

CITY OF EMPORIA, KANSAS

104 E. 5th Avenue
Emporia, Kansas 66801

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2011

**Prepared by the Finance Department
Of the City of Emporia, Kansas**

CITY OF EMPORIA, KANSAS
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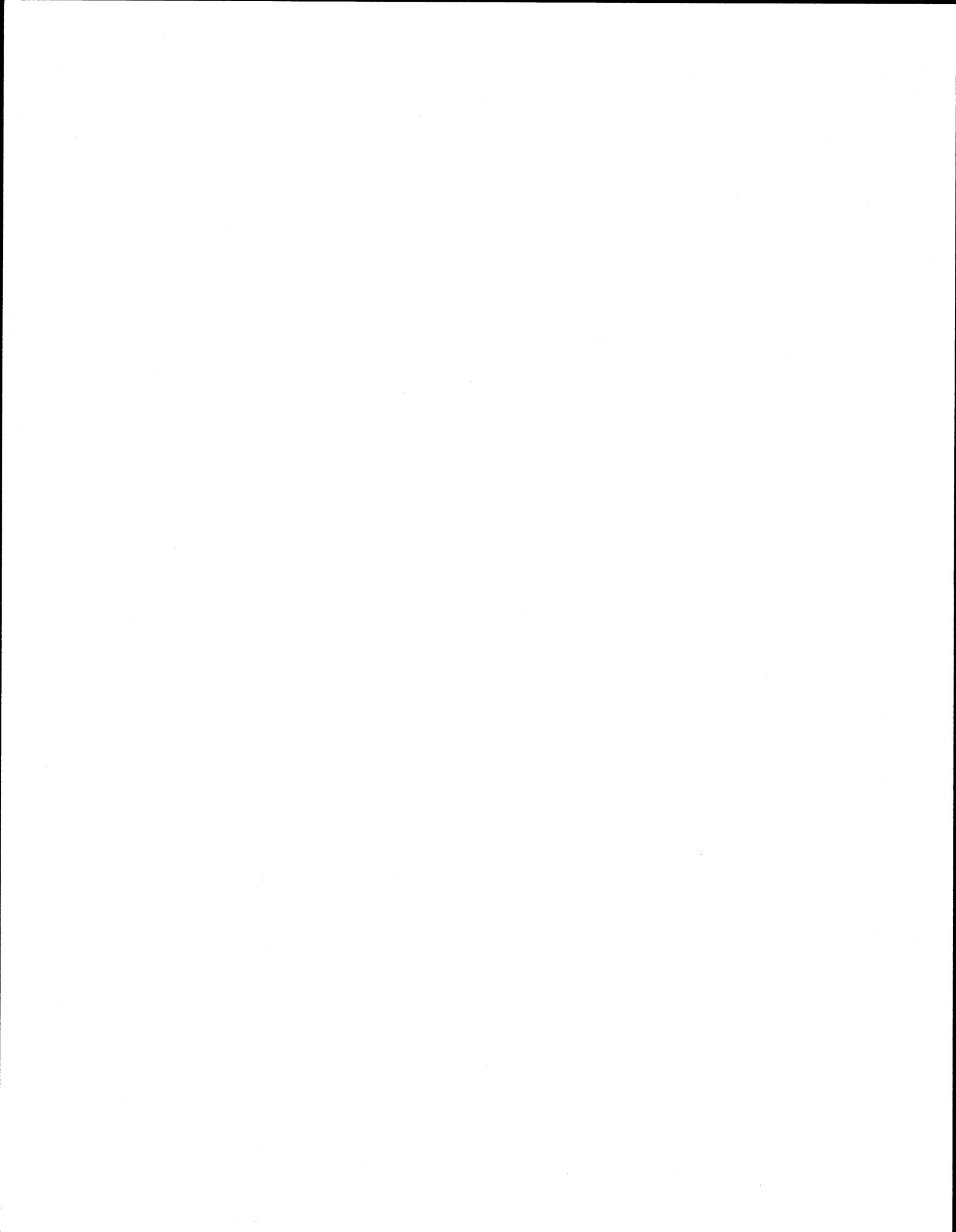
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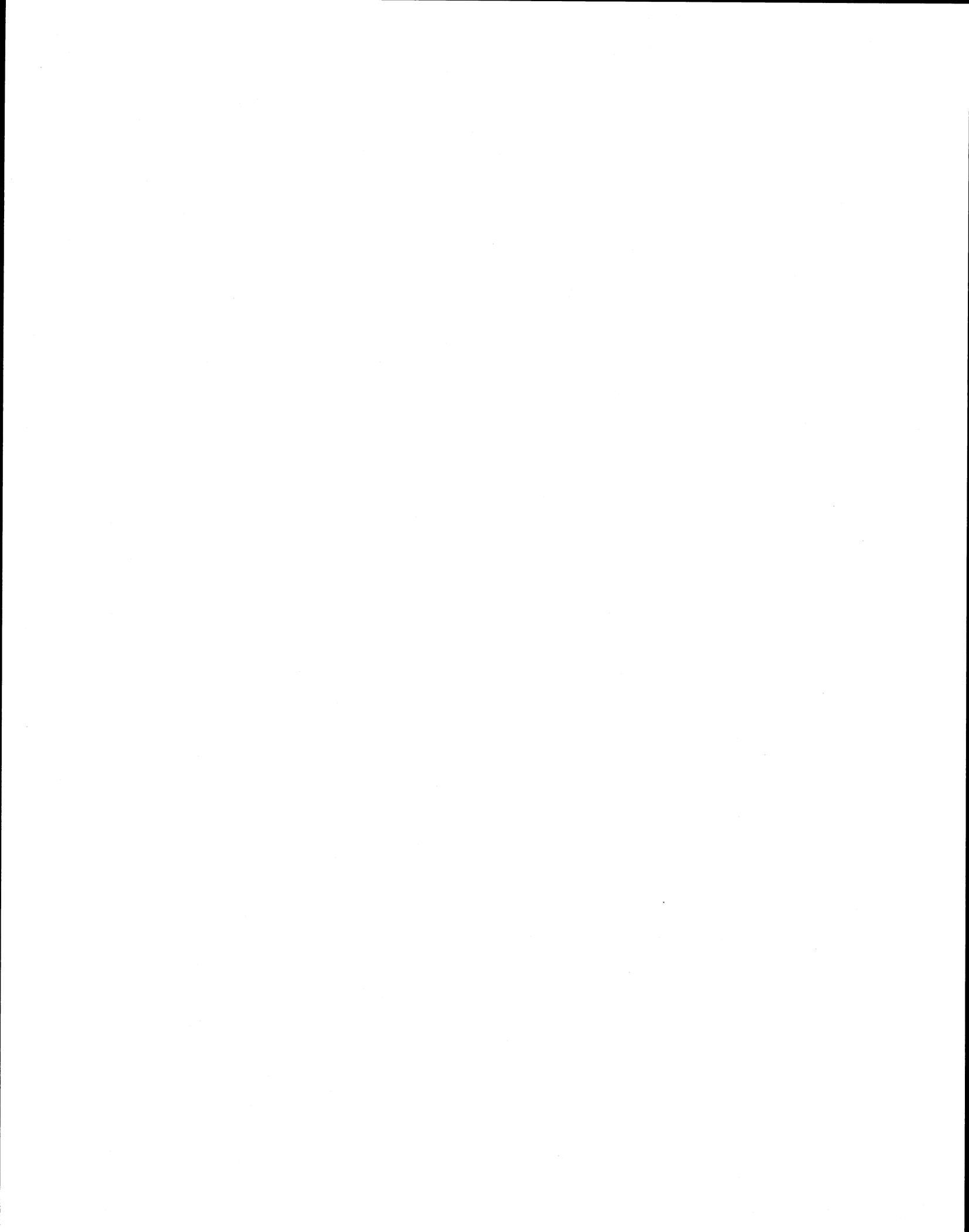
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INTRODUCTORY SECTION





