</u>
Total depreciation expense for business-type activities	<u><u>\$ 5,517,524</u></u>

**G. Capital Projects**

At December 31, 2014 the City had contractual commitments for the construction of various projects:

	<b>Expenditures to Date</b>	<b>Amount Authorized</b>
Miscellaneous governmental activities	\$ 415,509	\$ 2,994,309
Airport Improvements	12,293,875	11,680,666
Storm Water Improvements	674,587	1,818,164
Sanitary Sewer Improvements	3,256,668	7,271,302
Street Improvements	11,259,154	30,820,045
Water Improvements	<u>5,834,252</u>	<u>9,491,727</u>
Total	<u><u>\$ 33,734,045</u></u>	<u><u>\$ 64,076,213</u></u>

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**Note 3: Detailed Notes on All Funds (Continued)**

**H. Interfund Receivable/Payable**

Individual fund receivable/payable balances at December 31, 2014, are as follows.

	<b>Receivable</b>	<b>Payable</b>
<b>Major Funds:</b>		
Governmental Funds:		
General Fund	\$ 325,396	\$ -
Capital Projects Fund	5,827,483	-
Proprietary Funds:		
Water Fund	-	2,718,597
Wastewater Fund	-	2,741,107
Stormwater Fund	-	367,779
<b>Non-major Governmental Funds</b>	-	325,396
<b>TOTAL</b>	<b>\$ 6,152,879</b>	<b>\$ 6,152,879</b>

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 2014 interfund transfers is as follows:

	<b>Transfer In</b>	<b>Transfer Out</b>
<b>Major Funds:</b>		
Governmental Funds:		
General	\$ 6,276,924	\$ 238,000
Riley County Police Department	-	-
Debt Service	1,535,223	-
Capital Projects	1,477,845	94,214
Proprietary Funds:		
Water	-	1,444,890
Wastewater Fund	89	1,280,551
<b>Non-major Governmental Funds</b>	4,818,172	10,993,848
<b>Non-major Proprietary Funds</b>	57,000	113,750
<b>TOTAL TRANSFERS</b>	<b>\$ 14,165,253</b>	<b>\$ 14,165,253</b>

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 \$1,641,480 were made from the governmental activities to the business-type activities.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2014

**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, 2014:

	Balance		Retired/ Refunded	Balance	Due Within
	January 1, 2014	Issued		December 31, 2014	One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 100,255,000	\$ 23,085,000	\$ (10,120,000)	\$ 113,220,000	\$ 9,855,000
Senior lien special obligation bonds-Series 2009A	19,980,000	-	(855,000)	19,125,000	935,000
Subordinate lien special obligation bonds-Series 2009B	4,130,000	-	-	4,130,000	-
STAR bonds-Series 2009-1	8,250,000	-	(1,770,000)	6,480,000	-
Taxable STAR bonds-Series 2009-2	29,530,000	-	(2,080,000)	27,450,000	2,220,000
Temporary notes	34,560,000	14,970,000	(19,970,000)	29,560,000	1,405,000
Notes payable	60,000	-	(60,000)	-	-
Transportation Development District Sales Tax Revenue Bonds-Series 2009	290,000	-	(50,000)	240,000	-
Transportation Development District Sales Tax Revenue Bonds-Series 2010	5,375,000	-	(125,000)	5,250,000	135,000
Transportation Revolving Fund Loan	3,124,866	-	(239,521)	2,885,345	248,431
Capital leases	1,573,139	398,605	(275,084)	1,696,660	374,355
Other postemployment benefits	2,258,221	260,191	-	2,518,412	-
Compensated absences	2,342,883	1,531,582	(1,523,570)	2,350,895	1,481,064
<b>Total for governmental activities</b>	<b>\$ 211,729,109</b>	<b>\$ 40,245,378</b>	<b>\$ (37,068,175)</b>	<b>\$ 214,646,121</b>	<b>\$ 16,653,850</b>
<b>Business-type Activities:</b>					
General obligation bonds	6,345,000	2,850,000	(900,000)	8,295,000	1,140,000
State revolving loans	55,264,202	2,865,050	(2,906,483)	55,222,769	2,774,437
Capital leases	56,141	112,978	(27,690)	141,429	56,758
Compensated absences	362,657	241,916	(235,835)	368,738	232,305
<b>Total for business-type activities</b>	<b>\$ 62,028,000</b>	<b>\$ 6,069,944</b>	<b>\$ (4,070,008)</b>	<b>\$ 64,027,936</b>	<b>\$ 4,203,500</b>

Of the \$113,220,000 in general obligation bond debt shown above, \$56,999,794 is special assessment debt with government commitment.

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

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

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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		Interest Rate	Maturity Date	Balance December 31, 2014
				Lowest	Highest			
1995 Series 198	Serial	\$ 404,200	11-01-95	\$ 25,000	\$ 35,000	5.2% to 5.3%	11-01-15	\$ 35,000
1999 Series 209	Serial	560,000	06-01-99	30,000	40,000	5.0% to 5.5%	11-01-19	190,000
1999 Series 210	Serial/Term	314,000	12-01-99	15,000	55,000	5.4% to 5.6%	11-01-19	110,000
2000 Series 213	Serial	340,000	12-01-00	15,000	25,000	5.0% to 5.45%	11-01-20	140,000
2003 Refunding, Series 2003C	Serial	3,415,000	09-01-03	140,000	300,000	3.9% to 4.3%	11-01-16	340,000
2005 Series 2005A	Serial	1,795,000	06-01-05	80,000	130,000	3.25% to 4.2%	11-01-24	1,095,000
2005 Series 2005B	Serial/Term	1,010,000	12-01-05	45,000	70,000	3.6% to 4.15%	11-01-25	645,000
2005 Refunding, Series 2005C	Serial	6,150,000	12-01-05	450,000	535,000	3.5% to 3.85%	11-01-19	2,535,000
2006 Series 2006A	Serial/Term	1,540,000	06-01-06	60,000	185,000	4.0% to 4.65%	11-01-26	1,075,000
2006 Series 2006B	Serial	7,460,000	12-01-06	310,000	445,000	4.0% to 4.25%	11-01-26	860,000
2007 Series 2007A	Serial	6,790,000	06-01-07	270,000	495,000	4.0% to 4.25%	11-01-27	5,070,000
2007 Series 2007B	Serial	5,645,000	06-01-07	545,000	705,000	5.125% to 5.25%	11-01-17	2,005,000
2007 Series 2007C	Serial/Term	3,275,000	12-01-07	130,000	460,000	4.0% to 4.5%	11-01-27	2,395,000
2008 Series 2008A	Serial	15,385,000	06-01-08	670,000	995,000	3.5% to 4.5%	11-01-28	11,330,000
2008 Refunding, Series 2008B	Serial	2,495,000	06-01-08	205,000	270,000	3.5% to 3.75%	11-01-20	1,475,000
2008 Series 2008C	Serial/Term	1,865,000	12-01-08	135,000	255,000	3.25% to 5.0%	11-01-28	1,080,000
2009 Series 2009A	Serial	3,830,000	06-01-09	170,000	245,000	2.5% to 4.3%	11-01-29	2,980,000
2009 Refunding Series 2009B	Serial	4,325,000	06-01-09	155,000	665,000	2.0% to 3.5%	11-01-19	920,000
2009 Series 2009C	Serial	11,110,000	12-01-09	260,000	880,000	3.0% to 4.0%	11-01-29	7,205,000
2009 Refunding Series 2009D	Serial	8,820,000	12-01-09	705,000	1,075,000	2.375% to 3.375%	11-01-21	5,860,000
2010 Series 2010A	Serial	6,700,000	06-01-10	160,000	535,000	2.0% to 4.0%	11-01-30	4,870,000
2010 Series 2010B	Serial	10,860,000	12-01-10	1,040,000	1,140,000	2.0% to 4.0%	11-01-20	6,625,000
2011 Series 2011A	Serial	10,535,000	12-01-11	110,000	990,000	2.0% to 3.75%	11-01-31	7,855,000
2011 Refunding Series 2011B	Serial	2,790,000	12-01-11	160,000	405,000	2.0% to 3.0%	11-01-23	2,185,000
2012 Series 2012A	Serial/Term	1,465,000	06-01-12	60,000	85,000	1.5% to 3.5%	11-01-32	1,330,000
2012 Series 2012B	Serial/Term	12,885,000	12-01-12	45,000	1,080,000	1.5% to 3.0%	11-01-32	10,880,000
2012 Refunding Series 2012C	Serial	4,895,000	12-20-12	20,000	555,000	2.0% to 3.0%	11-01-26	4,895,000
2013 Series 2013A	Serial	6,400,000	12-01-13	45,000	695,000	3.0% to 4.0%	11-01-33	5,880,000
2014 Series 2014A	Serial	12,310,000	06-02-14	485,000	805,000	2.0% to 5.0%	11-01-34	12,310,000
2014 Series 2014B	Serial/Term	9,685,000	06-02-14	350,000	670,000	3.0% to 4.25%	11-01-34	9,685,000
2014 Series 2014C	Serial/Term	3,940,000	12-08-14	175,000	235,000	2.0% to 3.375%	11-01-34	3,940,000
								\$ 117,800,000
<b>Crossover Refunded Bonds</b>								
Series 2006B		7,460,000	12/1/06			4.0% to 4.25%	11/1/2026*	3,715,000
								\$ 121,515,000
Less amount to be paid by Enterprise Funds								(8,295,000)
Total General Obligation Bonds Payable-Governmental Activities								\$ 113,220,000

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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, 2014, are as follows:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 9,855,000	\$ 3,839,431	\$ 13,694,431
2016	13,800,000	3,554,054	17,354,054
2017	10,110,000	3,077,410	13,187,410
2018	9,720,000	2,739,370	12,459,370
2019	9,750,000	2,445,900	12,195,900
2020-2024	32,050,000	8,138,127	40,188,127
2025-2029	19,710,000	3,493,339	23,203,339
2030-2034	8,225,000	887,753	9,112,753
<b>TOTALS</b>	<b>\$ 113,220,000</b>	<b>\$ 28,175,382</b>	<b>\$ 141,395,382</b>

General obligation bonds in the amount of \$8,295,000 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, 2014, are as follows:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 1,140,000	\$ 278,738	\$ 1,418,738
2016	1,195,000	242,238	1,437,238
2017	1,070,000	202,575	1,272,575
2018	1,095,000	166,375	1,261,375
2019	1,050,000	129,075	1,179,075
2020-2024	2,745,000	264,725	3,009,725
<b>TOTALS</b>	<b>\$ 8,295,000</b>	<b>\$ 1,283,725</b>	<b>\$ 9,578,725</b>

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**Note 3: Detailed Notes on All Funds (Continued)**

**J. Long-Term Debt (Continued)**

Temporary notes currently outstanding consist of the following:

<b>Series</b>	<b>Maturity Date</b>	<b>Rate</b>	<b>12/31/14 Balance</b>
2011-03	6/15/2015	2.00%	\$ 30,000
2011-06	12/15/2015	1.20%	200,000
2012-03	6/15/2016	1.00%	135,000
2012-04	6/15/2015	0.50%	615,000
2013-01	12/15/2016	0.70%	1,760,000
2013-02	12/15/2016	0.70%	2,750,000
2013-04	12/15/2016	1.00%	1,185,000
2013-05	12/15/2016	1.00%	125,000
2013-06	12/15/2015	1.00%	560,000
2013-06	12/15/2016	1.00%	3,750,000
2013-06	12/15/2017	1.00%	320,000
2013-07	6/15/2017	1.75%	3,160,000
2014-01	12/15/2017	0.85%	5,900,000
2014-02	12/15/2017	0.85%	460,000
2014-03	12/15/2017	0.88%	2,585,000
2014-04	12/15/2017	1.13%	950,000
2014-05	6/15/2018	1.10%	5,075,000
Total			\$ 29,560,000

\$14,153,611 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 \$165,000, 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 \$2,450,000 outstanding December 31, 2014, were retired June 15, 2015, with funds on hand. Temporary notes in the amount of \$28,045,000 will mature in 2015, 2016, 2017 and 2018.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**Note 3: Detailed Notes on All Funds (Continued)**

**J. Long-Term Debt (Continued)**

At December 31, 2014 there were temporary notes in the amount of \$935,000 maturing in 2015 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, 2014. The coupon rates on the notes range from 0.35 to 1.00 percent.

Changes in this short-term debt during 2014 are summarized in the following table:

Balance at January 1, 2014	\$8,260,000
Issued	935,000
Retired	<u>(8,260,000)</u>
 Balance at December 31, 2014	 <u><u>\$935,000</u></u>

**Debt Service Limit**

The December 31, 2014 debt limit is \$157,111,561. There was \$97,436,828 in outstanding long and short-term G.O. debt applicable to the debt limit as of December 31, 2014. 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
2015	\$ -	\$ 9,600	\$ 9,600
2016	<u>240,000</u>	<u>9,600</u>	<u>249,600</u>
<b>TOTALS</b>	<u><u>\$240,000</u></u>	<u><u>\$19,200</u></u>	<u><u>\$259,200</u></u>

The bonds are subject to special mandatory redemption provisions starting June 1, 2010, and on any interest payment date thereafter. Since June 1, 2010, bonds in the amount of \$265,000 have been redeemed.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 260,000	\$ 240,275	\$ 500,275
2016	145,000	234,750	379,750
2017	-	231,125	231,125
2018	330,000	231,125	561,125
2019	185,000	220,400	405,400
2020-2024	200,000	1,039,625	1,239,625
2025-2029	1,265,000	804,425	2,069,425
2030-2032	2,990,000	448,500	3,438,500
<b>TOTALS</b>	<b>\$5,375,000</b>	<b>\$3,450,225</b>	<b>\$8,825,225</b>

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:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 135,000	\$ 237,619	\$ 372,619
2016	145,000	234,750	379,750
2017	160,000	231,125	391,125
2018	170,000	225,925	395,925
2019	185,000	220,400	405,400
2020-2024	1,170,000	978,200	2,148,200
2025-2029	1,710,000	661,275	2,371,275
2030-2032	1,575,000	171,000	1,746,000
<b>TOTALS</b>	<b>\$5,250,000</b>	<b>\$2,960,294</b>	<b>\$8,210,294</b>

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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**

<b>Serial Bonds</b>		
<b>Stated Maturity December 1</b>	<b>Principal Amount</b>	<b>Annual Rate of Interest</b>
2015	\$935,000	3.500%
2016	\$1,010,000	3.750%
<b>Term Bonds</b>		
<b>Stated Maturity December 1</b>	<b>Principal Amount</b>	<b>Annual Rate of Interest</b>
2026	\$17,180,000	5.000%

**Series 2009B Bonds**

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

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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 2014, \$1,770,000 in principal has been redeemed on the 2009-1 STAR Bonds, resulting in a current balance of \$6,480,000.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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
\$2,100,000	2023

**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 2014, \$2,080,000 in principal has been redeemed on the 2009-1 STAR Bonds, resulting in a current balance of \$27,450,000. Interest is payable semiannually at the following annual rates:

<b>Serial Bonds</b>		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
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%
<b>Term Bonds</b>		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2026	\$11,730,000	6.515%

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

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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 12/31/2014	Lease Balance 12/31/2014
<b>Governmental Activities:</b>				
Fire Truck	\$ 622,452	\$ 722,025	\$ 433,215	\$ 228,862
Patch Machine	32,823	55,923	14,913	8,568
Single-axle Dump Truck	44,396	67,496	53,997	11,402
Single-axle Dump Truck	46,583	69,683	55,747	11,871
Facilities Conservation Improv. Prog.	930,000	285,815	57,163	687,456
Rubber Tire Loader	64,354	99,000	19,800	32,700
Aerial Lift Truck	75,439	94,439	28,332	37,918
Narrow Band Equipment	303,804	-	-	237,054
International 7400 Truck	56,384	77,152	30,860	42,224
Backhoe Loader	47,147	66,780	13,356	47,147
2015 Freightliner Dump Truck	59,228	104,828	20,966	59,228
SCBA Equipment	292,230	-	-	292,230
<b>Total</b>	<b>\$ 2,574,840</b>	<b>\$ 1,643,141</b>	<b>\$ 728,349</b>	<b>\$ 1,696,660</b>
<b>Business-type Activities:</b>				
Street Sweeper	\$ 109,333	\$ 203,990	\$ 163,192	\$ 28,451
Street Sweeper	112,978	180,553	36,111	112,978
<b>Total</b>	<b>\$ 222,311</b>	<b>\$ 384,543</b>	<b>\$ 199,303</b>	<b>\$ 141,429</b>

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**Note 3: Detailed Notes on All Funds (Continued)**

**J. Long-Term Debt (Continued)**

Future minimum lease obligations as of December 31, 2014, are:

<b>Year Ending December 31,</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>
2015	\$ 417,520	\$ 58,525
2016	384,766	29,292
2017	348,237	29,292
2018	251,262	29,292
2019	148,193	
2020-2021	296,386	-
Total Minimum Lease Payments	1,846,364	146,401
Less: Amount representing interest	(149,704)	(4,972)
<b>Present Value of Minimum Lease Payments</b>	<b>\$ 1,696,660</b>	<b>\$ 141,429</b>

Amortization on these assets acquired through capital leases totaled \$183,453 for governmental activities and \$76,909 for business-type activities in 2013 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 \$451,107 was paid in 2014. The balance on the loan as of December 31, 2014, is \$4,162,597 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:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 465,383	\$ 127,081	\$ 592,464
2016	480,110	112,353	592,463
2017	495,304	97,159	592,463
2018	510,979	81,485	592,464
2019	527,150	65,314	592,464
2020-2022	1,683,671	93,718	1,777,389
Totals	<b>\$ 4,162,597</b>	<b>\$ 577,110</b>	<b>\$ 4,739,707</b>