August 15, 2012

Honorable Mayor and
City Commissioners
City of Emporia
Emporia, Kansas

Honorable Mayor and City Commissioners:

The Comprehensive Annual Financial Report of the City of Emporia, Kansas for the year ended December 31, 2011 is submitted herewith.

This report was prepared by the City's Finance Department. The report is published to provide to the Commission, representatives of financial institutions, and to our citizens and other interested persons detailed information concerning the financial condition of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the information, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operation of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

GENERAL INFORMATION – CITY OF EMPORIA

The City of Emporia lies 110 miles southwest of Kansas City and 85 miles northeast of Wichita on the eastern edge of the Flint Hills area of Kansas. Emporia has a population of 24,868 based on the 2010 census. There are 11.82 square miles of land in the City's corporate boundary, while the "planning and protected" area covers approximately 63 square miles.

The City of Emporia was incorporated in 1857. The City has Commission – City Manager form of government. The commission is comprised of five members elected at large for terms of two and four years, with three Commissioners being elected each odd-numbered year. The Mayor is elected by the Commission.

The City Manager is appointed by the Governing Body and acts as its primary agent in accordance with state statute. Other City officers and employees are appointed by the City Manager. The Governing Body is responsible for policy determination and the City Manager is responsible for the administration of the municipal government.

This report includes all of the funds of the City. The City is financially accountable for the Emporia Public Library, and the Library is included in the City's financial statements. The City Commission appoints all members of the seven members Library Board. Because the Library is not a separate taxing entity by applicable state statutes, the City levies taxes for the Library's operations, which represent approximately 88 percent of total revenues. The operations of the Emporia Public Library are reported as a discretely presented component unit in the City's financial statements.

The City provides a full range of municipal services. The Public Safety program includes police and fire protection; an aquatic center, golf course, tennis courts, neighborhood parks and a community center provide a well-rounded, active recreation program; the Engineering Department provides essential street and highway construction and maintenance, surveying services and other technical assistance to the City; the Public Utilities provide water, sewer and refuse collection services. Additional services provided include building inspection, planning and zoning, as well as general administrative services.

In developing and altering the City's accounting system, consideration is given to the adequacy of the internal controls. The internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

State law requires an annual audit of the books of account, financial record and transactions of all administrative departments of the City by independent Certified Public Accountants or Licensed Municipal Public Accounts selected by the City Commission. This requirement has been complied with and the auditor's opinion has been included in this report.

LOCAL ECONOMY

Emporia is very fortunate to have a diversified economy. This diversity provides a cushion when particular market areas suffer from an economic downturn. Our major source of employment is in the field of food processing. This is an important link to our state's agricultural base, yet it is somewhat insulated from the periodic downturns. Strong employment in this sector is being maintained at Tyson's Fresh Meats which has approximately 1,000 employees. Simmons Pet Food and Hill's Pet Food companies continue to be strong in their employment. Camoplast Rockland Ltd, a manufacturer of rubber belts for farm machinery, snowmobiles and similar equipment also continue to be very strong in employment numbers. Interstate Brands is still in bankruptcy and is working to improve its financial position.