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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 completed the draw-down process in 2014 and drew down a total of \$36,732,684. Principal in the amount of \$1,721,512 was paid in 2014. The balance on the loan as of December 31, 2014, is \$31,181,025 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:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 1,470,466	\$ 832,127	\$ 2,574,135
2016	1,504,628	797,965	2,302,593
2017	1,545,832	756,761	2,302,593
2018	1,588,164	714,428	2,302,592
2019	1,631,656	670,936	2,302,592
2020-2024	8,853,503	2,659,457	11,512,960
2025-2029	10,134,007	1,378,956	11,512,963
2030-2031	4,452,769	152,416	4,605,185
Totals	<u>\$ 31,181,025</u>	<u>\$ 7,963,046</u>	<u>\$ 39,144,071</u>

During 2010, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement enabled the City to borrow up to \$1,537,000 on a low-interest loan with a 20-year repayment period to finance the City's share of the cost of connecting the Pottawatomie County Blue Township Sewer District service area and adjacent tributary areas to the City's wastewater treatment facilities. The interest rate on the loan is 2.55%. The City started the draw-down process in 2010. The loan was amended to allow a total borrowing of \$1,642,258, with principal forgiveness of \$246,339. The balance on the loan as of December 31, 2014, is \$1,233,748 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:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 58,803	\$ 31,088	\$ 89,891
2016	60,312	29,579	89,891
2017	61,860	28,031	89,891
2018	63,447	26,444	89,891
2019	65,076	24,816	89,892
2020-2024	351,302	98,155	449,457
2025-2029	398,752	50,704	449,456
2030-2031	174,196	5,587	179,783
Totals	<u>\$ 1,233,748</u>	<u>\$ 294,404</u>	<u>\$ 1,528,152</u>

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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. The balance on the loan as of December 31, 2014, is \$16,330,124 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 \$658,126 was paid in 2014. The annual amounts to amortize the loan will be as follows:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	759,981	508,899	1,268,880
2019	787,819	481,061	1,268,880
2020-2024	4,393,685	1,950,716	6,344,401
2025-2029	5,259,525	1,084,875	6,344,400
2030-2032	3,006,533	165,668	3,172,201
<b>Totals</b>	<b>\$ 16,330,124</b>	<b>\$ 5,875,278</b>	<b>\$ 22,205,402</b>

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 City completed the draw-down process in 2013. Draws in the amount of \$506,899 were made during 2013, with principal forgiveness of \$126,725. The balance on the loan as of December 31, 2014, is \$361,767 and is shown as a liability to the Water Fund in the accompanying financial statements. The annual amounts to amortize the loan will be as follows:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 14,912	\$ 9,381	\$ 24,293
2016	15,305	8,988	24,293
2017	15,709	8,584	24,293
2018	16,123	8,170	24,293
2019	16,548	7,745	24,293
2020-2024	89,520	31,945	121,465
2025-2029	101,964	19,502	121,466
2030-2033	91,686	5,487	97,173
<b>Totals</b>	<b>\$ 361,767</b>	<b>\$ 99,802</b>	<b>\$ 461,569</b>

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**Note 3: Detailed Notes on All Funds (Continued)**

**J. Long-Term Debt (Continued)**

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 \$3,091,960 on a low-interest loan with a 10-year repayment period to finance the replacement and upgrade of water meters. The interest rate on the loan is 2.08%. This project is eligible for up to 40% principal forgiveness for any qualifying green infrastructure component, or energy or water efficiency component. The estimated principal forgiven amount is \$1,233,700. The City started the draw-down process in 2013. Draws in the amount of \$1,558,537 were made during 2014. The balance on the loan as of December 31, 2014, is \$1,953,507 and is shown as a liability to the Water Fund in the accompanying financial statements. The annual amounts to amortize the loan will be as follows if the entire \$3,091,960 is borrowed and 40% of the principal is forgiven:

<b>Years Ending December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 82,641	\$ 22,578	\$ 105,219
2016	168,307	42,131	210,438
2017	172,422	38,017	210,439
2018	176,637	33,801	210,438
2019	180,956	29,483	210,439
2020-2024	973,342	78,853	1,052,195
2025	103,956	1,263	105,219
Totals	\$ 1,858,261	\$ 246,126	\$ 2,104,387

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, 2014, is \$2,885,345. The annual amounts to amortize the loan are as follows:

<b>December 31,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2015	\$ 248,431	\$ 107,335	\$ 355,766
2016	257,673	98,093	355,766
2017	267,258	88,508	355,766
2018	277,200	78,566	355,766
2019	287,512	68,254	355,766
2020-2024	1,547,271	172,655	1,719,926
	\$ 2,885,345	\$ 613,412	\$ 3,498,756

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**Note 3: Detailed Notes on All Funds (Continued)**

**J. Long-Term Debt (Continued)**

**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, 2014, Industrial Revenue Bonds relating to ten entities were outstanding with a total balance of approximately \$104,183,103.

**Crossover Refunding**

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. In 2014, the Series 2004A (\$635,000) and Series 2004B (\$555,000) General Obligation bonds matured and were paid off.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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 CoreSource 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. The Health Care Fund net position was \$2,071,490 at December 31, 2014. The claims liability of \$229,732 reported in the Fund at December 31, 2014 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 2014 and 2013 were:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Balance at Fiscal Year End</u>
2013-2014	\$ 666,846	\$ 3,261,469	\$ 3,698,583	\$ 229,732
2012-2013	\$ 610,246	\$ 3,084,391	\$ 3,027,791	\$ 666,846

**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 2014 and 2013 were:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Paid</u>	<u>Balance at Fiscal Year End</u>
2013-2014	\$ 289,868	\$ 33,048	\$ 76,632	\$ 246,284
2012-2013	\$ 243,033	\$ 154,150	\$ 107,315	\$ 289,868

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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, 2014, is 9.69%. The employer contributions to KPERS for the years ended December 31, 2014, 2013, and 2012 were \$1,186,487, \$1,013,284, and \$900,037, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2014 is 19.92%. 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, 2014, 2013, and 2012 were \$874,519, \$730,347, and \$622,065 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.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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 2014, active and retired plan members contributed \$614,462 to the plan and the City contributed \$3,066,399 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)	\$ 313,718
Interest on net OPEB obligation	67,747
Adjustment to ARC	<u>(75,274)</u>
Annual OPEB cost (expense)	\$ 306,191
Contributions made	<u>(46,000)</u>
Increase in net OPEB obligation	\$ 260,191
Net OPEB obligation January 1, 2014	<u>2,258,221</u>
Net OPEB obligation December 31, 2014	<u>\$2,518,412</u>

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

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2011	\$ 449,985	16.7%	\$ 1,420,781
12/31/2012	472,736	11.6%	1,838,517
12/31/2013	497,704	15.7%	2,258,221
12/31/2014	306,191	15.0%	2,518,412

**Funded Status and Funding Progress**

As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$2,554,263. 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 \$2,554,263. The covered payroll (annual payroll of active employees covered by the plan) in 2014 was \$16,277,538 and the ratio of the UAAL to covered payroll was 15.7 percent.

**CITY OF MANHATTAN, KANSAS**  
**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2014

**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
Amortization Period:	30 years
Discount rate:	3.00%
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:	3.0% per year
Health care cost trend rate:	6.8% grading down to 4.5%
Participation rate:	50% of members are assumed to elect coverage upon retirement

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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

#### BUDGETED SPECIAL REVENUE FUNDS:

**Aggieville Business Improvement District Fund**

Funds the beautification of the Aggieville Business District.

**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.

**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 REVENUE 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.

### **Capital Improvement Reserve Fund**

Revenue may be credited to this fund from any source including budgeted transfers from other funds, investment income, or reimbursements from bond proceeds, special assessments, state or federal aid. Moneys in the capital improvements reserve fund may be used to finance, in whole or in part, any public improvement within the City's annual capital improvement plan, including the repair, restoration and rehabilitation of existing public facilities, or for engineering and other public improvement plans or studies.

## **NON-BUDGETED SPECIAL REVENUE FUNDS:**

### **Airport Federal Grant No. 42 Fund**

This federal grant pays for 90% of the cost of designing the airport terminal expansion.

### **Airport Federal Grant No. 43 Fund**

This federal grant pays for 90% of the cost of construction the aircraft parking apron.

### **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.

### **Airport Federal Grant No. 44 Fund**

This federal grant pays for 90% of the eligible cost of construction for the airport terminal expansion project

### **Airport Federal Grant No. 46 Fund**

This federal grant pays for 90% of the eligible cost of construction for the airport terminal expansion project

### **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 Program Income**

CDBG funds reimbursed to the City by homeowners who wish to end the agreement for participation in one fo the CDBG Housing Rehabilitation Projects.

## **NON-BUDGETED SPECIAL REVENUE FUNDS:**

### **Emergency Shelter Grant Funds**

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

### **CDBG/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 received from the Kansas State Historical Society to conduct workshops at the Flint Hills Discovery Center to train teachers 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.

### **Juneteenth Grant-2009**

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

### **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.

### **Share the Story Grant**

Funds received by the Flint Hills Discovery Center Foundation to provide a free outreach program for preschool groups to receive a story time activity at the Flint Hills Discovery Center.

### **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.

## **NON-BUDGETED SPECIAL REVENUE FUNDS:**

### **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.

### **Westar Energy Solar Photovoltaic Grant**

Funds received from Westar Energy to be used install a 10 kilowatt solar array at the Nature Exploration Center.

### **Wetland Development Grant**

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

### **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.

### **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.

## **DEBT SERVICE FUNDS**

### **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.

### **McDonald's TDD**

This fund was established to account for the McDonald's Transportation Development District excise/sales tax revenues, which will be used to pay for the costs of the public improvements.

## **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, 2014

	<b>Aggieville Business Improvement District</b>	<b>City/ University Projects</b>	<b>Downtown Business Improvement District</b>	<b>Economic Development</b>
<b>Assets</b>				
Cash	\$ 225	\$ 100,226	\$ 3,056	\$ 6,872,285
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	300,739
Receivables	1,000	-	385	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	339,805
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<u>\$ 1,225</u>	<u>\$ 100,226</u>	<u>\$ 3,441</u>	<u>\$ 7,512,829</u>
<b>Liabilities</b>				
Accounts payable	\$ 210	\$ -	\$ 2,641	\$ 227,645
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	1,000	-	385	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<u>\$ 1,210</u>	<u>\$ -</u>	<u>\$ 3,026</u>	<u>\$ 227,645</u>
<b>Deferred Inflow of Resources</b>				
Unavailable revenue - Property Taxes	\$ -	\$ -	\$ -	\$ -
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund Balance</b>				
Nonspendable - Perpetual Care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban Development & Housing	15	-	415	3,065,181
General Government	-	-	-	-
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - Urban Development	-	100,226	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Purchases on Order	-	-	-	-
Assigned - Subsequent Year Budget	-	-	-	4,220,003
Unassigned	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Fund Balance</b>	<u>\$ 15</u>	<u>\$ 100,226</u>	<u>\$ 415</u>	<u>\$ 7,285,184</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balance</b>				
	<u>\$ 1,225</u>	<u>\$ 100,226</u>	<u>\$ 3,441</u>	<u>\$ 7,512,829</u>

(Continued)

**Special Revenue**

<u>Employee Benefit Contribution</u>	<u>Fire Equipment Reserve</u>	<u>Fire Pension KP&amp;F</u>	<u>General Improvement</u>	<u>Industrial Promotion</u>	<u>Library</u>
\$ 25,241	\$ 342,619	\$ 82,590	\$ 119,820	\$ 227,707	\$ 544
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,341	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,266,259	133,089	632,401	-	-	2,051,981
-	-	-	-	-	-
<u>\$ 1,291,500</u>	<u>\$ 475,708</u>	<u>\$ 714,991</u>	<u>\$ 119,820</u>	<u>\$ 229,048</u>	<u>\$ 2,052,525</u>
\$ -	\$ 26,296	\$ -	\$ -	\$ 815	\$ 218
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,341	-
<u>\$ -</u>	<u>\$ 26,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,156</u>	<u>\$ 218</u>
<u>\$ 1,266,259</u>	<u>\$ 133,089</u>	<u>\$ 632,401</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,051,981</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	46,892	-
10,241	-	-	-	-	-
-	-	-	-	-	-
-	66,323	52,590	-	-	-
-	-	-	-	-	326
-	-	-	94,820	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
15,000	250,000	30,000	25,000	180,000	-
-	-	-	-	-	-
<u>\$ 25,241</u>	<u>\$ 316,323</u>	<u>\$ 82,590</u>	<u>\$ 119,820</u>	<u>\$ 226,892</u>	<u>\$ 326</u>
<u>\$ 1,291,500</u>	<u>\$ 475,708</u>	<u>\$ 714,991</u>	<u>\$ 119,820</u>	<u>\$ 229,048</u>	<u>\$ 2,052,525</u>

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

December 31, 2014

	<b>Library Employee Benefit Contribution</b>	<b>Park Development</b>	<b>Sales Tax</b>	<b>Special Alcohol Programs</b>
<b>Assets</b>				
Cash	\$ 5,248	\$ 164,080	\$ 161,358	\$ 249,801
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	995,402	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	489,390	-	-	-
Economic development loans	-	-	-	-
<b>Total Assets</b>	<b>\$ 494,638</b>	<b>\$ 164,080</b>	<b>\$ 1,156,760</b>	<b>\$ 249,801</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 42,753	\$ -	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 42,753</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Deferred Inflow of Resources</b>				
Unavailable revenue - Property Taxes	\$ 489,390	\$ -	\$ -	\$ -
<b>Fund Balance</b>				
Nonspendable - Perpetual Care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban Development & Housing	-	-	-	-
General Government	-	-	1,137,519	89,801
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	5,248	17,576	-	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - General Government	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Purchases on Order	-	23,751	-	-
Assigned - Subsequent Year Budget	-	80,000	19,241	160,000
Unassigned	-	-	-	-
<b>Total Fund Balance</b>	<b>\$ 5,248</b>	<b>\$ 121,327</b>	<b>\$ 1,156,760</b>	<b>\$ 249,801</b>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balance</b>	<b>\$ 494,638</b>	<b>\$ 164,080</b>	<b>\$ 1,156,760</b>	<b>\$ 249,801</b>

(Continued)

**Special Revenue**

<b>Special Parks and Recreation</b>	<b>Special Street and Highway</b>	<b>Special Sunset Zoo</b>	<b>Tourism and Convention Promotion</b>	<b>Capital Improvement Reserve</b>	<b>Airport Federal Grant No. 42</b>
\$ 997,411	\$ 995,930	\$ 170,753	\$ 137,535	\$ 1,868,721	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	66,045
-	-	-	-	-	-
-	-	-	409,691	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 997,411</u>	<u>\$ 995,930</u>	<u>\$ 170,753</u>	<u>\$ 547,226</u>	<u>\$ 1,868,721</u>	<u>\$ 66,045</u>
\$ 20,699	\$ 331,703	\$ 7,135	\$ -	\$ -	\$ -
-	1,028	7,529	-	-	-
-	-	-	-	-	81,086
-	-	-	-	-	-
<u>\$ 20,699</u>	<u>\$ 332,731</u>	<u>\$ 14,664</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,086</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	469,345	-	-
-	-	-	-	138,721	-
-	-	-	-	-	-
-	-	-	-	-	-
369,215	-	-	-	-	-
-	280,514	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,497	72,685	-	-	-	-
600,000	310,000	156,089	77,881	1,730,000	-
-	-	-	-	-	(15,041)
<u>\$ 976,712</u>	<u>\$ 663,199</u>	<u>\$ 156,089</u>	<u>\$ 547,226</u>	<u>\$ 1,868,721</u>	<u>\$ (15,041)</u>
<u>\$ 997,411</u>	<u>\$ 995,930</u>	<u>\$ 170,753</u>	<u>\$ 547,226</u>	<u>\$ 1,868,721</u>	<u>\$ 66,045</u>

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

December 31, 2014

	<b>Airport Federal Grant</b>	<b>Airport TVOR Land Acquisition</b>	<b>Airport Federal Grant</b>	<b>Alcohol and Drug</b>
<b>Assets</b>				
Cash	\$ -	\$ 356,138	\$ 481,860	\$ 37,859
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	32,657
Intergovernmental receivables	-	-	1,217,034	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 356,138</b>	<b>\$ 1,698,894</b>	<b>\$ 70,516</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 547,461	\$ 19,649
Accrued payroll	-	-	-	-
Interfund payable	198,625	-	-	-
Deferred revenue	-	-	-	32,657
<b>Total Liabilities</b>	<b>\$ 198,625</b>	<b>\$ -</b>	<b>\$ 547,461</b>	<b>\$ 52,306</b>
<b>Deferred Inflow of Resources</b>				
Unavailable revenue - Property Taxes	\$ -	\$ -	\$ -	\$ -
<b>Fund Balance</b>				
Nonspendable - Perpetual Care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban Development & Housing	-	-	-	-
General Government	-	-	-	18,210
Capital Projects	-	356,138	1,151,433	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - General Government	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Purchases on Order	-	-	-	-
Assigned - Subsequent Year Budget	-	-	-	-
Unassigned	(198,625)	-	-	-
<b>Total Fund Balance</b>	<b>\$ (198,625)</b>	<b>\$ 356,138</b>	<b>\$ 1,151,433</b>	<b>\$ 18,210</b>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balance</b>	<b>\$ -</b>	<b>\$ 356,138</b>	<b>\$ 1,698,894</b>	<b>\$ 70,516</b>

(Continued)

**Special Revenue**

<b>Emergency Shelter</b>	<b>Federal Entitlement</b>	<b>FHDC Archeology</b>	<b>Firefighter</b>	<b>Home Investment Partnerships</b>	<b>Juneteenth</b>
\$ 17,925	\$ -	\$ 415	\$ 2,645	\$ 38,664	\$ 2,266
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
12,964	4,684	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 30,889</u>	<u>\$ 4,684</u>	<u>\$ 415</u>	<u>\$ 2,645</u>	<u>\$ 38,664</u>	<u>\$ 2,266</u>
\$ 28,794	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,508	-	-	-	-
-	4,684	-	-	-	-
-	-	-	-	-	-
<u>\$ 28,794</u>	<u>\$ 7,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,095	-	-	-	38,664	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,645	-	-
-	-	415	-	-	2,266
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	(2,508)	-	-	-	-
<u>\$ 2,095</u>	<u>\$ (2,508)</u>	<u>\$ 415</u>	<u>\$ 2,645</u>	<u>\$ 38,664</u>	<u>\$ 2,266</u>
<u>\$ 30,889</u>	<u>\$ 4,684</u>	<u>\$ 415</u>	<u>\$ 2,645</u>	<u>\$ 38,664</u>	<u>\$ 2,266</u>

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

December 31, 2014

	<b>Norvell Band Shell</b>	<b>Park Improvement</b>	<b>Special Taxi</b>	<b>Sunset Zoo Animals</b>
<b>Assets</b>				
Cash	\$ 1,864	\$ 20,239	\$ 67,011	\$ 746
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	-	-	-	-
	<u>\$ 1,864</u>	<u>\$ 20,239</u>	<u>\$ 67,011</u>	<u>\$ 746</u>
<b>Total Assets</b>	<u>\$ 1,864</u>	<u>\$ 20,239</u>	<u>\$ 67,011</u>	<u>\$ 746</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Deferred Inflow of Resources</b>				
Unavailable revenue - Property Taxes	\$ -	\$ -	\$ -	\$ -
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balance</b>				
Nonspendable - Perpetual Care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban Development & Housing	-	-	-	-
General Government	-	-	67,011	-
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	1,864	20,239	-	746
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - General Government	-	-	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Purchases on Order	-	-	-	-
Assigned - Subsequent Year Budget	-	-	-	-
Unassigned	-	-	-	-
	<u>\$ 1,864</u>	<u>\$ 20,239</u>	<u>\$ 67,011</u>	<u>\$ 746</u>
<b>Total Fund Balance</b>	<u>\$ 1,864</u>	<u>\$ 20,239</u>	<u>\$ 67,011</u>	<u>\$ 746</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balance</b>	<u>\$ 1,864</u>	<u>\$ 20,239</u>	<u>\$ 67,011</u>	<u>\$ 746</u>

(Continued)

**Special Revenue**

<b>Wetland Development Grant</b>	<b>Yes! Grant-2012</b>	<b>CDBG Entitlement</b>	<b>Share the Story</b>	<b>CDBG Program Income</b>	<b>Airport Federal Grant No. 46</b>
\$ 2,183	\$ 6,000	\$ -	\$ -	\$ 1,781	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	43,431	-	-	61
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,183</u>	<u>\$ 6,000</u>	<u>\$ 43,431</u>	<u>\$ -</u>	<u>\$ 1,781</u>	<u>\$ 61</u>
\$ -	\$ -	\$ 18,834	\$ 78	\$ -	\$ -
-	248	-	-	-	-
-	-	40,547	393	-	61
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 248</u>	<u>\$ 59,381</u>	<u>\$ 471</u>	<u>\$ -</u>	<u>\$ 61</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	1,781	-
-	-	-	-	-	-
-	-	-	-	-	-
2,183	5,752	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	(15,950)	(471)	-	-
<u>\$ 2,183</u>	<u>\$ 5,752</u>	<u>\$ (15,950)</u>	<u>\$ (471)</u>	<u>\$ 1,781</u>	<u>\$ -</u>
<u>\$ 2,183</u>	<u>\$ 6,000</u>	<u>\$ 43,431</u>	<u>\$ -</u>	<u>\$ 1,781</u>	<u>\$ 61</u>

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

December 31, 2014

	<u>Special Revenue</u>		<u>Debt Service</u>	
	<u>Westar Energy Solar Grant</u>	<u>Total</u>	<u>Downtown Redevelopment Senior Lien TIF Bonds</u>	<u>Downtown Redevelopment Sub Lien TIF Bonds</u>
<b>Assets</b>				
Cash	\$ 43,616	\$ 13,606,362	\$ 77,581	\$ -
Cash with special obligation bonds trustee	-	-	2,652,758	1
Investment in joint venture	-	300,739	-	-
Receivables	-	35,383	-	-
Intergovernmental receivables	-	1,344,219	-	-
Sales tax receivable	-	1,335,207	186,351	-
Transient guest tax receivable	-	409,691	-	-
Property tax receivable	-	4,573,120	-	-
Economic development loans	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Assets</b>	<u>\$ 43,616</u>	<u>\$ 21,604,721</u>	<u>\$ 2,916,690</u>	<u>\$ 1</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 1,274,931	\$ -	\$ -
Accrued payroll	-	11,313	-	-
Interfund payable	-	325,396	-	-
Deferred revenue	-	35,383	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ 1,647,023</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Deferred Inflow of Resources</b>				
Unavailable revenue - Property Taxes	\$ -	\$ 4,573,120	\$ -	\$ -
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Fund Balance</b>				
Nonspendable - Perpetual Care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban Development & Housing	-	3,624,388	-	-
General Government	-	1,461,503	-	-
Capital Projects	-	1,507,571	-	-
Public Safety	-	121,558	-	-
Culture & Recreation	43,616	469,446	-	-
Public Works	-	375,334	-	-
Debt Service	-	-	2,916,690	1
Committed - General Government	-	100,226	-	-
Committed - Culture & Recreation	-	-	-	-
Assigned - Purchases on Order	-	103,933	-	-
Assigned - Subsequent Year Budget	-	7,853,214	-	-
Unassigned	-	(232,595)	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total Fund Balance</b>	<u>\$ 43,616</u>	<u>\$ 15,384,578</u>	<u>\$ 2,916,690</u>	<u>\$ 1</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balance</b>	<u>\$ 43,616</u>	<u>\$ 21,604,721</u>	<u>\$ 2,916,690</u>	<u>\$ 1</u>

(Continued)

**Debt Service**

<b>Downtown Redevelopment STAR Bonds</b>	<b>Downtown Redevelopment Taxable STAR Bonds</b>	<b>Downtown Redevelopment TDD</b>	<b>Limey Pointe TDD</b>	<b>Downtown South End TDD</b>	<b>McDonald's TDD</b>
\$ -	\$ -	\$ 815,739	\$ 150,912	\$ 108,255	\$ 12,884
24,215	1,772	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	46,785	9,201	3,909	3,484
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 24,215</u>	<u>\$ 1,772</u>	<u>\$ 862,524</u>	<u>\$ 160,113</u>	<u>\$ 112,164</u>	<u>\$ 16,368</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,215	1,772	862,524	160,113	112,164	16,368
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 24,215</u>	<u>\$ 1,772</u>	<u>\$ 862,524</u>	<u>\$ 160,113</u>	<u>\$ 112,164</u>	<u>\$ 16,368</u>
<u>\$ 24,215</u>	<u>\$ 1,772</u>	<u>\$ 862,524</u>	<u>\$ 160,113</u>	<u>\$ 112,164</u>	<u>\$ 16,368</u>

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

December 31, 2014

	<u>Debt Service</u>	<u>Permanent</u>	<u>Total</u>
	<u>Total</u>	<u>Sunrise Perpetual Care</u>	<u>Nonmajor Governmental Funds</u>
<b>Assets</b>			
Cash	\$ 1,165,371	\$ 469,235	\$ 15,240,968
Cash with special obligation bonds trustee	2,678,746	-	2,678,746
Investment in joint venture	-	-	300,739
Receivables	-	-	35,383
Intergovernmental receivables	-	-	1,344,219
Sales tax receivable	249,730	-	1,584,937
Transient guest tax receivable	-	-	409,691
Property tax receivable	-	-	4,573,120
Economic development loans	-	-	-
	<u>\$ 4,093,847</u>	<u>\$ 469,235</u>	<u>\$ 26,167,803</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 1,274,931
Accrued payroll	-	-	11,313
Interfund payable	-	-	325,396
Deferred revenue	-	-	35,383
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,647,023</u>
<b>Deferred Inflow of Resources</b>			
Unavailable revenue - Property Taxes	\$ -	\$ -	\$ 4,573,120
<b>Fund Balance</b>			
Nonspendable - Perpetual Care	\$ -	\$ 469,235	\$ 469,235
Restricted:			
Urban Development & Housing	-	-	3,624,388
General Government	-	-	1,461,503
Capital Projects	-	-	1,507,571
Public Safety	-	-	121,558
Culture & Recreation	-	-	469,446
Public Works	-	-	375,334
Debt Service	4,093,847	-	4,093,847
Committed - General Government	-	-	100,226
Committed - Culture & Recreation	-	-	-
Assigned - Purchases on Order	-	-	103,933
Assigned - Subsequent Year Budget	-	-	7,853,214
Unassigned	-	-	(232,595)
	<u>\$ 4,093,847</u>	<u>\$ 469,235</u>	<u>\$ 19,947,660</u>
<b>Total Liabilities, Deferred Inflow of Resources and Fund Balance</b>			
	<u>\$ 4,093,847</u>	<u>\$ 469,235</u>	<u>\$ 26,167,803</u>

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

For The Year Ended December 31, 2014

	<b>Aggieville Business Improvement District</b>	<b>City/ University Projects</b>	<b>Downtown Business Improvement District</b>	<b>Economic Development</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ 447,500	\$ -	\$ 1,917,298
Intergovernmental	-	-	-	-
Charges for services	49,600	-	63,429	-
Investment income	-	-	-	280,293
Miscellaneous	-	-	-	170,250
<b>Total Revenue</b>	<b>\$ 49,600</b>	<b>\$ 447,500</b>	<b>\$ 63,429</b>	<b>\$ 2,367,841</b>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	48,102	-	62,087	2,006,596
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	422,600	-	-
Debt service				
Principal	-	-	-	-
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 48,102</b>	<b>\$ 422,600</b>	<b>\$ 62,087</b>	<b>\$ 2,006,596</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 1,498</b>	<b>\$ 24,900</b>	<b>\$ 1,342</b>	<b>\$ 361,245</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Temporary notes retired	\$ -	\$ -	\$ -	\$ -
Proceeds of temporary notes	-	-	-	-
General obligation bonds issued	-	-	-	-
Special obligation bonds issued	-	-	-	-
Discount on special obligation bonds	-	-	-	-
Transfers in	-	187,350	-	-
Transfers out	(1,500)	(166,701)	(1,500)	(1,668,905)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (1,500)</b>	<b>\$ 20,649</b>	<b>\$ (1,500)</b>	<b>\$ (1,668,905)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (2)</b>	<b>\$ 45,549</b>	<b>\$ (158)</b>	<b>\$ (1,307,660)</b>
<b>FUND BALANCE-BEGINNING OF PERIOD</b>	<b>17</b>	<b>54,677</b>	<b>573</b>	<b>8,592,844</b>
<b>FUND BALANCE - END OF PERIOD</b>	<b>\$ 15</b>	<b>\$ 100,226</b>	<b>\$ 415</b>	<b>\$ 7,285,184</b>

(Continued)

**Special Revenue**

<b>Employee Benefit Contribution</b>	<b>Fire Equipment Reserve</b>	<b>Fire Pension KP&amp;F</b>	<b>General Improvement</b>	<b>Industrial Promotion</b>
\$ 1,040,471	\$ 220,668	\$ 519,019	\$ -	\$ 10
-	-	-	-	-
-	480	-	36	268
-	15,000	-	-	36,282
<u>\$ 1,040,471</u>	<u>\$ 236,148</u>	<u>\$ 519,019</u>	<u>\$ 36</u>	<u>\$ 36,560</u>
\$ 584,655	\$ -	\$ -	\$ -	\$ -
160,021	207,185	874,518	-	-
456,193	-	-	80,085	-
88,218	-	-	-	42,696
696,913	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	95,982	-	-	-
-	-	-	-	-
-	17,659	-	-	-
<u>\$ 1,986,000</u>	<u>\$ 320,826</u>	<u>\$ 874,518</u>	<u>\$ 80,085</u>	<u>\$ 42,696</u>
\$ (945,529)	\$ (84,678)	\$ (355,499)	\$ (80,049)	\$ (6,136)
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
811,250	-	335,000	138,905	-
-	-	-	-	-
<u>\$ 811,250</u>	<u>\$ -</u>	<u>\$ 335,000</u>	<u>\$ 138,905</u>	<u>\$ -</u>
\$ (134,279)	\$ (84,678)	\$ (20,499)	\$ 58,856	\$ (6,136)
159,520	401,001	103,089	60,964	233,028
<u>\$ 25,241</u>	<u>\$ 316,323</u>	<u>\$ 82,590</u>	<u>\$ 119,820</u>	<u>\$ 226,892</u>

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

For The Year Ended December 31, 2014

	<b>Library</b>	<b>Library Employee Benefit Contribution</b>	<b>Park Development</b>	<b>Sales Tax</b>
<b>REVENUES</b>				
Taxes	\$ 2,198,185	\$ 495,395	\$ -	\$ 5,543,317
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	55	10	123	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<b>\$ 2,198,240</b>	<b>\$ 495,405</b>	<b>\$ 123</b>	<b>\$ 5,543,317</b>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	2,214,010	494,159	-	-
Capital Outlay	-	-	51,584	-
Debt service				
Principal	-	-	-	-
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 2,214,010</b>	<b>\$ 494,159</b>	<b>\$ 51,584</b>	<b>\$ -</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (15,770)</b>	<b>\$ 1,246</b>	<b>\$ (51,461)</b>	<b>\$ 5,543,317</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Temporary notes retired	\$ -	\$ -	\$ -	\$ -
Proceeds of temporary notes	-	-	-	-
General obligation bonds issued	-	-	-	-
Special obligation bonds issued	-	-	-	-
Discount on special obligation bonds	-	-	-	-
Transfers in	-	-	75,000	-
Transfers out	-	-	-	(5,548,986)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,000</b>	<b>\$ (5,548,986)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (15,770)</b>	<b>\$ 1,246</b>	<b>\$ 23,539</b>	<b>\$ (5,669)</b>
<b>FUND BALANCE-BEGINNING OF PERIOD</b>	<b>16,096</b>	<b>4,002</b>	<b>97,788</b>	<b>1,162,429</b>
<b>FUND BALANCE - END OF PERIOD</b>	<b>\$ 326</b>	<b>\$ 5,248</b>	<b>\$ 121,327</b>	<b>\$ 1,156,760</b>

(Continued)

**Special Revenue**

<b>Special Alcohol Programs</b>	<b>Special Parks and Recreation</b>	<b>Special Street and Highway</b>	<b>Special Sunset Zoo</b>	<b>Tourism and Convention Promotion</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,336,815
488,471	488,471	1,603,812	-	-
-	-	-	447,213	-
141	827	1,487	155	-
4,308	3,600	13,102	24,415	-
<u>\$ 492,920</u>	<u>\$ 492,898</u>	<u>\$ 1,618,401</u>	<u>\$ 471,783</u>	<u>\$ 1,336,815</u>
\$ 440,162	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	463,639	-	-
-	-	-	-	1,037,101
-	-	-	407,490	-
-	-	-	-	-
-	304,348	1,390,792	-	-
-	8,629	-	-	-
-	-	-	-	-
-	286	-	-	-
<u>\$ 440,162</u>	<u>\$ 313,263</u>	<u>\$ 1,854,431</u>	<u>\$ 407,490</u>	<u>\$ 1,037,101</u>
\$ 52,758	\$ 179,635	\$ (236,030)	\$ 64,293	\$ 299,714
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	644	-
-	(2,719)	-	(24,400)	(204,199)
<u>\$ -</u>	<u>\$ (2,719)</u>	<u>\$ -</u>	<u>\$ (23,756)</u>	<u>\$ (204,199)</u>
\$ 52,758	\$ 176,916	\$ (236,030)	\$ 40,537	\$ 95,515
197,043	799,796	899,229	115,552	451,711
<u>\$ 249,801</u>	<u>\$ 976,712</u>	<u>\$ 663,199</u>	<u>\$ 156,089</u>	<u>\$ 547,226</u>

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

For The Year Ended December 31, 2014

	<u>Capital Improvement Reserve</u>	<u>Airport Federal Grant No. 42</u>	<u>Airport Federal Grant No. 43</u>	<u>Airport TVOR Land Acquisition Grant</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	194,180	235,474	-
Charges for services	-	-	-	-
Investment income	2,026	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>\$ 2,026</u>	<u>\$ 194,180</u>	<u>\$ 235,474</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ 57,229	\$ -	\$ 22,257
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	-	-	12,115
<b>Total Expenditures</b>	<u>\$ -</u>	<u>\$ 57,229</u>	<u>\$ -</u>	<u>\$ 34,372</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 2,026</u>	<u>\$ 136,951</u>	<u>\$ 235,474</u>	<u>\$ (34,372)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Temporary notes retired	\$ -	\$ -	\$ -	\$ -
Proceeds of temporary notes	-	-	-	-
General obligation bonds issued	-	-	-	-
Special obligation bonds issued	-	-	-	-
Discount on special obligation bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCES</b>	\$ 2,026	\$ 136,951	\$ 235,474	\$ (34,372)
<b>FUND BALANCE-BEGINNING OF PERIOD</b>	<u>1,866,695</u>	<u>(151,992)</u>	<u>(434,099)</u>	<u>390,510</u>
<b>FUND BALANCE - END OF PERIOD</b>	<u>\$ 1,868,721</u>	<u>\$ (15,041)</u>	<u>\$ (198,625)</u>	<u>\$ 356,138</u>

(Continued)