Emporia State University is dependent on State funding and the poor fiscal condition of the State is affecting its operations. Attracting new students will be competitive. Transportation, particularly trucking, continues to be an important part of our economy. Our access to highway systems and our central geographical location within our state and nation continue to make this a promising area.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Cash reserves in the general fund at year end were 23.12 percent. This amount was above the 15 percent policy guidelines set by the Commission for budgetary and planning purposes. The water fund cash reserves were 28.85 percent, the sewer fund cash reserves were 39.77 percent and the solid waste fund cash reserves were 60.37 percent. These amounts are above the 20 percent reserve policy set by the City Commission.

The City of Emporia collects approximately 2.4 million dollars a year from a 1 cent county wide sales tax. The City Commission has stated these dollars are to be spent on city infrastructure. During 2011 \$160,000 was spent on storm water repairs, \$1.425 million on street maintenance and \$110,000 on building repairs. This sales tax sunset in 2014 and the City is working on putting this issue on the 2012 ballot.

A five year capital improvement plan is maintained which serves as its planning document to ensure that its facilities, equipment and infrastructure are well maintained and operating in good condition. The City of Emporia has continued to receive Home Rehab grants which are used to assist low income homeowners to update the energy efficiencies of their homes and to demolish uninhabitable houses. Property owners can also participate in the Neighborhood Revitalization Program for property in the center part of Emporia. The downtown district received Historical district certification in 2011 to provide additional grant opportunities to maintain the buildings.

RELEVANT FINANCIAL POLICIES

The adopted budgets are an integral part of the accounting system providing management control over expenditures in the general fund, special revenue funds, debt service fund and enterprise funds. Kansas statutes require that cash be on hand before expenditure can be authorized, that all expenditures be budgeted, and that the budget not exceed anticipated revenues including carry-forward balances. The adopted budget for any fund may be amended, using the same procedures as for adoption, if the increased expenditures are financed with non-tax revenues.

Formal budgetary integration is not used for the capital projects funds because budgetary control is achieved through the resolution of authorization and funding. Encumbrance accounting is used for outstanding purchase orders, contracts and other commitments. Encumbrances outstanding at year end are reported as reservations of fund balance since they are not expenditures or liabilities.

Cash temporarily idle during the year was invested in time deposits in banks ranging from 30 to 150 days in maturity and in U.S. Government obligations with variable maturities and in the Kansas Municipal Investment Pool. At December 31, 2011, the City's cash resources were divided between demand deposits and investments as follows: in demand deposits and cash on hand 25 percent; and in interest bearing investments 75 percent.

The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized.

The City performs limited risk management operations intended to maintain coverage at appropriate levels; manage claims; and monitor carrier performance. The City was self insured for its workers' compensation insurance for the year ended December 31, 2011. As of January 1, 2009, the City has moved its employees' health insurance to a third party provider.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Emporia for its comprehensive annual financial report for the year ended December 31, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Emporia, Kansas, has received a Certificate of Achievement for the last twenty-six consecutive years (fiscal years 1985-2010). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I should like to express my appreciation to all members of the department who assisted and contributed to its preparation. I should also like to thank the Mayor and City Commissioners for their interest and support in planning and conducting the financial operations of the City in a reasonable and progressive manner.