**Special Revenue**

<b>Airport Federal Grant No. 44</b>	<b>Alcohol and Drug Safety</b>	<b>Emergency Shelter 2012</b>	<b>Emergency Shelter 2013</b>	<b>Federal Entitlement 2012</b>
\$ -	\$ -	\$ -	\$ -	\$ -
6,333,652	-	130,487	115,678	40,082
-	-	-	-	-
-	-	-	-	-
-	4,167	-	-	-
<u>\$ 6,333,652</u>	<u>\$ 4,167</u>	<u>\$ 130,487</u>	<u>\$ 115,678</u>	<u>\$ 40,082</u>
\$ 265	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	120,612	100,944	40,082
-	-	-	-	-
7,872,842	-	-	-	-
-	-	-	-	-
-	-	-	-	-
55,607	-	-	-	-
<u>\$ 7,928,714</u>	<u>\$ -</u>	<u>\$ 120,612</u>	<u>\$ 100,944</u>	<u>\$ 40,082</u>
\$ (1,595,062)	\$ 4,167	\$ 9,875	\$ 14,734	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(6,114)	-	(2,628)	-
<u>\$ -</u>	<u>\$ (6,114)</u>	<u>\$ -</u>	<u>\$ (2,628)</u>	<u>\$ -</u>
\$ (1,595,062)	\$ (1,947)	\$ 9,875	\$ 12,106	\$ -
2,746,495	20,157	(7,780)	(12,106)	-
<u>\$ 1,151,433</u>	<u>\$ 18,210</u>	<u>\$ 2,095</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MANHATTAN, KANSAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
For The Year Ended December 31, 2014

	<b>Federal Entitlement 2013</b>	<b>FHDC Archeology Grant</b>	<b>Firefighter Memorial</b>	<b>Home Investment Partnerships Program-2011</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	330,882	-	-	27,195
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	1,130	-	115	-
<b>Total Revenue</b>	<b>\$ 332,012</b>	<b>\$ -</b>	<b>\$ 115</b>	<b>\$ 27,195</b>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	334,520	-	-	17,360
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 334,520</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,360</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (2,508)</b>	<b>\$ -</b>	<b>\$ 115</b>	<b>\$ 9,835</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Temporary notes retired	\$ -	\$ -	\$ -	\$ -
Proceeds of temporary notes	-	-	-	-
General obligation bonds issued	-	-	-	-
Special obligation bonds issued	-	-	-	-
Discount on special obligation bonds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (2,508)</b>	<b>\$ -</b>	<b>\$ 115</b>	<b>\$ 9,835</b>
<b>FUND BALANCE-BEGINNING OF PERIOD</b>	<b>-</b>	<b>415</b>	<b>2,530</b>	<b>28,829</b>
<b>FUND BALANCE - END OF PERIOD</b>	<b>\$ (2,508)</b>	<b>\$ 415</b>	<b>\$ 2,645</b>	<b>\$ 38,664</b>

(Continued)

**Special Revenue**

<b>Juneteenth Grant-2009</b>	<b>Norvell Band Shell</b>	<b>Old Engine One Fund</b>	<b>Park Improvement</b>	<b>Special Taxi</b>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	10,188
-	-	-	-	-
1,000	-	22,980	1,030	10,000
<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 22,980</u>	<u>\$ 1,030</u>	<u>\$ 20,188</u>
\$ -	\$ -	\$ -	\$ -	\$ 14,956
-	-	22,980	-	-
-	-	-	-	-
-	-	-	20	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,980</u>	<u>\$ 20</u>	<u>\$ 14,956</u>
<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,010</u>	<u>\$ 5,232</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,000	\$ -	\$ -	\$ 1,010	\$ 5,232
1,266	1,864	-	19,229	61,779
<u>\$ 2,266</u>	<u>\$ 1,864</u>	<u>\$ -</u>	<u>\$ 20,239</u>	<u>\$ 67,011</u>

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

For The Year Ended December 31, 2014

	<b>Sunset Zoo Animals</b>	<b>Wetland Development Grant</b>	<b>Yes! Grant-2012</b>	<b>CDBG Entitlement</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	10,500	129,448
Charges for services	-	-	-	-
Investment income	1	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ 10,500</b>	<b>\$ 129,448</b>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	145,398
Culture/recreation	16	-	7,467	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 16</b>	<b>\$ -</b>	<b>\$ 7,467</b>	<b>\$ 145,398</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (15)</b>	<b>\$ -</b>	<b>\$ 3,033</b>	<b>\$ (15,950)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Temporary notes retired	\$ -	\$ -	\$ -	\$ -
Proceeds of temporary notes	-	-	-	-
General obligation bonds issued	-	-	-	-
Special obligation bonds issued	-	-	-	-
Discount on special obligation bonds	-	-	-	-
Transfers in	0	-	2,719	-
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,719</b>	<b>\$ -</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (15)</b>	<b>\$ -</b>	<b>\$ 5,752</b>	<b>\$ (15,950)</b>
<b>FUND BALANCE-BEGINNING OF PERIOD</b>	<b>761</b>	<b>2,183</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE - END OF PERIOD</b>	<b>\$ 746</b>	<b>\$ 2,183</b>	<b>\$ 5,752</b>	<b>\$ (15,950)</b>

(Continued)

**Special Revenue**

<b>Share the Story</b>	<b>CDBG Program Income</b>	<b>Airport Federal Grant No. 46</b>	<b>Westar Energy Solar Grant</b>	<b>Total</b>
\$ -	\$ -	\$ -	\$ -	\$ 13,718,678
1,754	-	61	43,616	10,173,763
-	-	-	-	570,430
-	-	-	-	285,902
-	1,882	-	-	309,261
<u>\$ 1,754</u>	<u>\$ 1,882</u>	<u>\$ 61</u>	<u>\$ 43,616</u>	<u>\$ 25,058,034</u>
\$ -	\$ -	\$ 61	\$ -	\$ 1,119,585
-	-	-	-	1,264,704
-	-	-	-	999,917
-	101	-	-	4,043,817
2,225	-	-	-	1,114,131
-	-	-	-	2,708,169
-	-	-	-	10,042,166
-	-	-	-	104,611
-	-	-	-	-
-	-	-	-	85,667
<u>\$ 2,225</u>	<u>\$ 101</u>	<u>\$ 61</u>	<u>\$ -</u>	<u>\$ 21,482,767</u>
\$ (471)	\$ 1,781	\$ -	\$ 43,616	\$ 3,575,267
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	1,550,868
-	-	-	-	(7,627,652)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (6,076,784)</u>
\$ (471)	\$ 1,781	\$ -	\$ 43,616	\$ (2,501,517)
-	-	-	-	17,886,095
<u>\$ (471)</u>	<u>\$ 1,781</u>	<u>\$ -</u>	<u>\$ 43,616</u>	<u>\$ 15,384,578</u>

**CITY OF MANHATTAN, KANSAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
For The Year Ended December 31, 2014

	<b>Downtown Redevelopment Senior Lien TIF Bonds</b>	<b>Downtown Redevelopment Sub Lien TIF Bonds</b>	<b>Downtown Redevelopment STAR Bonds</b>	<b>Downtown Redevelopment Taxable STAR Bonds</b>
<b>REVENUES</b>				
Taxes	\$ 2,095,379	\$ -	\$ 5,344,606	\$ -
Intergovernmental	-	-	-	529,260
Charges for services	-	-	-	-
Investment income	47,837	-	116	7
Miscellaneous	-	-	-	45,000
<b>Total Revenue</b>	<b>\$ 2,143,216</b>	<b>\$ -</b>	<b>\$ 5,344,722</b>	<b>\$ 574,267</b>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	855,000	-	1,770,000	2,080,000
Bond issuance costs	-	-	-	-
Interest and fiscal charges	961,319	131,196	445,625	1,630,375
<b>Total Expenditures</b>	<b>\$ 1,816,319</b>	<b>\$ 131,196</b>	<b>\$ 2,215,625</b>	<b>\$ 3,710,375</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 326,897</b>	<b>\$ (131,196)</b>	<b>\$ 3,129,097</b>	<b>\$ (3,136,108)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Temporary notes retired	\$ -	\$ -	\$ -	\$ -
Proceeds of temporary notes	-	-	-	-
General obligation bonds issued	-	-	-	-
Special obligation bonds issued	-	-	-	-
Discount on special obligation bonds	-	-	-	-
Transfers in	-	131,196	-	3,136,108
Transfers out	(230,088)	-	(3,136,108)	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (230,088)</b>	<b>\$ 131,196</b>	<b>\$ (3,136,108)</b>	<b>\$ 3,136,108</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 96,809</b>	<b>\$ -</b>	<b>\$ (7,011)</b>	<b>\$ -</b>
<b>FUND BALANCE-BEGINNING OF PERIOD</b>	<b>2,819,881</b>	<b>1</b>	<b>31,226</b>	<b>1,772</b>
<b>FUND BALANCE - END OF PERIOD</b>	<b>\$ 2,916,690</b>	<b>\$ 1</b>	<b>\$ 24,215</b>	<b>\$ 1,772</b>

(Continued)

**Debt Service**

<b>Downtown Redevelopment TDD</b>	<b>Limey Pointe TDD</b>	<b>Downtown South End TDD</b>	<b>McDonald's TDD</b>	<b>Total</b>
\$ 310,587	\$ 51,595	\$ 37,285	\$ 16,368	\$ 7,855,820
-	-	-	-	529,260
-	-	-	-	-
2,552	283	-	-	50,795
-	-	-	-	45,000
<u>\$ 313,139</u>	<u>\$ 51,878</u>	<u>\$ 37,285</u>	<u>\$ 16,368</u>	<u>\$ 8,480,875</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,431,877	-	-	-	1,431,877
125,000	50,000	-	-	4,880,000
-	-	-	-	-
240,275	11,103	-	-	3,419,893
<u>\$ 1,797,152</u>	<u>\$ 61,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,731,770</u>
\$ (1,484,013)	\$ (9,225)	\$ 37,285	\$ 16,368	\$ (1,250,895)
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	3,267,304
-	-	-	-	(3,366,196)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (98,892)</u>
\$ (1,484,013)	\$ (9,225)	\$ 37,285	\$ 16,368	\$ (1,349,787)
2,346,537	169,338	74,879	-	5,443,634
<u>\$ 862,524</u>	<u>\$ 160,113</u>	<u>\$ 112,164</u>	<u>\$ 16,368</u>	<u>\$ 4,093,847</u>

**CITY OF MANHATTAN, KANSAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN**  
**FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
For The Year Ended December 31, 2014

	<b>Permanent</b>	<b>Total</b>
	<b>Sunrise Perpetual Care</b>	<b>Nonmajor Governmental Funds</b>
<b>REVENUES</b>		
Taxes	\$ -	\$ 21,574,498
Intergovernmental	-	10,703,023
Charges for services	5,456	575,886
Investment income	503	337,200
Miscellaneous	-	354,261
<b>Total Revenue</b>	\$ 5,959	\$ 33,544,868
<b>EXPENDITURES</b>		
Current		
General government	\$ -	\$ 1,119,585
Public safety	-	1,264,704
Public works	-	999,917
Urban development and housing	-	4,043,817
Culture/recreation	125	1,114,256
Culture/recreation-payments to Library	-	2,708,169
Capital Outlay	-	11,474,043
Debt service		
Principal	-	4,984,611
Bond issuance costs	-	-
Interest and fiscal charges	-	3,505,560
<b>Total Expenditures</b>	\$ 125	\$ 31,214,662
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	\$ 5,834	\$ 2,330,206
<b>OTHER FINANCING SOURCES (USES)</b>		
Temporary notes retired	\$ -	\$ -
Proceeds of temporary notes	-	-
General obligation bonds issued	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Transfers in	-	4,818,172
Transfers out	-	(10,993,848)
<b>Total Other Financing Sources (Uses)</b>	\$ -	\$ (6,175,676)
<b>NET CHANGE IN FUND BALANCES</b>	\$ 5,834	\$ (3,845,470)
<b>FUND BALANCE-BEGINNING OF PERIOD</b>	463,401	23,793,130
<b>FUND BALANCE - END OF PERIOD</b>	\$ 469,235	\$ 19,947,660

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

For the Year Ended December 31, 2014

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 6,044,432	\$ 6,044,432	\$ 5,683,696	\$ (360,736)
Special assessments	5,973,234	5,973,234	6,133,458	160,224
Investment income	-	-	19,869	19,869
Miscellaneous revenues	6,044,838	6,044,838	339,202	(5,705,636)
<b>Total Revenues</b>	<b>\$ 18,062,504</b>	<b>\$ 18,062,504</b>	<b>\$ 12,176,225</b>	<b>\$ (5,886,279)</b>
<b>EXPENDITURES</b>				
Current				
General government	\$ 106,662	106,662	\$ 100,416	\$ 6,246
Debt service				
Bonds to be issued	6,407,329	6,407,329	-	6,407,329
Principal	11,007,021	11,007,021	10,359,521	647,500
Interest and fiscal charges	4,543,812	4,543,812	3,762,528	781,284
Bond issuance costs	-	-	505,667	(505,667)
Other	5,586,838	5,586,838	-	5,586,838
<b>Total Expenditures</b>	<b>\$ 27,651,662</b>	<b>\$ 27,651,662</b>	<b>\$ 14,728,132</b>	<b>\$ 12,923,530</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (9,589,158)</b>	<b>\$ (9,589,158)</b>	<b>\$ (2,551,907)</b>	<b>\$ 7,037,251</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
General obligation bonds issued	\$ -	\$ -	\$ -	\$ -
Premium on general obligation bonds	-	-	447,854	447,854
Refunding bonds issued	-	-	-	-
Premium on refunding bonds	-	-	-	-
Temporary notes retired	-	-	(165,000)	(165,000)
Transfers in	3,089,158	3,089,158	1,535,223	(1,553,935)
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 3,089,158</b>	<b>\$ 3,089,158</b>	<b>\$ 1,818,077</b>	<b>\$ (1,271,081)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (6,500,000)</b>	<b>\$ (6,500,000)</b>	<b>\$ (733,830)</b>	<b>\$ 5,766,170</b>
<b>FUND BALANCE-BEGINNING OF YEAR</b>			14,887,441	
<b>FUND BALANCE - END OF YEAR</b>			\$ 14,153,611	
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			-	
<b>FUND BALANCE - GAAP BASIS</b>			<b>\$ 14,153,611</b>	

**CITY OF MANHATTAN, KANSAS**  
**SCHEDULES OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (BUDGETARY BASIS)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2014

	Aggieville Business Improvement District			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	61,110	61,110	49,600	(11,510)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>\$ 61,110</u>	<u>\$ 61,110</u>	<u>\$ 49,600</u>	<u>\$ (11,510)</u>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	59,610	59,610	48,102	11,508
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 59,610</u>	<u>\$ 59,610</u>	<u>\$ 48,102</u>	<u>\$ 11,508</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 1,498</u>	<u>\$ (2)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(1,500)	(1,500)	(1,500)	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (1,500)</u>	<u>\$ (1,500)</u>	<u>\$ (1,500)</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2)</u>	<u>\$ (2)</u>
<b>FUND BALANCE - BEGINNING OF PERIOD</b>			17	
<b>FUND BALANCE - END OF PERIOD</b>			\$ 15	
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			-	
<b>FUND BALANCE-GAAP BASIS</b>			<u>\$ 15</u>	

(Continued)

City/University Projects				Downtown Business Improvement District			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 447,500	\$ 447,500	\$ 447,500	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	70,845	70,845	63,429	(7,416)
-	-	-	-	-	-	-	-
\$ 447,500	\$ 447,500	\$ 447,500	\$ -	\$ 70,845	\$ 70,845	\$ 63,429	\$ (7,416)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	69,345	69,345	62,087	7,258
-	-	-	-	-	-	-	-
634,850	634,850	422,600	212,250	-	-	-	-
-	-	-	-	-	-	-	-
\$ 634,850	\$ 634,850	\$ 422,600	\$ 212,250	\$ 69,345	\$ 69,345	\$ 62,087	\$ 7,258
\$ (187,350)	\$ (187,350)	\$ 24,900	\$ 212,250	\$ 1,500	\$ 1,500	\$ 1,342	\$ (158)
\$ 187,350	\$ 187,350	\$ 187,350	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	(166,701)	(166,701)	(1,500)	(1,500)	(1,500)	-
\$ 187,350	\$ 187,350	\$ 20,649	\$ (166,701)	\$ (1,500)	\$ (1,500)	\$ (1,500)	\$ -
\$ -	\$ -	\$ 45,549	\$ 45,549	\$ -	\$ -	(158)	\$ (158)
		54,677				573	
		\$ 100,226				\$ 415	
		-				-	
		\$ 100,226				\$ 415	

**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, 2014

	Economic Development			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 1,791,326	\$ 1,791,326	\$ 1,917,298	\$ 125,972
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	8,923	8,923	280,293	271,370
Miscellaneous	155,700	155,700	170,250	14,550
<b>Total Revenue</b>	<u>\$ 1,955,949</u>	<u>\$ 1,955,949</u>	<u>\$ 2,367,841</u>	<u>\$ 411,892</u>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	5,270,888	5,270,888	2,006,596	3,264,292
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 5,270,888</u>	<u>\$ 5,270,888</u>	<u>\$ 2,006,596</u>	<u>\$ 3,264,292</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (3,314,939)</u>	<u>\$ (3,314,939)</u>	<u>\$ 361,245</u>	<u>\$ 3,676,184</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(1,146,532)	(1,146,532)	(1,668,905)	(522,373)
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (1,146,532)</u>	<u>\$ (1,146,532)</u>	<u>\$ (1,668,905)</u>	<u>\$ (522,373)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (4,461,471)</u>	<u>\$ (4,461,471)</u>	<u>(1,307,660)</u>	<u>\$ 3,153,811</u>
<b>FUND BALANCE - BEGINNING OF PERIOD</b>			8,592,844	
<b>FUND BALANCE - END OF PERIOD</b>			\$ 7,285,184	
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			-	
<b>FUND BALANCE-GAAP BASIS</b>			<u>\$ 7,285,184</u>	

(Continued)

Employee Benefit Contribution				Fire Equipment Reserve			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 1,051,000	\$ 1,051,000	\$ 1,040,471	\$ (10,529)	\$ 222,808	\$ 222,808	\$ 220,668	\$ (2,140)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	300	300	480	180
-	-	-	-	-	-	15,000	15,000
<u>\$ 1,051,000</u>	<u>\$ 1,051,000</u>	<u>\$ 1,040,471</u>	<u>\$ (10,529)</u>	<u>\$ 223,108</u>	<u>\$ 223,108</u>	<u>\$ 236,148</u>	<u>\$ 13,040</u>
\$ 1,986,000	\$ 1,986,000	\$ 584,655	\$ 1,401,345	\$ -	\$ -	\$ -	\$ -
-	-	160,021	(160,021)	357,878	357,878	207,185	150,693
-	-	456,193	(456,193)	-	-	-	-
-	-	88,218	(88,218)	-	-	-	-
-	-	696,913	(696,913)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	152,000	152,000	-	152,000
-	-	-	-	-	-	95,982	(95,982)
-	-	-	-	-	-	17,659	(17,659)
<u>\$ 1,986,000</u>	<u>\$ 1,986,000</u>	<u>\$ 1,986,000</u>	<u>\$ -</u>	<u>\$ 509,878</u>	<u>\$ 509,878</u>	<u>\$ 320,826</u>	<u>\$ 189,052</u>
<u>\$ (935,000)</u>	<u>\$ (935,000)</u>	<u>\$ (945,529)</u>	<u>\$ (10,529)</u>	<u>\$ (286,770)</u>	<u>\$ (286,770)</u>	<u>\$ (84,678)</u>	<u>\$ 202,092</u>
\$ 885,000	\$ 885,000	\$ 811,250	\$ (73,750)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 885,000</u>	<u>\$ 885,000</u>	<u>\$ 811,250</u>	<u>\$ (73,750)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>(134,279)</u>	<u>\$ (84,279)</u>	<u>\$ (286,770)</u>	<u>\$ (286,770)</u>	<u>(84,678)</u>	<u>\$ 202,092</u>
		159,520				401,001	
		\$ 25,241				\$ 316,323	
		-				-	
		<u>\$ 25,241</u>				<u>\$ 316,323</u>	

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

For The Year Ended December 31, 2014

	Fire Pension KP&F			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 525,000	\$ 525,000	\$ 519,019	\$ (5,981)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>\$ 525,000</u>	<u>\$ 525,000</u>	<u>\$ 519,019</u>	<u>\$ (5,981)</u>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	910,000	910,000	874,518	35,482
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 910,000</u>	<u>\$ 910,000</u>	<u>\$ 874,518</u>	<u>\$ 35,482</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (385,000)</u>	<u>\$ (385,000)</u>	<u>\$ (355,499)</u>	<u>\$ 29,501</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ 335,000	\$ 335,000	\$ 335,000	\$ -
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ 335,000</u>	<u>\$ 335,000</u>	<u>\$ 335,000</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>(20,499)</u>	<u>\$ 29,501</u>
<b>FUND BALANCE - BEGINNING OF PERIOD</b>			<u>103,089</u>	
<b>FUND BALANCE - END OF PERIOD</b>			\$ 82,590	
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			-	
<b>FUND BALANCE-GAAP BASIS</b>			<u>\$ 82,590</u>	

(Continued)

General Improvement				Industrial Promotion			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10	\$ 10
-	-	-	-	-	-	-	-
-	-	36	36	45,000	45,000	268	(44,732)
-	-	-	-	-	-	36,282	36,282
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 36</u>	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 36,560</u>	<u>\$ (8,440)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
118,655	118,655	80,085	38,570	-	-	-	-
-	-	-	-	95,000	95,000	42,696	52,304
-	-	-	-	-	-	-	-
75,250	75,250	-	75,250	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 193,905</u>	<u>\$ 193,905</u>	<u>\$ 80,085</u>	<u>\$ 113,820</u>	<u>\$ 95,000</u>	<u>\$ 95,000</u>	<u>\$ 42,696</u>	<u>\$ 52,304</u>
<u>\$ (193,905)</u>	<u>\$ (193,905)</u>	<u>\$ (80,049)</u>	<u>\$ 113,856</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ (6,136)</u>	<u>\$ 43,864</u>
\$ 138,905	\$ 138,905	\$ 138,905	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ 138,905</u>	<u>\$ 138,905</u>	<u>\$ 138,905</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (55,000)</u>	<u>\$ (55,000)</u>	58,856	<u>\$ 113,856</u>	<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	(6,136)	<u>\$ 43,864</u>
		60,964				233,028	
		\$ 119,820				\$ 226,892	
		-				-	
		<u>\$ 119,820</u>				<u>\$ 226,892</u>	

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

For The Year Ended December 31, 2014

	Library			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,220,839	\$ 2,220,839	\$ 2,198,185	\$ (22,654)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	55	55
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>\$ 2,220,839</u>	<u>\$ 2,220,839</u>	<u>\$ 2,198,240</u>	<u>\$ (22,599)</u>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	2,220,839	2,220,839	2,214,010	6,829
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 2,220,839</u>	<u>\$ 2,220,839</u>	<u>\$ 2,214,010</u>	<u>\$ 6,829</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,770)</u>	<u>\$ (15,770)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(15,770)</u>	<u>\$ (15,770)</u>
<b>FUND BALANCE - BEGINNING OF PERIOD</b>			16,096	
<b>FUND BALANCE - END OF PERIOD</b>			\$ 326	
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			-	
<b>FUND BALANCE-GAAP BASIS</b>			<u>\$ 326</u>	

(Continued)

Library Employee Benefit Contribution				Park Development			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 494,159	\$ 494,159	\$ 495,395	\$ 1,236	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	10	10	-	-	123	123
-	-	-	-	-	-	-	-
<u>\$ 494,159</u>	<u>\$ 494,159</u>	<u>\$ 495,405</u>	<u>\$ 1,246</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123</u>	<u>\$ 123</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	25,000	25,000	-	25,000
494,159	494,159	494,159	-	-	-	-	-
-	-	-	-	75,000	75,000	75,335	(335)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 494,159</u>	<u>\$ 494,159</u>	<u>\$ 494,159</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 75,335</u>	<u>\$ 24,665</u>
\$ -	\$ -	\$ 1,246	\$ 1,246	\$ (100,000)	\$ (100,000)	\$ (75,212)	\$ 24,788
\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>1,246</u>	<u>\$ 1,246</u>	<u>\$ (25,000)</u>	<u>\$ (25,000)</u>	<u>(212)</u>	<u>\$ 24,788</u>
		4,002				97,788	
		\$ 5,248				\$ 97,576	
		-				23,751	
		<u>\$ 5,248</u>				<u>\$ 121,327</u>	

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

For The Year Ended December 31, 2014

	Sales Tax			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 5,348,986	\$ 5,348,986	\$ 5,543,317	\$ 194,331
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>\$ 5,348,986</u>	<u>\$ 5,348,986</u>	<u>\$ 5,543,317</u>	<u>\$ 194,331</u>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 5,348,986</u>	<u>\$ 5,348,986</u>	<u>\$ 5,543,317</u>	<u>\$ 194,331</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(5,548,986)	(5,548,986)	(5,548,986)	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (5,548,986)</u>	<u>\$ (5,548,986)</u>	<u>\$ (5,548,986)</u>	<u>\$ -</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (5,669)</u>	<u>\$ 194,331</u>
<b>FUND BALANCE - BEGINNING OF PERIOD</b>			<u>1,162,429</u>	
<b>FUND BALANCE - END OF PERIOD</b>			\$ 1,156,760	
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			-	
<b>FUND BALANCE-GAAP BASIS</b>			<u>\$ 1,156,760</u>	

(Continued)

Special Alcohol Programs				Special Parks and Recreation			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
405,000	405,000	488,471	83,471	405,000	405,000	488,471	83,471
-	-	-	-	-	-	-	-
400	400	141	(259)	600	600	827	227
2,000	2,000	4,308	2,308	-	-	3,600	3,600
<u>\$ 407,400</u>	<u>\$ 407,400</u>	<u>\$ 492,920</u>	<u>\$ 85,520</u>	<u>\$ 405,600</u>	<u>\$ 405,600</u>	<u>\$ 492,898</u>	<u>\$ 87,298</u>
\$ 457,400	\$ 457,400	\$ 440,162	\$ 17,238	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	565,650	565,650	-	565,650
-	-	-	-	-	-	-	-
-	-	-	-	307,000	307,000	229,429	77,571
-	-	-	-	-	-	8,629	-
-	-	-	-	-	-	286	-
<u>\$ 457,400</u>	<u>\$ 457,400</u>	<u>\$ 440,162</u>	<u>\$ 17,238</u>	<u>\$ 872,650</u>	<u>\$ 872,650</u>	<u>\$ 238,344</u>	<u>\$ 643,221</u>
<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ 52,758</u>	<u>\$ 102,758</u>	<u>\$ (467,050)</u>	<u>\$ (467,050)</u>	<u>\$ 254,554</u>	<u>\$ 730,519</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	(132,950)	(132,950)	(2,719)	130,231
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (132,950)</u>	<u>\$ (132,950)</u>	<u>\$ (2,719)</u>	<u>\$ 130,231</u>
<u>\$ (50,000)</u>	<u>\$ (50,000)</u>	<u>\$ 52,758</u>	<u>\$ 102,758</u>	<u>\$ (600,000)</u>	<u>\$ (600,000)</u>	<u>\$ 251,835</u>	<u>\$ 860,750</u>
		197,043				717,380	
		\$ 249,801				\$ 969,215	
		-				7,497	
		<u>\$ 249,801</u>				<u>\$ 976,712</u>	

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

For The Year Ended December 31, 2014

	Special Street and Highway			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,541,000	1,541,000	1,603,812	62,812
Charges for services	-	-	-	-
Investment income	-	-	1,487	1,487
Miscellaneous	-	-	13,102	13,102
<b>Total Revenue</b>	<u>\$ 1,541,000</u>	<u>\$ 1,541,000</u>	<u>\$ 1,618,401</u>	<u>\$ 77,401</u>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	449,362	449,362	463,639	(14,277)
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	1,254,867	1,254,867	1,227,756	27,111
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 1,704,229</u>	<u>\$ 1,704,229</u>	<u>\$ 1,691,395</u>	<u>\$ 12,834</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (163,229)</u>	<u>\$ (163,229)</u>	<u>\$ (72,994)</u>	<u>\$ 90,235</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(167,771)	(167,771)	-	167,771
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (167,771)</u>	<u>\$ (167,771)</u>	<u>\$ -</u>	<u>\$ 167,771</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (331,000)</u>	<u>\$ (331,000)</u>	<u>\$ (72,994)</u>	<u>\$ 258,006</u>
<b>FUND BALANCE - BEGINNING OF PERIOD</b>			669,610	
<b>FUND BALANCE - END OF PERIOD</b>			\$ 596,616	
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			72,685	
Cancellation of prior year encumbrances			(6,102)	
<b>FUND BALANCE-GAAP BASIS</b>			<u>\$ 663,199</u>	

(Continued)

Special Sunset Zoo				Tourism and Convention Promotion			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 1,225,197	\$ 1,225,197	\$ 1,336,815	\$ 111,618
-	-	-	-	-	-	-	-
462,100	462,100	447,213	(14,887)	-	-	-	-
-	-	155	155	-	-	-	-
28,500	28,500	24,415	(4,085)	-	-	-	-
<u>\$ 490,600</u>	<u>\$ 490,600</u>	<u>\$ 471,783</u>	<u>\$ (18,817)</u>	<u>\$ 1,225,197</u>	<u>\$ 1,225,197</u>	<u>\$ 1,336,815</u>	<u>\$ 111,618</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,035,998	1,035,998	1,037,101	(1,103)
562,200	562,200	407,490	154,710	-	-	-	-
-	-	-	-	-	-	-	-
35,000	35,000	-	35,000	-	-	-	-
-	-	-	-	45,000	45,000	-	-
-	-	-	-	-	-	-	-
<u>\$ 597,200</u>	<u>\$ 597,200</u>	<u>\$ 407,490</u>	<u>\$ 189,710</u>	<u>\$ 1,080,998</u>	<u>\$ 1,080,998</u>	<u>\$ 1,037,101</u>	<u>\$ (1,103)</u>
<u>\$ (106,600)</u>	<u>\$ (106,600)</u>	<u>\$ 64,293</u>	<u>\$ 170,893</u>	<u>\$ 144,199</u>	<u>\$ 144,199</u>	<u>\$ 299,714</u>	<u>\$ 110,515</u>
\$ -	\$ -	\$ 644	\$ 644	\$ -	\$ -	\$ -	\$ -
(28,400)	(28,400)	(24,400)	4,000	(204,199)	(204,199)	(204,199)	-
<u>\$ (28,400)</u>	<u>\$ (28,400)</u>	<u>\$ (23,756)</u>	<u>\$ 4,644</u>	<u>\$ (204,199)</u>	<u>\$ (204,199)</u>	<u>\$ (204,199)</u>	<u>\$ -</u>
<u>\$ (135,000)</u>	<u>\$ (135,000)</u>	<u>\$ 40,537</u>	<u>\$ 175,537</u>	<u>\$ (60,000)</u>	<u>\$ (60,000)</u>	<u>\$ 95,515</u>	<u>\$ 110,515</u>
		115,552				451,711	
		\$ 156,089				\$ 547,226	
		-				-	
		-				-	
		<u>\$ 156,089</u>				<u>\$ 547,226</u>	

**CITY OF MANHATTAN, KANSAS**  
**SCHEDULES OF REVENUES, EXPENDITURES AND**  
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**NONMAJOR GOVERNMENTAL FUNDS**  
**(CONTINUED)**

For The Year Ended December 31, 2014

	Capital Improvement Reserve			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	2,026	2,026
Miscellaneous	-	-	-	-
<b>Total Revenue</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,026</u>	<u>\$ 2,026</u>
<b>EXPENDITURES</b>				
Current				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	66,442	66,442	-	66,442
Debt service				
Principal	-	-	-	-
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total Expenditures</b>	<u>\$ 66,442</u>	<u>\$ 66,442</u>	<u>\$ -</u>	<u>\$ 66,442</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (66,442)</u>	<u>\$ (66,442)</u>	<u>\$ 2,026</u>	<u>\$ 68,468</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	(1,800,000)	(1,800,000)	-	1,800,000
<b>Total Other Financing Sources (Uses)</b>	<u>\$ (1,800,000)</u>	<u>\$ (1,800,000)</u>	<u>\$ -</u>	<u>\$ 1,800,000</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (1,866,442)</u>	<u>\$ (1,866,442)</u>	<u>\$ 2,026</u>	<u>\$ 1,868,468</u>
<b>FUND BALANCE - BEGINNING OF PERIOD</b>			1,866,695	
<b>FUND BALANCE - END OF PERIOD</b>			\$ 1,868,721	
<b>ADJUSTMENTS TO GAAP</b>				
Encumbrances			-	
<b>FUND BALANCE-GAAP BASIS</b>			<u>\$ 1,868,721</u>	

**Downtown Redevelopment Senior Lien TIF Bonds**

<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Original</b>	<b>Final</b>		
\$ 2,331,405	\$ 2,331,405	\$ 2,095,379	\$ (236,026)
-	-	-	-
-	-	-	-
-	-	47,837	47,837
-	-	-	-
<u>\$ 2,331,405</u>	<u>\$ 2,331,405</u>	<u>\$ 2,143,216</u>	<u>\$ (188,189)</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
2,331,405	2,331,405	855,000	1,476,405
-	-	-	-
-	-	961,319	(961,319)
<u>\$ 2,331,405</u>	<u>\$ 2,331,405</u>	<u>\$ 1,816,319</u>	<u>\$ 515,086</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,897</u>	<u>\$ 326,897</u>
\$ -	\$ -	\$ -	\$ -
-	-	(230,088)	(230,088)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (230,088)</u>	<u>\$ (230,088)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,809</u>	<u>\$ 96,809</u>
		<u>2,819,881</u>	
		\$ 2,916,690	
		-	
		<u>\$ 2,916,690</u>	

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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, 2014

	<b>Motor Pool</b>	<b>Health Care</b>	<b>Workers' Compensation</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 143,388	\$ 2,324,290	\$ 1,702,131
Accounts receivable	-	-	-
Inventories	20,233	-	-
<b>Total Current Assets</b>	<b>\$ 163,621</b>	<b>\$ 2,324,290</b>	<b>\$ 1,702,131</b>
<b>Capital Assets</b>			
Equipment and improvements	\$ -	\$ 19,673	\$ -
Less accumulated depreciation	-	(19,673)	-
<b>Net Capital Assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>TOTAL ASSETS</b>	<b>\$ 163,621</b>	<b>\$ 2,324,290</b>	<b>\$ 1,702,131</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 59,357	\$ 23,068	\$ 2,029
Estimated insurance claims payable	-	229,732	246,284
<b>TOTAL LIABILITIES</b>	<b>\$ 59,357</b>	<b>\$ 252,800</b>	<b>\$ 248,313</b>
<b>NET POSITION</b>			
Unrestricted	\$ 104,264	\$ 2,071,490	\$ 1,453,818
<b>TOTAL NET POSITION</b>	<b>\$ 104,264</b>	<b>\$ 2,071,490</b>	<b>\$ 1,453,818</b>