Respectfully submitted,


Janet Harrouff
City Treasurer
August 15, 2012


Mark McAnarney
Assistant City Manager
August 15, 2012

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Emporia
Kansas

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

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

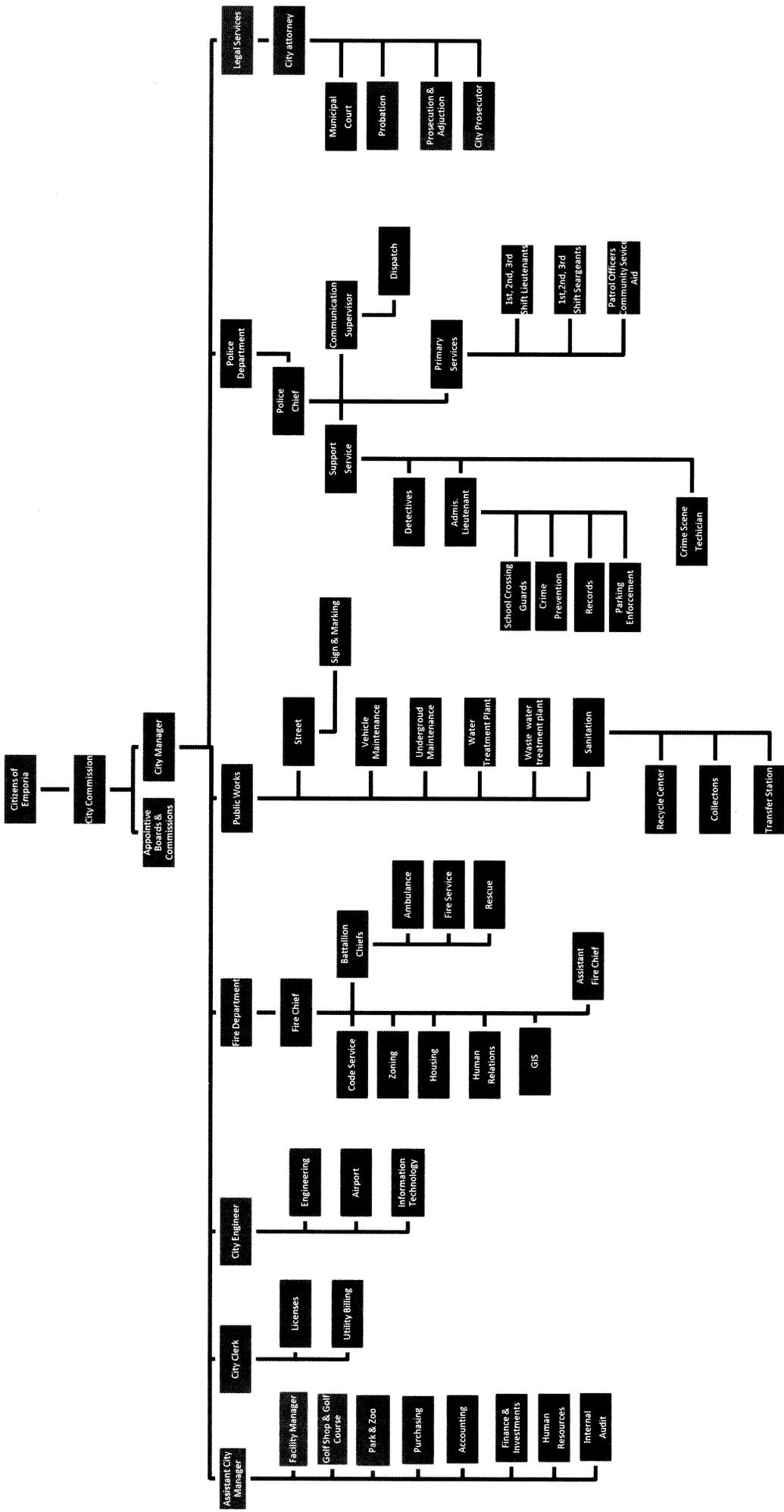


Linda C. Davison

President

Jeffrey R. Emer

Executive Director



CITY OF EMPORIA, KANSAS
GOVERNING BODY
December 31, 2011

GOVERNING BODY

Mayor
Vice-Mayor
Commissioner
Commissioner
Commissioner

Kevin Nelson
Bobbi Mlynar
Jim Kessler
Rob Gilligan
Joel Phipps

ADMINISTRATIVE OFFICIALS

City Manager
Assistant City Manager
City Clerk
City Treasurer
City Attorney

Matthew Zimmerman
Mark McAnarney
Susan Mendoza
Janet Harrouff
Blaise Plummer

DEPARTMENT HEADS

Public Works Director
City Engineer
Fire Chief
Police Chief

Ron Childers
Jerry Menefee
Jack Taylor
Gary Smith

INDEPENDENT AUDITORS' REPORT

August 15, 2012

Mayor and City Commissioners
City of Emporia, Kansas



Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Emporia, Kansas (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the applicable provisions of the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City at December 31, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Industrial Development Sales Tax Fund and Debt Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2012, on our consideration of the City of Emporia, Kansas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

August 15, 2012
Mayor and City Commissioners
City of Emporia, Kansas
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual non-major fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements 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 our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.


Certified Public Accountants
Manhattan, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2011
Unaudited

Our discussion and analysis of the City of Emporia, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2011. The Emporia Public Library issues a complete financial statement that includes a discussion and analysis. The address for retrieval of this report is in Note 1. This narrative should be read in conjunction with the City's letter of transmittal, which begins on page i.

Financial Highlights

- The Government-wide net assets totaled \$87,242,065 at the end of the current fiscal year, an increase of \$1,139,029 from the prior year.
- The Government-wide unrestricted current assets exceed the current liabilities by \$13,039,403, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2011, totaled \$107,454,549.
- During the year ended December 31, 2011, the City's total expenses exceeded total revenues (which include charges for services, local taxes and state and federal aid) by \$1,231,719.
- The City's total indebtedness showed a net decrease of \$6,648,342, primarily due to the payment of general obligation bonds, temporary notes and state sewer and water loans. The City did issue additional general obligation bonds in the amount of \$8,580,000. Total debt payments amounted to \$15,354,210 for the year.
- The City's net capital assets decreased \$8,763,398 in the current fiscal year.

Using this Financial Report

This annual report consists of two distinct series of financial statements: government-wide and fund financial statements. In addition, the annual report includes budgetary-basis financial statement comparisons, in accordance with the State of Kansas cash basis and budget laws.

The government-wide statements are designed to provide information about the City's activities as a whole and provide a longer-term view of the City's finances. The fund financial statements tell how the City's services for both governmental and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in greater detail than the government-wide statements by providing information about the City's most significant funds. In addition, combining statements included in the supplemental information show detail of all other governmental funds. The City also holds fiduciary funds on behalf of various parties. These funds are reported in a separate statement.

Reporting on the City as a Whole (Government Wide)

Statement of Net Assets and the Statement of Activities

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Assets and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the City's net assets and current year change in those net assets. The change in net assets is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended December 31, 2011

Unaudited

Reporting on the City as a whole (Government Wide) (Continued)

In the Statement of Net Assets and the Statement of Activities, the City is divided into two distinct kinds of activities:

Governmental Activities — Most of the City's programs and services are reported here, including general government, public safety, highways and streets, culture and recreation, health and environment, building and maintenance, planning and development and airport operation.

Business-Type Activities — These services are provided on a charge for goods and services basis to recover all of the expenses of the goods or services provided. The city's solid waste disposal, sewer utility, and water utility are reported as business-type activities. In addition, the City's workers' compensation fund and the insurance fund are treated as internal service funds.

Reporting the City's Most Significant Funds (Fund Financial Statements)

Fund financial statements provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. The main fund financial statements focus on the City's most significant funds. Combining fund balance sheets and statements of revenues, expenditures and changes in fund balances provide detailed information about all of the City's non-major governmental funds.

Governmental Funds — Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of the funds and balances left over at fiscal year end available to be spent in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Governmental fund information helps the reader to decide where there are more or fewer financial resources that can be spent in the near term to finance the City's programs. Major differences between the City's governmental activities as reported in the Statement of Net Assets and the Statement of Activities and its governmental funds are reconciled in the Governmental Funds financial statements.