<u>Photocopy Services</u>	<u>Total</u>
\$ 10,555	\$ 4,180,364
-	-
1,049	21,282
\$ 11,604	\$ 4,201,646

\$ -	\$ 19,673
-	(19,673)
\$ -	\$ -

\$ 11,604	\$ 4,201,646
-----------	--------------

\$ 8,492	\$ 92,946
-	476,016
\$ 8,492	\$ 568,962

\$ 3,112	\$ 3,632,684
\$ 3,112	\$ 3,632,684

**CITY OF MANHATTAN, KANSAS**  
**INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF REVENUES,**  
**EXPENSES AND CHANGES IN FUND NET POSITION**  
For The Year Ended December 31, 2014

	<u>Motor Pool</u>	<u>Health Care</u>	<u>Workers'</u> <u>Compensation</u>
<b>OPERATING REVENUES</b>			
Service charges	\$ 50,066	\$ 4,240,085	\$ 270,000
Miscellaneous	-	32,577	1,561
<b>Total Operating Revenues</b>	<u>\$ 50,066</u>	<u>\$ 4,272,662</u>	<u>\$ 271,561</u>
 <b>OPERATING EXPENSES</b>			
Commodities	\$ 60,696	\$ 1,162	\$ -
Contractual services	5,208	3,769,809	115,021
<b>Total Operating Expenses</b>	<u>\$ 65,904</u>	<u>\$ 3,770,971</u>	<u>\$ 115,021</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ (15,838)</u>	<u>\$ 501,691</u>	<u>\$ 156,540</u>
 <b>NON-OPERATING REVENUE</b>			
Investment income	\$ -	\$ 2,702	\$ 1,754
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	\$ (15,838)	\$ 504,393	\$ 158,294
Transfers in	-	-	-
Transfers (out)	-	-	-
<b>CHANGE IN NET POSITION</b>	\$ (15,838)	\$ 504,393	\$ 158,294
<b>TOTAL NET POSITION - BEGINNING</b>	<u>120,102</u>	<u>1,567,097</u>	<u>1,295,524</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ 104,264</u>	<u>\$ 2,071,490</u>	<u>\$ 1,453,818</u>

<b>Photocopy Services</b>	<b>Total</b>
\$ 62,956	\$ 4,623,107
-	34,138
<u>\$ 62,956</u>	<u>\$ 4,657,245</u>
\$ 5,636	\$ 67,494
57,232	3,947,270
<u>\$ 62,868</u>	<u>\$ 4,014,764</u>
<u>\$ 88</u>	<u>\$ 642,481</u>
<u>\$ -</u>	<u>\$ 4,456</u>
\$ 88	\$ 646,937
-	-
-	-
<u>\$ 88</u>	<u>\$ 646,937</u>
3,024	2,985,747
<u>\$ 3,112</u>	<u>\$ 3,632,684</u>

**CITY OF MANHATTAN, KANSAS**  
**INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS**  
For The Year Ended December 31, 2014

	<u>Motor Pool</u>	<u>Health Care</u>	<u>Workers' Compensation</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 50,066	\$ 4,317,800	\$ 271,561
Payments to suppliers	(61,703)	(4,209,018)	(157,367)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ (11,637)</u>	<u>\$ 108,782</u>	<u>\$ 114,194</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Transfers in	\$ -	\$ -	\$ -
Transfers (out)	-	-	-
<b>NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment income	\$ -	\$ 2,702	\$ 1,754
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>\$ (11,637)</u>	<u>\$ 111,484</u>	<u>\$ 115,948</u>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>155,025</u>	<u>2,212,806</u>	<u>1,586,183</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 143,388</u></u>	<u><u>\$ 2,324,290</u></u>	<u><u>\$ 1,702,131</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	<u>\$ (15,838)</u>	<u>\$ 501,691</u>	<u>\$ 156,540</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	\$ -	\$ -	\$ -
(Increase) decrease in receivables	-	45,138	-
(Increase) decrease in inventory	8,562	-	-
Increase (decrease) in accounts payable and accrued expenses	(4,361)	(438,047)	(42,346)
<b>Total Adjustments</b>	<u>\$ 4,201</u>	<u>\$ (392,909)</u>	<u>\$ (42,346)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ (11,637)</u></u>	<u><u>\$ 108,782</u></u>	<u><u>\$ 114,194</u></u>

<u>Photocopy Services</u>	<u>Total</u>
\$ 62,956 <u>(63,455)</u>	\$ 4,702,383 <u>(4,491,543)</u>
<u>\$ (499)</u>	<u>\$ 210,840</u>
\$ - <u>-</u>	\$ - <u>-</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 4,456</u>
\$ (499)	\$ 215,296
<u>11,054</u>	<u>3,965,068</u>
<u><u>\$ 10,555</u></u>	<u><u>\$ 4,180,364</u></u>
<u>\$ 88</u>	<u>\$ 642,481</u>
\$ - - (88)	\$ - 45,138 8,474
<u>(499)</u>	<u>(485,253)</u>
<u>\$ (587)</u>	<u>\$ (431,641)</u>
<u><u>\$ (499)</u></u>	<u><u>\$ 210,840</u></u>

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## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	158
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales tax.	168
<b>Debt Capacity</b>	
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.	180
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	187
<b>Operating Information</b>	
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.	189

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)*

	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 6,828,907	\$ 4,635,245	\$ (149,237)	\$ 503,672
Restricted	56,889,324	69,905,265	79,516,619	100,974,706
Unrestricted	8,807,348	9,864,936	(1,888,077)	(1,972,316)
Total governmental activities Net Position	<u>\$ 72,525,579</u>	<u>\$ 84,405,446</u>	<u>\$ 77,479,305</u>	<u>\$ 99,506,062</u>
Business-type activities				
Net investment in capital assets	\$ 49,362,443	\$ 58,201,852	\$ 68,575,348	\$ 72,497,433
Restricted	-	-	-	-
Unrestricted	11,359,296	10,521,740	10,020,584	7,862,491
Total business-type activities Net Position	<u>\$ 60,721,739</u>	<u>\$ 68,723,592</u>	<u>\$ 78,595,932</u>	<u>\$ 80,359,924</u>
Primary government				
Net investment in capital assets	\$ 56,191,350	\$ 62,837,097	\$ 68,426,111	\$ 73,001,105
Restricted	56,889,324	69,905,265	79,516,619	100,974,706
Unrestricted	20,166,644	20,386,676	8,132,507	5,890,175
Total primary government Net Position	<u>\$ 133,247,318</u>	<u>\$ 153,129,038</u>	<u>\$ 156,075,237</u>	<u>\$ 179,865,986</u>

(continued)

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ (8,650,155)	\$ 4,933,739	\$ 11,604,164	\$ (7,750,318)	\$ 17,482,048	\$ 22,478,602
123,438,073	115,871,934	110,959,126	117,628,046	81,794,527	87,708,105
(15,854,643)	(27,721,787)	(18,098,318)	3,904,246	11,065,220	10,109,991
<u>\$ 98,933,275</u>	<u>\$ 93,083,886</u>	<u>\$ 104,464,972</u>	<u>\$ 113,781,974</u>	<u>\$ 110,341,795</u>	<u>\$ 120,296,698</u>
\$ 74,558,929	\$ 79,402,336	\$ 79,345,330	\$ 87,379,688	\$ 88,798,571	\$ 95,208,986
-	-	-	-	-	-
7,886,180	10,716,663	10,986,068	2,633,077	3,436,268	6,209,185
<u>\$ 82,445,109</u>	<u>\$ 90,118,999</u>	<u>\$ 90,331,398</u>	<u>\$ 90,012,765</u>	<u>\$ 92,234,839</u>	<u>\$ 101,418,171</u>
\$ 65,908,774	\$ 84,336,075	\$ 90,949,494	\$ 79,629,370	\$ 106,280,619	\$ 117,687,588
123,438,073	115,871,934	110,959,126	117,628,046	81,794,527	87,708,105
(7,968,463)	(17,005,124)	(7,112,250)	6,537,323	14,501,488	16,319,176
<u>\$ 181,378,384</u>	<u>\$ 183,202,885</u>	<u>\$ 194,796,370</u>	<u>\$ 203,794,739</u>	<u>\$ 202,576,634</u>	<u>\$ 221,714,869</u>

**CITY OF MANHATTAN, KANSAS**

**Changes in Net Position  
Last Ten Fiscal Years**

*(accrual basis of accounting)*

	2005	2006	2007
<b>Expenses</b>			
Governmental activities:			
General government	\$ 10,240,520	\$ 10,748,824	\$ 11,364,213
Public safety	12,401,548	13,418,804	14,676,580
Public works	4,695,232	5,461,465	7,079,426
Urban development and housing	2,703,449	2,258,671	12,242,830
Urban development and housing (capital assets transferred to Housing Authority)	2,679,162	-	-
Culture and recreation	4,370,576	4,380,443	4,666,046
Culture and recreation (payments to Library)	1,587,345	1,743,149	1,900,410
Interest on long-term debt	2,359,332	2,600,729	4,134,577
Total governmental activities expenses	<u>41,037,164</u>	<u>40,612,085</u>	<u>56,064,082</u>
Business-type activities:			
Water	5,184,961	5,689,352	5,850,953
Wastewater	4,524,149	4,745,418	4,773,432
Storm water management	254,922	416,347	436,351
Total business-type activities expenses	<u>9,964,032</u>	<u>10,851,117</u>	<u>11,060,736</u>
Total primary government expenses	<u>\$ 51,001,196</u>	<u>\$ 51,463,202</u>	<u>\$ 67,124,818</u>
<b>Program Revenues</b>			
Governmental activities:			
Charges for services:			
General government	\$ 4,361,369	\$ 4,527,451	\$ 4,558,023
Public safety	564,509	823,472	639,711
Public works	112,693	250,362	414,376
Urban development and housing	120,861	109,518	98,658
Culture and recreation	908,643	910,804	913,578
Operating grants and contributions	2,776,439	2,759,823	3,482,457
Capital grants and contributions	7,710,363	15,543,263	17,655,503
Total governmental activities program revenues	<u>16,554,877</u>	<u>24,924,693</u>	<u>27,762,306</u>
Business-type activities:			
Charges for services:			
Water	5,242,834	5,891,191	5,486,560
Wastewater	3,948,617	4,133,820	4,133,603
Storm water management	562,844	566,361	826,176
Operating grants and contributions	-	-	-
Capital grants and contributions	64,712	256,606	-
Total business-type activities program revenues	<u>9,819,007</u>	<u>10,847,978</u>	<u>10,446,339</u>
Total primary government program revenues	<u>\$ 26,373,884</u>	<u>\$ 35,772,671</u>	<u>\$ 38,208,645</u>
<b>Net (expense)/revenue</b>			
Governmental activities	\$ (24,482,287)	\$ (15,687,392)	\$ (28,301,776)
Business-type activities	(145,025)	(3,139)	(614,397)
Total primary government net expense	<u>\$ (24,627,312)</u>	<u>\$ (15,690,531)</u>	<u>\$ (28,916,173)</u>

(Continued)

Fiscal Year						
2008	2009	2010	2011	2012	2013	2014
\$ 12,829,036	\$ 14,306,640	\$ 20,972,740	\$ 12,783,282	\$ 14,150,646	\$ 12,184,815	\$ 11,866,408
15,917,237	17,410,323	17,638,865	18,221,529	20,038,497	21,870,430	21,922,853
7,689,400	7,853,696	8,833,653	8,820,381	9,611,675	9,855,929	10,827,570
3,966,578	13,113,182	3,805,938	3,668,229	3,831,509	4,246,269	4,862,288
-	-	-	-	-	-	-
5,118,870	5,242,521	5,672,709	6,350,056	7,954,509	8,898,223	9,296,881
2,147,807	2,326,251	2,419,344	2,439,394	2,481,954	2,710,583	2,748,299
5,215,511	6,143,930	7,748,900	8,240,975	8,103,115	7,368,568	7,112,471
<u>52,884,439</u>	<u>66,396,543</u>	<u>67,092,149</u>	<u>60,523,846</u>	<u>66,171,905</u>	<u>67,134,817</u>	<u>68,636,770</u>
6,573,170	7,045,534	7,203,256	8,068,281	7,828,021	7,486,394	8,080,052
5,138,975	5,506,505	5,710,774	6,258,103	6,502,206	7,783,979	8,994,204
828,879	617,627	869,211	1,111,373	1,127,681	1,001,630	1,092,027
<u>12,541,024</u>	<u>13,169,666</u>	<u>13,783,241</u>	<u>15,437,757</u>	<u>15,457,908</u>	<u>16,272,003</u>	<u>18,166,283</u>
<u>\$ 65,425,463</u>	<u>\$ 79,566,209</u>	<u>\$ 80,875,390</u>	<u>\$ 75,961,603</u>	<u>\$ 81,629,813</u>	<u>\$ 83,406,820</u>	<u>\$ 86,803,053</u>
\$ 4,958,815	\$ 4,511,875	\$ 5,131,309	\$ 5,073,680	\$ 2,881,010	\$ 2,801,355	\$ 2,927,581
565,892	576,964	909,505	711,309	547,626	629,877	678,543
754,083	446,133	178,967	108,039	86,761	226,856	219,547
108,026	101,495	103,065	108,209	127,966	126,973	133,669
983,589	950,140	1,165,866	1,281,595	1,897,490	1,828,343	2,161,901
3,554,445	3,253,286	4,494,839	4,586,011	3,667,084	4,066,771	3,926,624
25,874,349	19,810,546	11,975,164	4,248,884	5,597,801	2,186,597	18,102,297
<u>36,799,199</u>	<u>29,650,439</u>	<u>23,958,715</u>	<u>16,117,727</u>	<u>14,805,738</u>	<u>11,866,772</u>	<u>28,150,162</u>
5,789,434	5,989,318	6,898,082	8,057,214	9,639,695	8,331,963	9,025,858
4,049,883	4,819,899	6,148,740	7,621,553	8,859,560	8,957,234	9,191,695
1,033,734	1,178,772	1,284,632	1,354,542	1,471,039	1,549,749	1,610,773
-	-	-	-	-	-	-
6,699	-	780,026	80,000	-	-	-
<u>10,879,750</u>	<u>11,987,989</u>	<u>15,111,480</u>	<u>17,113,309</u>	<u>19,970,294</u>	<u>18,838,946</u>	<u>19,828,326</u>
<u>\$ 47,678,949</u>	<u>\$ 41,638,428</u>	<u>\$ 39,070,195</u>	<u>\$ 33,231,036</u>	<u>\$ 34,776,032</u>	<u>\$ 30,705,718</u>	<u>\$ 47,978,488</u>
\$ (16,085,240)	\$ (36,746,104)	\$ (43,133,434)	\$ (44,406,119)	\$ (51,366,167)	\$ (55,268,045)	\$ (40,486,608)
(1,661,274)	(1,181,677)	1,328,239	1,675,552	4,512,386	2,566,943	1,662,043
<u>\$ (17,746,514)</u>	<u>\$ (37,927,781)</u>	<u>\$ (41,805,195)</u>	<u>\$ (42,730,567)</u>	<u>\$ (46,853,781)</u>	<u>\$ (52,701,102)</u>	<u>\$ (38,824,565)</u>

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

	2005	2006	2007
<b>General Revenues and Other Changes in Net Position</b>			
Governmental activities:			
Taxes			
Property taxes, levied for general purposes	\$ 10,889,585	\$ 11,222,521	\$ 12,862,373
Property taxes, levied for debt service	2,603,273	1,897,069	593,988
Franchise taxes	2,020,220	2,166,221	2,478,108
Sales taxes	12,713,367	14,673,231	15,496,467
Transient guest taxes	598,740	658,142	684,047
Unrestricted grants and contributions	284,806	324,810	346,241
Investment earnings	482,126	1,333,615	1,714,084
Miscellaneous	1,503,288	2,433,531	1,292,569
Transfers	(1,105,188)	(7,141,881)	(9,601,446)
Total governmental activities	<u>29,990,217</u>	<u>27,567,259</u>	<u>25,866,431</u>
Business-type activities:			
Investment earnings	383,140	716,960	668,525
Miscellaneous	160,004	146,151	216,766
Transfers	1,105,188	7,141,881	9,601,446
Total business-type activities	<u>1,648,332</u>	<u>8,004,992</u>	<u>10,486,737</u>
Total primary government	<u>\$ 31,638,549</u>	<u>\$ 35,572,251</u>	<u>\$ 36,353,168</u>
<b>Change in Net Position</b>			
Governmental activities	\$ 5,507,930	\$ 11,879,867	\$ (2,435,345)
Business-type activities	1,503,307	8,001,853	9,872,340
Total primary government	<u>\$ 7,011,237</u>	<u>\$ 19,881,720</u>	<u>\$ 7,436,995</u>

Fiscal Year

2008	2009	2010	2011	2012	2013	2014
\$ 14,155,988	\$ 15,461,552	\$ 16,619,713	\$ 17,541,340	\$ 18,247,779	\$ 20,102,584	\$ 21,794,957
514,484	622,156	939,686	2,442,504	2,583,453	2,725,834	2,089,846
2,964,974	3,023,374	3,216,639	3,279,897	3,329,606	3,571,175	3,845,886
15,895,779	16,214,434	19,823,920	27,194,560	26,653,421	24,902,090	26,895,621
902,088	844,129	976,839	1,035,636	1,172,953	1,242,054	1,336,815
401,352	406,339	393,862	408,281	880,440	1,479,566	488,471
1,042,391	545,131	180,576	185,320	711,726	105,672	373,923
5,204,348	2,009,066	1,152,817	1,982,385	1,994,784	2,095,510	729,315
(2,969,407)	(2,952,864)	(6,020,007)	1,717,282	1,820,836	856,597	(7,113,323)
<u>38,111,997</u>	<u>36,173,317</u>	<u>37,284,045</u>	<u>55,787,205</u>	<u>57,394,998</u>	<u>57,081,082</u>	<u>50,441,511</u>
260,900	98,606	27,991	33,182	35,617	8,001	18,830
194,959	215,392	297,653	220,947	242,371	503,727	389,136
2,969,407	2,952,864	6,020,007	(1,717,282)	(1,820,836)	(856,597)	7,113,323
<u>3,425,266</u>	<u>3,266,862</u>	<u>6,345,651</u>	<u>(1,463,153)</u>	<u>(1,542,848)</u>	<u>(344,869)</u>	<u>7,521,289</u>
<u>\$ 41,537,263</u>	<u>\$ 39,440,179</u>	<u>\$ 43,629,696</u>	<u>\$ 54,324,052</u>	<u>\$ 55,852,150</u>	<u>\$ 56,736,213</u>	<u>\$ 57,962,800</u>
\$ 22,026,757	\$ (572,787)	\$ (5,849,389)	\$ 11,381,086	\$ 6,028,831	\$ 1,813,037	\$ 9,954,903
1,763,992	2,085,185	7,673,890	212,399	2,969,538	2,222,074	9,183,332
<u>\$ 23,790,749</u>	<u>\$ 1,512,398</u>	<u>\$ 1,824,501</u>	<u>\$ 11,593,485</u>	<u>\$ 8,998,369</u>	<u>\$ 4,035,111</u>	<u>\$ 19,138,235</u>

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

*(modified accrual basis of accounting)*

	2005	2006	2007	2008	2009	2010
General fund						
Reserved	\$ -	\$ 116,173	\$ 50,262	\$ 178,129	\$ 139,851	\$ 179,366
Unreserved	5,476,384	5,775,764	3,911,850	5,670,740	4,732,050	5,024,683
Total general fund	<u>\$ 5,476,384</u>	<u>\$ 5,891,937</u>	<u>\$ 3,962,112</u>	<u>\$ 5,848,869</u>	<u>\$ 4,871,901</u>	<u>\$ 5,204,049</u>
All other governmental funds						
Reserved	\$ 2,498,191	\$ 2,735,051	\$ 3,488,115	\$ 3,581,928	\$ 3,648,726	\$ 3,785,479
Unreserved, reported in:						
Special revenue funds	7,101,786	10,533,120	12,107,549	14,945,628	14,453,466	14,547,330
Debt service funds	4,071,638	4,531,301	4,840,072	6,892,172	18,969,751	15,306,276
Capital projects funds	(850,085)	1,087,930	(793,492)	(2,353,806)	32,937,186	18,073,855
Total all other governmental funds	<u>\$ 12,821,530</u>	<u>\$ 18,887,402</u>	<u>\$ 19,642,244</u>	<u>\$ 23,065,922</u>	<u>\$ 70,009,129</u>	<u>\$ 51,712,940</u>

(continued)

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

	Fiscal Year			
	2011	2012	2013	2014
General fund				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	1,555,085	1,799,177	1,573,139	1,696,660
Committed	-	-	-	-
Assigned	2,358,505	2,645,765	2,084,997	2,023,100
Unassigned	1,224,557	39,152	354,488	573,403
Total general fund	<u>\$ 5,138,147</u>	<u>\$ 4,484,094</u>	<u>\$ 4,012,624</u>	<u>\$ 4,293,163</u>
All other governmental funds				
Nonspendable	442,420	453,499	463,401	469,235
Restricted	26,877,922	31,327,467	25,824,272	36,005,251
Committed	54,977	57,936	54,677	100,226
Assigned	8,462,306	12,655,430	15,063,270	7,957,147
Unassigned	(14,391)	-	-	(232,595)
Total all other governmental funds	<u>\$ 35,823,234</u>	<u>\$ 44,494,332</u>	<u>\$ 41,405,620</u>	<u>\$ 44,299,264</u>

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

(modified accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
<b>Revenues</b>				
Taxes	\$ 28,825,185	\$ 30,617,183	\$ 32,114,981	\$ 35,620,565
Special assessments	4,118,716	4,737,898	4,352,940	5,475,190
Licenses and permits	623,469	924,647	714,917	620,719
Intergovernmental revenues	5,642,983	3,963,034	4,629,131	5,590,098
Charges for services	3,212,670	3,391,900	3,630,468	4,131,180
Fines and forfeitures	1,699,568	1,540,085	1,608,250	1,775,516
Investment income	377,956	1,135,688	1,496,784	954,355
Miscellaneous revenues	1,854,337	2,892,416	1,621,878	6,583,038
Total revenues	<u>46,354,884</u>	<u>49,202,851</u>	<u>50,169,349</u>	<u>60,750,661</u>
<b>Expenditures</b>				
General government	8,141,725	8,345,149	8,513,849	9,519,200
Public safety	12,058,163	13,132,569	14,354,830	15,453,858
Public works	2,621,363	3,200,313	3,904,928	4,225,414
Urban development and housing	2,382,727	2,241,255	12,208,269	3,943,454
Culture/recreation	3,809,089	3,950,140	4,159,424	4,584,179
Culture/recreation-payments to Library	1,587,345	1,743,149	1,900,410	2,147,807
Capital outlay	9,839,956	34,087,262	31,971,763	24,935,200
Debt service				
Principal	10,255,000	15,225,000	21,612,181	26,972,384
Bond issuance costs	93,838	200,794	218,190	346,994
Interest and fiscal charges	2,400,661	2,517,571	3,979,874	4,945,877
Refunding costs	83,127	-	-	65,117
Total expenditures	<u>53,272,994</u>	<u>84,643,202</u>	<u>102,823,718</u>	<u>97,139,484</u>
Excess of revenues over (under) expenditures	(6,918,110)	(35,440,351)	(52,654,369)	(36,388,823)
<b>Other financing sources (uses)</b>				
General obligation bonds issued	2,805,000	7,800,000	15,710,000	16,555,000
Premium on general obligation bonds	-	-	-	-
Proceeds from sales of capital assets	-	-	-	-
Discount on general obligation bonds	(86,773)	(229,159)	(337,053)	(280,170)
Special obligation bonds issued	-	4,610,321	11,722,828	10,799,228
Discount on special obligation bonds	-	-	-	-
Temporary notes issued	2,955,000	24,980,000	23,370,000	5,150,000
Temporary notes retired	-	-	-	-
Transportation revolving fund loan	592,176	3,474,605	541,090	-
Capital leases	61,954	86,000	447,827	622,452
Transfers in	6,532,881	9,187,196	8,120,145	7,569,335
Transfers out	(6,580,776)	(7,987,187)	(8,095,451)	(7,570,402)
Insurance recoveries	-	-	-	1,497,829
Refunding bonds issued	6,150,000	-	-	2,495,000
Premium on refunding bonds	-	-	-	-
Refunding special obligation bonds issued	-	-	-	4,860,986
Payment to refunded bond escrow agent	(6,066,873)	-	-	-
Total other financing sources (uses)	<u>6,362,589</u>	<u>41,921,776</u>	<u>51,479,386</u>	<u>41,699,258</u>
Net change in fund balances	<u>\$ (555,521)</u>	<u>\$ 6,481,425</u>	<u>\$ (1,174,983)</u>	<u>\$ 5,310,435</u>
Debt service as a percentage of noncapital expenditures	29.4%	36.3%	36.9%	44.1%

(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 as the permanent financing mechanisms.

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 36,165,644	\$ 41,576,796	\$ 51,493,936	\$ 51,992,408	\$ 52,543,737	\$ 55,963,123
5,844,297	6,045,853	6,634,031	6,908,756	6,601,450	6,423,571
638,579	1,013,462	824,265	662,517	736,026	669,088
9,459,687	8,946,214	6,203,331	7,542,013	6,342,587	14,142,519
3,822,507	4,048,310	4,188,845	2,715,993	2,595,552	3,447,684
1,503,776	1,473,418	1,507,722	1,694,334	1,461,807	1,520,408
478,569	169,013	174,483	684,688	309,980	369,467
2,495,786	1,373,777	2,399,167	2,660,000	2,592,512	2,310,729
<u>60,408,845</u>	<u>64,646,843</u>	<u>73,425,780</u>	<u>74,860,709</u>	<u>73,183,651</u>	<u>84,846,589</u>
10,255,979	11,519,118	10,268,174	10,743,369	9,814,354	\$ 10,376,834
17,167,683	17,468,437	17,939,802	19,446,303	20,956,458	21,414,073
3,588,161	4,157,760	3,981,450	4,218,770	4,049,467	4,767,198
13,080,747	3,778,991	3,647,493	3,506,316	3,943,368	4,578,877
4,672,874	4,916,228	5,364,066	6,243,829	6,913,056	7,418,491
2,326,251	2,419,344	2,439,394	2,481,954	2,620,658	2,708,169
28,034,313	33,561,639	56,571,545	20,298,332	14,907,497	28,418,348
48,920,416 1	11,356,963 1	16,879,662	14,647,648	14,845,930	15,574,605
481,642	397,910	191,318	419,151	167,325	657,434
6,100,062	7,696,664	8,270,760	7,600,910	7,521,046	7,486,127
205,865	-	-	-	-	-
<u>134,833,993</u>	<u>97,273,054</u>	<u>125,553,664</u>	<u>89,606,582</u>	<u>85,739,159</u>	<u>103,400,156</u>
(74,425,148)	(32,626,211)	(52,127,884)	(14,745,873)	(12,555,508)	(18,553,567)
12,875,000	15,640,000	8,290,000	14,350,000	5,305,000	\$ 23,085,000
-	343,748	183,103	738,219	500,825	447,854
-	-	-	-	-	14,189
(267,630)	-	-	-	-	-
86,393,577	5,610,000	-	-	-	-
(1,843,090)	(174,704)	-	-	-	-
20,475,000	15,460,000	28,475,000	7,265,000	14,735,000	14,970,000
(10,675,000)	(22,640,000)	(8,825,000)	(11,385,000)	(13,420,000)	(19,970,000)
-	-	-	-	-	-
85,000	33,335	1,053,802	443,597	56,384	398,605
9,198,522	11,344,279	19,110,266	13,919,505	15,851,315	14,009,272
(9,207,677)	(11,429,507)	(14,971,014)	(11,272,654)	(13,077,801)	(11,227,170)
-	175,019	-	-	-	-
13,145,000	-	2,790,000	4,895,000	-	-
212,685	-	66,119	521,080	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>120,391,387</u>	<u>14,362,170</u>	<u>36,172,276</u>	<u>19,474,747</u>	<u>9,950,723</u>	<u>21,727,750</u>
<u>\$ 45,966,239</u>	<u>\$ (18,264,041)</u>	<u>\$ (15,955,608)</u>	<u>\$ 4,728,874</u>	<u>\$ (2,604,785)</u>	<u>\$ 3,174,183</u>
51.5%	31.4%	32.7%	31.1%	31.0%	27.1%

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Transient Guest Tax</b>	<b>Total</b>
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
2013	22,828,418	24,902,090	3,571,175	1,242,054	52,543,737
2014	23,884,803	26,895,621	3,845,886	1,336,815	55,963,125

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

<u>Fiscal Year</u>	<u>REAL</u>		<u>PERSONAL</u>		<u>UTILITIES</u>	
	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
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
2013	440,075,747	3,349,740,850	10,562,955	48,883,363	12,343,351	37,404,094
2014	461,230,951	3,473,915,512	10,365,196	42,522,753	13,543,233	41,040,100

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*

<b><u>Total Assessed Value</u></b>	<b><u>Total Direct Tax Rate</u></b>	<b><u>Total Estimated Actual Value</u></b>	<b><u>Assessed Value as a Percentage of Actual Value</u></b>
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%
462,982,053	43.439	3,436,028,307	13.47%
485,139,380	43.424	3,557,478,365	13.64%

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b><i>Fund Levies In Mills</i></b>										
General Operating	2.510	3.077	2.730	2.976	2.787	2.721	2.692	2.445	2.372	3.669
Bond & Interest <sup>1</sup>	7.869	5.006	1.078	1.037	1.361	2.096	5.497	5.409	5.412	3.881
Employment Benefit Contribution	0.610	0.664	0.757	0.627	0.344	0.737	1.439	1.533	1.487	2.039
Fire Equipment Reserve	0.316	0.314	0.276	0.122	0.119	0.116	0.115	0.111	0.108	0.451
Fire Pension KP&F	0.141	0.318	0.259	0.211	0.193	0.347	0.172	0.167	0.162	1.069
General Improvement	-	-	-	-	-	-	-	-	-	-
Industrial Promotion	0.187	0.994	0.249	0.121	-	-	-	-	-	-
Library <sup>2</sup>	4.314	0.645	3.644	3.378	3.499	4.247	4.175	4.238	4.309	4.215
Library-Employee Benefit Contributor	0.559	0.641	0.645	0.723	0.878	0.932	0.916	0.891	0.932	0.941
Park Development	-	-	-	-	-	-	-	-	-	-
Riley County Health Department	0.613	0.575	0.521	0.487	0.519	0.531	0.612	-	-	-
Riley County Police Department	23.713	24.001	22.929	22.001	24.568	25.562	26.299	27.362	28.657	27.159
<b>TOTAL: City Mill Rate</b>	<b>40.832</b>	<b>36.235</b>	<b>33.088</b>	<b>31.683</b>	<b>34.268</b>	<b>37.289</b>	<b>41.917</b>	<b>42.156</b>	<b>43.439</b>	<b>43.424</b>

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

<sup>1</sup>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.

<sup>2</sup>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*

<b><u>Fiscal Year</u></b>	<b><u>Manhattan City</u></b>	<b><u>Riley County</u></b>	<b><u>Pottawatomie County</u></b>	<b><u>School Dist. 383</u></b>
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
2013	43.439	35.401	25.975	50.396
2014	43.424	37.327	26.001	52.453

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

*Source: City of Manhattan Finance Department*

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2014</u>			<u>2005</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Manhattan Town Center Mall	Retail	\$9,737,501	1	2.17%	\$8,269,726	1	2.80%
Westar Energy	Utility	9,254,168	2	2.06%	6,872,234	2	2.33%
Individual	Residential	6,870,426	3	1.53%	-		0.00%
Westloop Center Association	Retail	5,875,001	4	1.26%	3,329,850	5	1.13%
Manhattan Marketplace	Shopping Center	5,650,006	5	1.31%			0.00%
Manhattan Medical Center	Medical Complex	4,835,362	6	1.08%	-		0.00%
S&S Development	Real Estate	3,414,761	7	0.76%	-		0.00%
Wal-Mart Stores Inc.	Retail	3,360,695	8	0.75%	-		0.00%
Menards Inc.	Retail	2,978,903	9	0.66%	-		0.00%
GJL Real Estate	Commercial	2,759,204	10	0.61%			0.00%
Kansas Farm Bureau	Insurance	-		0.00%	3,958,100	4	1.34%
Target Corporation	Retail	-		-	2,164,948	7	0.73%
Western Wireless	Utility	-		-	1,809,138	10	0.61%
Southwestern Bell	Utility	-		-	4,150,212	3	1.41%
Professional Center Medical Complex	Real Estate - Commercial	-		-	2,234,903	6	0.76%
Kansas Hotel Partners (Holidome)	Hotel	-		-	1,862,508	9	0.63%
Home Depot	Retail	-		-	2,069,053	8	0.70%
<b>Total</b>		<u>\$54,736,027</u>		<u>12.19%</u>	<u>\$36,720,672</u>		<u>12.44%</u>

Source: Riley and Pottawatomie County Clerks' Offices

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

<b><u>Fiscal Year</u></b>	<b><u>Total Tax Levy</u></b>	<b><u>Current Tax Collections</u></b>	<b>Percentage of <u>Current Collections to Current Levy</u></b>	<b><u>Delinquent Property Taxes Collected</u></b>	<b><u>Total Tax Collections</u></b>	<b>Percentage of <u>Total Collections to Current Levy</u></b>
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%
2013	19,850,805	19,858,991	100.04%	402,304	20,261,295	102.07%
2014	21,067,088	20,733,876	98.42%	197,250	20,931,126	99.35%

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 2014 CAFR.