Proprietary Funds — Proprietary funds (Solid Waste Disposal, Sewer Utility and Water Utility) are enterprise funds that use the same basis of accounting as business-type activities; therefore, these statements replicate the information provided in the government-wide financial statements.

The City as a Whole

Government-Wide Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Emporia, Kansas, assets exceeded liabilities by \$87,242,065 at the end of the current fiscal year.

By far the largest portion of the City of Emporia's net assets (79.67 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City of Emporia uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Emporia'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 EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2011
Unaudited

The City as a Whole (Continued)

The Statement of Net Assets provides the financial position of the City as a whole. The following is a summary of the City's Statement of Net Assets as of December 31, 2011 and 2010:

CITY OF EMPORIA, KANSAS
CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
ASSETS						
Current	\$ 18,288,831	\$ 15,929,787	\$ 7,563,107	\$ 8,013,957	\$ 25,851,938	\$ 23,943,744
Net Capital	73,198,992	80,351,687	34,255,557	35,866,260	107,454,549	116,217,947
TOTAL ASSETS	\$ 91,487,823	\$ 96,281,474	\$ 41,818,664	\$ 43,880,217	\$ 133,306,487	\$ 140,161,691
LIABILITIES AND NET ASSETS						
Liabilities						
Current	\$ 10,628,360	\$ 11,080,099	\$ 2,184,175	\$ 5,614,114	\$ 12,812,535	\$ 16,694,213
Non-Current	20,069,771	25,264,486	13,182,116	12,099,956	33,251,887	37,364,442
Total Liabilities	\$ 30,698,131	\$ 36,344,585	\$ 15,366,291	\$ 17,714,070	\$ 46,064,422	\$ 54,058,655
Net Assets						
Invested in capital assets - Net of related debt	\$ 49,963,992	\$ 51,512,139	\$ 19,544,388	\$ 18,844,682	\$ 69,508,380	\$ 70,356,821
Restricted	8,865,752	210,861	-	-	8,865,752	210,861
Unrestricted	1,959,948	8,213,889	6,907,985	7,321,465	8,867,933	15,535,354
Total Net Assets	\$ 60,789,692	\$ 59,936,889	\$ 26,452,373	\$ 26,166,147	\$ 87,242,065	\$ 86,103,036
TOTAL LIABILITIES AND NET ASSETS	\$ 91,487,823	\$ 96,281,474	\$ 41,818,664	\$ 43,880,217	\$ 133,306,487	\$ 140,161,691

An additional portion of the City of Emporia's net assets (10.16 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (10.17 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Emporia is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's net assets were increased by \$1,139,029 during the current fiscal year. This increase resulted 25.12 percent from business-type activities and 74.88 percent from governmental activities. The current year governmental activities decreased the City of Emporia's net assets by \$1,517,945, but a prior period adjustment increased governmental activities net assets by \$2,370,748. The current year decrease was due primarily to depreciation of capital assets of \$7,682,145.

Governmental Activities

The following is a condensed statement of the City's change in net assets for the year ended December 31, 2011 and 2010:

CITY OF EMPORIA, KANSAS
CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenue						
Program						
Charges for services	\$ 4,809,174	\$ 4,119,238	\$ 13,140,476	\$ 12,967,367	\$ 17,949,650	\$ 17,086,605
Operating grants	731,493	1,757,275	-	-	731,493	1,757,275
Capital grants	-	112,716	760,984	-	760,984	112,716
General revenues						
Property tax	7,224,953	16,469,305	-	-	7,224,953	16,469,305
Other	10,677,961	707,098	350,879	891,617	11,028,840	1,598,715
Total Revenues	\$ 23,443,581	\$ 23,165,632	\$ 14,252,339	\$ 13,858,984	\$ 37,695,920	\$ 37,024,616

(Continued)

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2011
Unaudited

Governmental Activities (Continued)

CITY OF EMPORIA, KANSAS
CONDENSED STATEMENT OF ACTIVITIES (CONTINUED)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Expenditures						
General government	\$ 3,779,829	\$ 3,861,408	\$ -	\$ -	\$ 3,779,829	\$ 3,861,408
Public safety	10,267,119	10,058,340	-	-	10,267,119	10,058,340
Highway and streets	7,656,949	8,432,872	-	-	7,656,949	8,432,872
Culture and recreation	2,822,262	2,829,141	-	-	2,822,262	2,829,141
Health and environment	105,500	85,400	-	-	105,500	85,400
Building maintenance	1,374,742	1,204,027	-	-	1,374,742	1,204,027
Planning and development	656,439	1,393,341	-	-	656,439	1,393,341
Airport operations	584,990	516,378	-	-	584,990	516,378
Appropriation	86,583	58,543	-	-	86,583	58,543
Capital outlay	-	257,491	-	-	-	257,491
Bond issuance costs	46,235	39,003	-	-	46,235	39,003
Solid waste disposal	-	-	2,979,111	2,570,915	2,979,111	2,570,915
Sewer utility	-	-	3,233,859	3,111,908	3,233,859	3,111,908
Water utility	-	-	4,327,855	3,657,273	4,327,855	3,657,273
Interest on debt	1,006,166	950,408	-	-	1,006,166	950,408
Total Expenses	\$ 28,386,814	\$ 29,686,352	\$ 10,540,825	\$ 9,340,096	\$ 38,927,639	\$ 39,026,448
INCREASE (DECREASE) IN NET ASSETS						
BEFORE TRANSFERS	\$ (4,943,233)	\$ (6,520,720)	\$ 3,711,514	\$ 4,518,888	\$ (1,231,719)	\$ (15,582,867)
Transfers	3,425,288	3,051,850	(3,425,288)	(3,051,850)	-	-
INCREASE (DECREASE) IN NET ASSETS	\$ (1,517,945)	\$ (3,468,870)	\$ 286,226	\$ 1,467,038	\$ (1,231,719)	\$ (15,582,867)

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended December 31, 2011

Unaudited

Business-Type Activities

Business-type activities increased the City of Emporia's net assets by \$286,226 in 2011 compared to \$1,467,038 for 2010. This change from 2010 to 2011 is attributed to the following: 1) a decrease in other revenues of \$540,738; 2) an increase in net transfers out of \$373,438, and 3) improvements to a sewer line to the industrial park.

Financial Analysis of the City's Funds

The City uses fund accounting to ensure and demonstrate compliance with state and federal finance related legal requirements. These funds are accounted for on the modified accrual basis of accounting.

The governmental funds of the City provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unreserved fund balances, in particular, measure the City's net resources available for spending at the end of the City's fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,498,399, an increase of \$2,309,520 in comparison with the prior year. A large portion of this total fund balance amount (\$3,839,425) constitutes capital project fund balances, which are available for spending on large capital projects. The remainders of fund balance amounts were as follows: \$2,337,849 restricted for various city functions and services; \$2,688,478 assigned for purchases on order and subsequent year's budget appropriations; and \$1,632,647 General Fund available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,632,647. The fund balance of the City's general fund was increased by \$186,643 during the current fiscal year, mainly due to strict limits on expenditures.

The Industrial Development Sales Tax Fund is used to account for the receipt of retail sales tax and expenditures of funds generated by a portion of the City's retail sales tax. The ending fund balance of the Industrial Development Sales Tax Fund was \$312,363 at December 31, 2011. No new businesses were recruited during 2011, resulting in an increase in fund balance of \$122,719.

The Multi-Year Improvement Fund was established to receive funding for the purpose of making improvements to the City over an extended period of time. The fund balance increased \$510,714 from proceeds of sales tax that had not been expended at year-end.

The Construction Project Fund fund balance increased by \$1,308,935. There are various projects in progress.

The Debt Service Fund has a total fund balance of \$160,421, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the fund was \$50,440. The City issued general obligation bonds with proceeds totaling \$8,580,000 to fund various projects and to refund prior bond issues, some of which is accounted for in the proprietary funds. The decrease is due to normal debt repayment activities.

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

Unrestricted net assets of the Water Fund at the end of the year amounted to \$2,557,957, the Sewer Fund at the end of the year amounted to \$2,072,321 and those for the Solid Waste Disposal Fund operation amounted to \$2,277,495. The total change in net assets for Solid Waste disposal was an increase of \$571,034, for Sewer the change was an decrease of \$1,526,577 and for Water the change was an increase of \$1,241,769. The factors concerning the finances of these funds have already been addressed in the discussion of the City's business type activities.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended December 31, 2011

Unaudited

General Fund Budgeting Highlights

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The City's final General Fund budget was \$20,610,558. The revenues were higher than budgetary estimates by \$715,141 and the expenditures were less than budgetary estimates by \$1,536,209.

The actual expenditures (before transfers) for the General Fund as of December 31, 2011 were \$15,293,928 compared to the final budget of \$17,250,858. The variance of actual expenditures to budget was \$1,956,930 under budget for the year ended December 31, 2011. This was due in part to management restriction of expenditures of department heads because of the current economic conditions.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business-type activities totaled \$107,454,549 (net of accumulated depreciation) as of December 31, 2011. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways and bridges. The decrease in the City's investment in capital assets for the current fiscal year for governmental activities was 8.9% and a 4.5% decrease for business-type activities.

Major capital asset events during the current fiscal year included the following:

Completed 1.9 miles of street rehabilitation in various areas in Emporia at a cost of \$692,106.

Resurfaced K-99 Highway from 3rd Avenue to 12th Avenue at a cost of \$464,713.

Reconstructed the alley along Commercial Street from 8th Avenue to 9th Avenue and 11th to 12th at a cost of \$174,916.

Reconstructed sidewalks, accessibility ramps, curb and gutter on merchant Street for 4 blocks at a cost of \$51,323.

Continued working on street improvements at the intersection of U.S. Hwy 99 and Graphic Arts in the amount of \$34,203.

Storm sewer repair in the 400 block of Oak Street and Commercial Street at a cost of \$68,000.

Started design work to replace the water main on Whildin Street from 9th Avenue to 12th Avenue at a cost of \$10,233.

Installed new water main in the 300 block of Commercial Street at a cost of \$90,631.

Design work began on installing a new sewer main to Industrial Park IV for \$93,870.

Completed work on the Water Plan Improvements Phase III at a cost of \$155,596.

Continue the hazardous sidewalk replacement program, replacing 9,073 linear feet of 4" sidewalk and 648 linear feet of 6" sidewalk at a cost of \$45,323.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2011
Unaudited

Capital Assets and Debt Administration (Continued)

Additional information on the City's capital assets can be found in Note III of the financial statements.

Long-term Debt Activity

At December 31, 2011, the City had total general obligation bond and temporary note debt outstanding of \$31,385,000, backed by the full faith and credit of the City. Total long-term debt decreased for payments in the amount of \$7,620,000 for the fiscal year ended December 31, 2011. The City is rated by one of the three rating agencies (Standards & Poor's) and has a rating of A+. The ratio of bonded debt to assessed valuation for the City is 54.02%. In 2011, the City issued \$8,580,000 of general obligation bonds, including \$8,045,000 in refunding debt. The balance of \$535,000 in new funds was used to purchase a street sweeper and for sewer, water and paving projects.

Additional information on the City's general long term debt can be found in Note III to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City is currently 5.4% (as of June 2012). The City Commission has taken steps to ensure the General and Utility Funds remain balanced, even in the era of declining revenue and increased expenses. The revenues and expenses are reviewed weekly by City Management and monthly by the City Commission.