*Source: City of Manhattan Finance Department*

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Utilities	\$ 39,169,620	\$ 41,960,320	\$ 48,810,744	\$ 53,483,039
Construction	15,407,340	21,928,000	25,710,753	20,900,046
Manufacturing	19,152,320	27,501,280	27,546,189	22,774,274
Wholesale	25,643,640	45,122,320	51,267,430	48,857,423
Retail	468,009,540	482,844,000	491,433,252	570,245,375
Information	29,235,980	31,151,360	48,622,705	41,723,079
Accommodation and food services	81,930,220	91,023,200	111,952,779	105,188,266
Services	22,734,100	20,986,160	21,635,358	20,722,647
Other	41,530,140	53,410,400	64,303,790	61,538,038
<b>Total</b>	<u>\$ 742,812,900</u>	<u>\$ 815,927,040</u>	<u>\$ 891,283,000</u>	<u>\$ 945,432,187</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%

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

Source: Kansas Department of Revenue

<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
\$ 46,844,368	\$ 50,673,215	\$ 49,737,744	\$ 53,105,248	\$ 59,160,213	\$ 66,348,076
17,814,284	20,305,980	19,572,141	19,221,222	18,792,852	18,775,592
19,365,639	21,007,993	20,396,696	24,082,264	19,095,534	23,070,338
40,752,414	43,156,462	41,275,002	42,171,041	43,037,782	27,933,653
590,686,296	592,012,033	611,319,978	628,543,906	650,912,056	669,569,848
47,878,972	46,731,108	46,388,328	48,616,262	47,853,827	58,485,893
98,851,406	100,134,295	108,208,474	133,925,014	128,203,960	132,101,442
19,472,283	19,026,101	20,137,517	18,045,652	18,934,268	16,329,892
48,312,789	51,569,986	53,666,722	67,031,028	61,851,086	60,539,829
<b>\$ 929,978,451</b>	<b>\$ 944,617,173</b>	<b>\$ 970,702,602</b>	<b>\$ 1,034,741,637</b>	<b>\$ 1,047,841,578</b>	<b>\$ 1,073,154,563</b>
1.25% (1)	1.25% (1)	1.25% (1)	1.25%	1.25%	1.25%

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

<b><u>Fiscal Year</u></b>	<b><u>Manhattan City</u></b>	<b><u>Riley County</u></b>	<b><u>Pottawatomie County</u></b>	<b><u>School Dist. 383</u></b>
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%	-
2014	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 2014 and 2005*

	2014				2005			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
Retail	1,178	30.62%	\$ 8,301,207	61.86%	1,091	31.65%	\$ 4,878,467	63.17%
Accommodation and food services	186	4.83%	1,656,272	12.34%	163	4.73%	855,910	11.08%
Other	716	18.61%	758,111	5.65%	662	19.21%	462,978	6.00%
Utilities	11	0.29%	819,773	6.11%	9	0.26%	393,294	5.09%
Information	242	6.29%	697,504	5.20%	250	7.25%	300,755	3.89%
Wholesale	430	11.18%	437,292	3.26%	412	11.95%	238,260	3.09%
Manufacturing	315	8.19%	273,455	2.04%	245	7.11%	194,548	2.52%
Construction	439	11.41%	247,196	1.84%	328	9.52%	162,837	2.11%
Services	330	8.58%	228,110	1.70%	287	8.33%	235,270	3.05%
<b>Total</b>	<b>3,847</b>	<b>100.00%</b>	<b>\$ 13,418,920</b>	<b>100.00%</b>	<b>3,447</b>	<b>100.01%</b>	<b>\$ 7,722,320</b>	<b>100.00%</b>

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.

Source: Kansas Department of Revenue

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

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Special Assessment Bonds	Special Obligation Bonds	Temporary Notes	Notes Payable	Sales Tax Revenue Bonds	Transportation Revolving Fund Loan
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
2013	43,476,781	56,778,219	61,890,000	34,560,000	60,000	5,665,000	3,124,866
2014	56,220,206	56,999,794	57,185,000	29,560,000	-	5,490,000	2,885,345

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

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

<b>Capital Leases</b>	<b>Business-type Activities</b>			<b>Total Primary Government</b>	<b>Percentage of Personal Income<sup>1</sup></b>	<b>Per Capita<sup>1</sup></b>
	<b>General Obligation Bonds</b>	<b>State Revolving Loans</b>	<b>Capital Leases</b>			
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
1,573,138	6,345,000	55,264,202	56,141	268,793,347	8.9%	4,787.66
1,696,660	8,295,000	55,222,769	141,429	273,696,203	8.3%	4,880.63

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

<b>Fiscal Year</b>	<b>Governmental Activities General Obligation Bonds<sup>1</sup></b>	<b>Business-Type Activities General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund<sup>2</sup></b>	<b>Total</b>	<b>Percentage of Estimated Actual Value<sup>3</sup> of Property</b>	<b>Per Capita<sup>4</sup></b>
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
2013	100,255,000	6,345,000	8,387,441	98,212,559	2.9%	1,749.33
2014	113,220,000	8,295,000	14,153,611	107,361,389	3.0%	1,914.50

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

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

<sup>2</sup>Special assessment revenues are accounted for in the Debt Service Fund.

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

<sup>4</sup>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, 2014**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Overlapping debt</b>			
Unified School Dist. #383	\$ 106,482,195	76.10%	\$ 81,032,950
Unified School Dist. #378	1,055,000	14.50%	152,975
Riley County	4,370,000	80.70%	3,526,590
Pottawatomie County	8,475,000	8.30%	703,425
			<hr/>
<b>Total overlapping debt</b>			<b>85,415,940</b>
			<hr/>
<b>Direct debt</b>			
Bonded debt:			
General obligation debt			56,220,206
Special assessment debt			56,999,794
			<hr/>
Total general obligation bonded debt			113,220,000
Special obligation bonded debt			57,185,000
Sales tax revenue bonded debt			5,490,000
Temporary note debt			29,560,000
Notes payable			-
Transportation revolving fund loan			2,885,345
Capital leases			1,696,660
			<hr/>
<b>Total direct debt</b>			<b>210,037,005</b>
			<hr/>
<b>Total Direct and Overlapping Debt</b>			<b>\$ 295,452,945</b>
			<hr/> <hr/>

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.

<sup>1</sup>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.

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

	Fiscal Year			
	2005	2006	2007	2008
Debt limit <sup>1</sup>	\$98,691,193	\$106,939,202	\$121,577,656	\$135,179,174
Total net debt applicable to limit	<u>33,733,161</u>	<u>47,015,307</u>	<u>54,967,050</u>	<u>59,027,855</u>
Legal debt margin	<u>\$64,958,032</u>	<u>\$59,923,895</u>	<u>\$66,610,606</u>	<u>\$76,151,319</u>
Total net debt applicable to the limit as a percentage of debt limit	34.18%	43.96%	45.21%	43.67%

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$140,952,445	\$140,952,445	\$142,176,832	\$146,043,310	\$150,315,801	\$157,111,561
67,946,855	72,739,910	90,779,021	92,945,516	96,958,394	97,436,828
<u>\$73,005,590</u>	<u>\$68,212,535</u>	<u>\$51,397,811</u>	<u>\$53,097,794</u>	<u>\$53,357,407</u>	<u>\$59,674,733</u>
48.21%	51.61%	63.85%	63.64%	64.50%	62.02%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed Valuation of Taxable Tangible Property	\$ 485,139,380
Motor Vehicle Valuation	<u>38,565,824</u>
Total Valuation	<u>523,705,204</u>
Debt Limit Ratio	<u>30%</u>
December 31, 2014 Debt Limit	<u>\$157,111,561</u>
Outstanding Debt Subject to Debt Limit	* <u>97,436,828</u>
Debt Authority Remaining December 31, 2014	<u>\$ 59,674,733</u>

12/31/14 G.O.Bonds Outstanding	\$ 117,800,000
Add: Amount for Refunded Bonds	2,373,595
Less: Amount for Refunding, Water, Sewer and Storm water projects	<u>42,159,767</u>
	<u>78,013,828</u>
12/31/14 Temporary Notes Outstanding	30,495,000
Less: Amount for Water, Sewer & Storm water Projects	<u>11,072,000</u>
	<u>19,423,000</u>
Total Outstanding Debt Subject to Debt Limit 12/31/14	* <u>\$ 97,436,828</u>

**CITY OF MANHATTAN, KANSAS**  
**Pledged Revenue Coverage**

<u>Fiscal Year</u>	<u>Special Assessment Collections</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2010	\$6,045,853	\$3,959,785	\$2,157,724	0.99
2011	\$6,634,031	\$3,650,057	\$2,200,261	1.13
2012	\$6,908,756	\$3,907,420	\$2,264,366	1.12
2013	\$6,601,450	\$4,236,204	\$1,944,640	1.07
2014	\$6,423,571	\$4,098,425	\$2,080,865	1.04

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

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

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

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

<u>Fiscal Year</u>	<u>Population</u> <sup>1</sup>	<u>Public School Enrollment</u> <sup>2</sup>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Average Wage per Job</u> <sup>3</sup>	<u>Unemployment Rate</u> <sup>4</sup>
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%
2013	56,143	6,351	3,034,863,603	54,056	33,838	4.5%
2014	56,078	6,533	3,316,386,819	59,139	33,871	4.1%

<sup>1</sup>U.S. Bureau of the Census estimates, except for 2010 and 2011 (actual)

<sup>2</sup>Kansas State Department of Education (organization level headcount)

<sup>3</sup>U.S. Bureau of Economic Analysis (Riley County)

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

**CITY OF MANHATTAN, KANSAS**  
**Personal Income**  
**Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Riley County Personal Income</u> <sup>1,2</sup>	<u>Riley County Population</u> <sup>3</sup>	<u>City of Manhattan Population</u>	<u>Population as a Percentage of Riley County Population</u>	<u>City of Manhattan Personal Income</u>
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
2013	4,075,283,474	75,394	56,143	74.47%	3,034,863,603
2014	4,446,750,897	75,194	56,078	74.58%	3,316,386,819

<sup>1</sup>U.S. Bureau of Economic Analysis

<sup>2</sup>2012 Riley County Personal Income is estimated based on prior year growth.

<sup>3</sup>U.S. Bureau of the Census estimates

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

<u>Employer</u>	<u>2014</u>			<u>2005</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Riley County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Riley County Employment</u>
Fort Riley Military Base (military) <sup>1</sup>	19,468	1	48.79%	10,060	1	31.06%
Kansas State University	5,424	2	13.59%	5,529	3	17.07%
Fort Riley Military Base (civilian) <sup>1</sup>	2,804	3	7.03%	5,805	2	17.92%
U.S.D. No. 383 - Manhattan Schools	1,450	4	3.63%	1,279	4	3.95%
GTM Sportswear	991	5	2.48%			-
Mercy Health Center	795	6	1.99%	755	5	2.33%
Wal-Mart	480	7	1.20%	470	7	1.45%
Meadowlark Hill Retirement Community	420	8	1.05%			-
City of Manhattan	320	9	0.80%			-
Manko Windo Systems, Inc.	235	10	0.59%			-
Auth-Florence Manufacturing				650	6	
Kansas Farm Bureau				445	8	1.37%
Alltel				350	9	
Pawnee Mental health Services				300	10	0.93%
<b>Total</b>	<u><u>32,387</u></u>		<u><u>81.15%</u></u>	<u><u>25,643</u></u>		<u><u>76.08%</u></u>

<sup>1</sup>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*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government										
Full-time	61	61	50	52	56	57	56	53	52	56
Part-time	3	3	4	4	4	4	5	4	3	8
Seasonal/temporary	15	13	13	13	13	15	16	15	14	8
Public safety										
Full-time	79	79	81	81	81	83	85	96	98	99
Part-time	2	2	2	3	3	3	3	3	4	5
Seasonal/temporary	9	9	10	10	11	11	11	6	6	6
Public works										
Full-time	40	40	44	46	47	47	49.5	55	55	51
Part-time	1	3	1	-	-	-	-	-	-	-
Seasonal/temporary	7	8	9	8	9	9	7	2	2	2
Urban development and housing										
Full-time	8	8	9	9	9	9	10	10	10	10
Part-time	-	-	-	-	-	-	-	-	-	-
Seasonal/temporary	1	1	1	1	2	4	3	3	3	1
Culture and recreation										
Full-time	52	56	66	72	74	75	76.5	88.5	87.5	87
Part-time	10	8	8	6	7	7	7	12	12	11
Seasonal/temporary	1383	1144	1146	912	818	849	871	893	892	726
Water										
Full-time	23	24	25	26	26	25	25.5	29.5	29.5	29.3
Part-time	1	-	-	-	-	-	1	1	0	0
Seasonal/temporary	1	1	1	3	3	7	3	5	5	5
Wastewater										
Full-time	24	22	24	24	24	24	25.5	26.5	27.5	29.8
Part-time	-	-	-	-	-	-	-	-	-	-
Seasonal/temporary	2	-	-	-	-	1	3	2	2	2
Storm Water Management										
Full-time	-	1	1	1	2	2	2	2	2	2
Totals										
Full-time	<b>287</b>	<b>291</b>	<b>300</b>	<b>311</b>	<b>319</b>	<b>322</b>	<b>330</b>	<b>361</b>	<b>362</b>	<b>364</b>
Part-time	<b>17</b>	<b>16</b>	<b>15</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>16</b>	<b>20</b>	<b>19</b>	<b>24</b>
Seasonal/temporary	<b>1418</b>	<b>1176</b>	<b>1180</b>	<b>947</b>	<b>856</b>	<b>896</b>	<b>914</b>	<b>926</b>	<b>924</b>	<b>750</b>

Source: City of Manhattan Finance Department

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public safety										
Incident responses	2,142	2,333	2,554	2,511	2,514	2,334	2,345	2,672	2,385	2,383
Fire inspections	2,428	2,615	2,700	2,562	2,567	2,786	1,763	1,969	1,855	1,897
Construction inspections	5,448	8,914	7,361	5,885	6,476	7,094	7,108	6,129	5,053	5,876
Public works										
Road added (square yards)	54,664	160,855	105,009	72,804	26,769	35,267	21,948	52,354	33,690	51,447
Asphalt placed for street repairs (tons)	178	119	257	248	379	822	350	299	457	798
Call backs for signal problems	43	31	62	43	43	40	49	52	68	89
Urban development and housing										
Annexations	6	8	5	2	2	2	2	1	1	6
Rezoning	22	33	18	19	10	8	8	5	13	16
Culture and recreation										
Annual swimming pool attendance <sup>1</sup>	56,615	63,994	60,049	55,507	39,115	87,674	96,528	128,602	100,600	89,332
Annual zoo attendance	49,751	52,769	60,206	51,985	57,969	62,668	63,066	71,936	74,542	79,039
Annual registrations in recreation programs <sup>2</sup>	15,902	16,110	13,267	11,828	11,630	11,206	9,022	10,579	11,144	12,122
Water										
New taps	301	912	551	254	414	420	383	342	209	266
Total water metered in distribution system (MG)	2,359	2,450	3,176	2,286	2,391	2,448	2,597	2,800	2,481	2,468
Wastewater										
Total influent flow (MG)	1,741	1,659	1,824	1,859	1,780	1,779	1,734	1,695	1,763	1,757

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

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

<sup>2</sup>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*

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public safety										
Fire stations	4	4	4	4	4	4	4	5	5	5
Public works										
Streets (miles)	183.7	190.6	194.9	196.03	201.53	204.09	206.27	218.79	217.47	218
Traffic signals	55	57	63	64	64	66	68	68	68	68
Culture and recreation										
Park acreage (developed)	536	550	555	555	561	561	580	580	600	600
Parks (developed)	16	16	16	16	17	17	25	25	28	28
Swimming pools	3	3	3	2	2	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (lineal feet)	1,238,638	1,286,600	1,347,605	1,384,655	1,400,490	1,416,503	1,440,818	1,447,307	1,501,115	1,474,935
Maximum daily capacity (millions of gallons)	20	20	20	20	20	20	20	20	15	16
Wastewater										
Sewer lines (lineal feet)	1,094,542	1,151,149	1,220,716	1,252,811	1,262,509	1,275,547	1,319,407	1,234,648	1,304,271	1,349,568
Maximum daily treatment capacity (millions of gallons)	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.5	8.7

Sources: Various City of Manhattan departments

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September 23, 2015

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, 2014, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 23, 2015. Our report includes a reference to other auditors who audited the financial statements of the Manhattan Housing Authority, a component unit of the City, 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.

**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.

*Vaney & Associates, CPAs, LLC*

Certified Public Accountants  
Manhattan, Kansas



September 23, 2015

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, 2014. 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, 2014.

**Other Matters**

The City's basic financial statements disclose the existence of the Manhattan Housing Authority, a component unit of the City, which received and expended federal awards which are not included in the City's schedule of expenditures of federal awards for the year ended December 31, 2014. 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.



Certified Public Accountants

**CITY OF MANHATTAN, KANSAS**  
 Manhattan, Kansas  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended December 31, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b>U.S. Department of Housing and Urban Development</b>		
Community Development Block Grants/Entitlement Grants Passed through the Kansas Housing Resources Corp.	14.218	\$ 517,340
HOME Investments Partnership Program	14.239	17,360
Emergency Shelter Grants Program	14.231	221,555
<b>Total U.S. Department of Housing and Urban Development</b>		<u>\$ 756,255</u>
<b>Environmental Protection Agency:</b>		
Passed through the Kansas Department of Health and Environment Capitalization Grants for Drinking Water State Revolving Funds (ARRA)	66.468	<u>\$ 584,115</u>
<b>U.S. Department of Transportation</b>		
Airport Improvement Program	20.106	\$ 6,867,699
Passed through the Kansas Department of Transportation Highway Planning and Construction	20.205	1,330,555
<b>Total U.S. Department of Transportation</b>		<u>\$ 8,198,254</u>
<b>TOTAL</b>		<u><u>\$ 9,538,624</u></u>

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, 2014

**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 modified to include accounts payable. Additionally, this schedule reports only the federally funded portion of qualifying program expenditures.

**Note 3: Noncash Assistance, Insurance, Loans or Loan Guarantees**

The City did not receive any Federal awards in the form of noncash assistance, insurance or loan guarantees for the year ended December 31, 2014.

The City did expend Federal awards in the form of loans as part of the Capitalization Grants for Drinking Water State Revolving Funds (CFDA 66.468). During 2014, the City received \$1,558,537 of loan proceeds as reimbursement for qualifying program expenditures originally paid for by the City during 2013 and 2014. In accordance with the requirements of OMB Circular A-133, the City reports 2014 expenditures of \$584,115 which represents the Federal portion of qualifying program expenditures actually incurred during 2014.

**CITY OF MANHATTAN, KANSAS**  
 Manhattan, Kansas  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 December 31, 2014

**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	<u>X</u> No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	<u>X</u> None reported
Noncompliance material to financial statements noted?	___ Yes	<u>X</u> No

**Federal Awards**

Internal controls over major programs:		
Material weaknesses identified?	___ Yes	<u>X</u> No
Significant deficiencies identified not considered to be material weaknesses?	___ Yes	<u>X</u> 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	<u>X</u> No
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Identification of major programs:	
Name of Federal program	<u>CFDA Number</u>
Airport Improvement Program	20.106
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?	<u>X</u> Yes	___ No
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**Section II - Financial Statement Findings**

No matters were reported

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported

**CITY OF MANHATTAN, KANSAS**  
Manhattan, Kansas  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
December 31, 2014

None.