The occupancy rate in the downtown district remains at a consistent 88%. The Emporia Main Street organization approved a master plan for the downtown, called Community Initiated Development (CID), and is in the beginning stages of working with the Kansas Department of Transportation, Kansas Main Street Program and the City of Emporia on its implementation. Other organizations involved with the CID include the Emporia Area Chamber of Commerce and the Regional Development Agency of East Central Kansas. The plan is designed to develop ways to increase the variety of retail, dining and entertainment options in the downtown area and to improve occupancy rates. A direct result of CID is the opening of the Kellogg Lofts building in 2012. The building features retail space on the ground level and apartments in the upper stories. The mixture will encourage people to live downtown and increase the population base for the retailers.

Vacancy rates across Emporia also increased in 2011. The City continues aggressively to promote industrial and retail economic development to fill these vacancies, improve the quality of life in Emporia and to further diversify the Emporia economy. The City funds the office of the Regional Development Association of East Central Kansas that aggressively seeks new employment opportunities and investment in the community. City officials continue to attend the International Conference of Shopping Centers. This conference is normally attended by over 50,000 retailers, developers and government officials.

Due to budget cuts and a tight control on spending, the City increased its balance in the General Fund for the fourth consecutive fiscal year, adding to the written goal of 15% reserve by the end of the 2011 fiscal year. Some major reasons include not filling positions left by retiring or leaving employees and having several projects come in well under budget.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2011
Unaudited

Economic Factors and Next Year's Budgets and Rates (Continued)

The Water Fund had a cash surplus in 2011, due to a 19% rate increase which took affect late in 2009 and an extremely dry summer. The Water Fund ended the 2011 fiscal year with cash reserves over 20%, as set forth in City Policy.

The Sewer Fund operated at a deficit for the current year due to utilizing cash surpluses to pay for a sewer line to Industrial Park in the 2011 fiscal year. Even after this project, the Sewer Fund maintained cash reserves above 20%.

The Solid Waste Fund had a large cash surplus in 2011. The City Commission is considering adding a new service or reducing rates in 2011 to maintain the 20% reserve level.

The collection of revenue from a County-wide sales tax for capital projects started in 2009. The proceeds of the Multi-year fund will be used for capital projects in the community. The sales tax is expected to generate approximately \$2 million dollars per year for the next five years.

The City Commission has expressed their intent to fund capital purchases in the Utility Funds with cash whenever possible. A cash management policy was adopted in 2009 for the General Fund and Utility Funds. This policy establishes minimum level of reserves at 15% of non-pass thru expenses in the General Fund. For the Utility Funds, the policy includes steps the City should take in the event reserves fall below the 20% level.

Contacting the City

This financial report is designed to provide a general overview of the City's finances. If you have questions about this report or need additional financial information, contact the City's Finance Department at 104 E 5th Avenue, Emporia, Kansas 66801.

BASIC FINANCIAL STATEMENTS

CITY OF EMPORIA, KANSAS
STATEMENT OF NET ASSETS
December 31, 2011

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Emporia Public Library
	Activities	Activities		
ASSETS				
Cash and investments	\$ 11,364,304	\$ 5,798,895	\$ 17,163,199	\$ 461,880
Accounts receivable - Net of allowance	6,701,247	1,259,341	7,960,588	5,533
Inventory	-	340,096	340,096	-
Deferred charges	223,280	164,775	388,055	-
Total current assets	<u>\$ 18,288,831</u>	<u>\$ 7,563,107</u>	<u>\$ 25,851,938</u>	<u>\$ 467,413</u>
Capital assets not being depreciated:				
Land	\$ 1,683,849	\$ 210,525	\$ 1,894,374	\$ -
Capital assets, being depreciated:				
Capital assets	229,409,284	71,257,727	300,667,011	679,739
Accumulated depreciation	(157,894,141)	(37,212,695)	(195,106,836)	(327,676)
Total capital assets	<u>\$ 73,198,992</u>	<u>\$ 34,255,557</u>	<u>\$ 107,454,549</u>	<u>\$ 352,063</u>
Total Assets	<u>\$ 91,487,823</u>	<u>\$ 41,818,664</u>	<u>\$ 133,306,487</u>	<u>\$ 819,476</u>
LIABILITIES				
Accounts payable	\$ 244,144	\$ 195,797	\$ 439,941	\$ 50,019
Accrued liabilities	555,218	231,521	786,739	-
Interest payable	287,167	125,536	412,703	-
Unearned revenue	5,793,304	-	5,793,304	-
Unpaid claims	46,326	-	46,326	-
Current portion of				
Compensation absences payable	177,201	33,749	210,950	19,474
Notes payable	-	402,572	402,572	-
General obligation bonds and temporary notes	3,525,000	1,195,000	4,720,000	-
Total current liabilities	<u>\$ 10,628,360</u>	<u>\$ 2,184,175</u>	<u>\$ 12,812,535</u>	<u>\$ 69,493</u>
Noncurrent liabilities:				
Compensated absences payable	\$ 359,771	\$ 68,519	\$ 428,290	\$ -
General obligation bonds and temporary notes	19,710,000	6,955,000	26,665,000	-
Notes payable	-	6,158,597	6,158,597	-
Total noncurrent liabilities	<u>\$ 20,069,771</u>	<u>\$ 13,182,116</u>	<u>\$ 33,251,887</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 30,698,131</u>	<u>\$ 15,366,291</u>	<u>\$ 46,064,422</u>	<u>\$ 69,493</u>
NET ASSETS				
Invested in capital assets - net of related debt	\$ 49,963,992	\$ 19,544,388	\$ 69,508,380	\$ 352,063
Restricted for				
Urban development	1,475,107	-	1,475,107	-
Public safety	314,709	-	314,709	-
Culture and recreation				
Expendable	221,805	-	221,805	-
Nonexpendable	-	-	-	118,614
Donor restricted	-	-	-	110,108
Public works	164,689	-	164,689	-
Debt service	161,539	-	161,539	-
Capital projects	3,839,425	-	3,839,425	-
Other purposes	2,688,478	-	2,688,478	-
Unrestricted	1,959,948	6,907,985	8,867,933	169,198
Total Net Assets	<u>\$ 60,789,692</u>	<u>\$ 26,452,373</u>	<u>\$ 87,242,065</u>	<u>\$ 749,983</u>

CITY OF EMPORIA, KANSAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 3,779,829	\$ 1,767,827	\$ 57,491	\$ -
Public safety	10,267,119	2,342,449	71,648	-
Highway and streets	7,656,949	208,007	205,258	-
Culture and recreation	2,822,262	127,222	57,022	-
Health and environment	105,500	-	340,074	-
Building maintenance	1,374,742	10,465	-	-
Planning and development	656,439	-	-	-
Airport operations	584,990	353,204	-	-
Appropriations	86,583	-	-	-
Bond issuance costs	46,235	-	-	-
Interest on long-term debt	1,006,166	-	-	-
Total Governmental Activities	\$ 28,386,814	\$ 4,809,174	\$ 731,493	\$ -
Business-type activities:				
Solid waste disposal	\$ 2,979,111	\$ 3,984,198	\$ -	\$ -
Sewer utility	3,233,859	3,838,061	-	-
Water utility	4,327,855	5,318,217	-	760,984
Total Business-type Activities	\$ 10,540,825	\$ 13,140,476	\$ -	\$ 760,984
Total Primary Government	\$ 38,927,639	\$ 17,949,650	\$ -	\$ 760,984
Component Unit:				
Emporia Public Library				
Culture and recreation	\$ 867,598	\$ 27,203	\$ 876,195	\$ -
Capital outlay	8,030	-	-	-
Total Component Unit	\$ 875,628	\$ 27,203	\$ 876,195	\$ -

General Revenues

Property taxes levied for
General purpose
Debt service
Franchise taxes
Sales taxes
Gasoline taxes
Investment earnings
Miscellaneous
Transfers - net

Total General Revenues and Transfers

Change in Net Assets

Net Assets - Beginning

Prior Period Adjustment

Net Assets - Beginning - Restated

Net Assets - Ending

(continued)

Net (Expenses) Revenue and Changes in Net Assets			Component
Primary Government			Unit
Governmental Activities	Business- Type Activities	Total	Emporia Public Library
\$ (1,954,511)	\$ -	\$ (1,954,511)	\$ -
(7,853,022)	-	(7,853,022)	-
(7,243,684)	-	(7,243,684)	-
(2,638,018)	-	(2,638,018)	-
234,574	-	234,574	-
(1,364,277)	-	(1,364,277)	-
(656,439)	-	(656,439)	-
(231,786)	-	(231,786)	-
(86,583)	-	(86,583)	-
(46,235)	-	(46,235)	-
(1,006,166)	-	(1,006,166)	-
<u>\$ (22,846,147)</u>	<u>\$ -</u>	<u>\$ (22,846,147)</u>	<u>\$ -</u>
\$ -	\$ 1,005,087	\$ 1,005,087	\$ -
-	604,202	604,202	-
-	1,751,346	1,751,346	-
<u>\$ -</u>	<u>\$ 3,360,635</u>	<u>\$ 3,360,635</u>	<u>\$ -</u>
<u>\$ (22,846,147)</u>	<u>\$ 3,360,635</u>	<u>\$ (19,485,512)</u>	<u>\$ -</u>
			\$ 35,800
			<u>(8,030)</u>
			<u>\$ 27,770</u>
\$ 4,451,177	\$ -	\$ 4,451,177	\$ -
2,773,776	-	2,773,776	-
2,233,692	-	2,233,692	-
6,658,352	-	6,658,352	-
649,585	-	649,585	-
141,480	7,348	148,828	2,693
994,852	343,531	1,338,383	7,271
3,425,288	(3,425,288)	-	-
<u>\$ 21,328,202</u>	<u>\$ (3,074,409)</u>	<u>\$ 18,253,793</u>	<u>\$ 9,964</u>
<u>\$ (1,517,945)</u>	<u>\$ 286,226</u>	<u>\$ (1,231,719)</u>	<u>\$ 37,734</u>
<u>\$ 59,936,889</u>	<u>\$ 26,166,147</u>	<u>\$ 86,103,036</u>	<u>\$ 712,249</u>
<u>2,370,748</u>	<u>-</u>	<u>2,370,748</u>	<u>-</u>
<u>\$ 62,307,637</u>	<u>\$ 26,166,147</u>	<u>\$ 88,473,784</u>	<u>\$ 712,249</u>
<u>\$ 60,789,692</u>	<u>\$ 26,452,373</u>	<u>\$ 87,242,065</u>	<u>\$ 749,983</u>

CITY OF EMPORIA, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	<u>General Fund</u>	<u>Industrial Development Sales Tax</u>	<u>Multi-Year Improvement</u>
ASSETS			
Cash and investments	\$ 4,105,904	\$ 312,363	\$ 1,019,465
Receivables			
Accounts	890,982	-	3,520
Taxes	2,673,581	-	-
Due from other funds	14,196	-	-
Total Assets	<u>\$ 7,684,663</u>	<u>\$ 312,363</u>	<u>\$ 1,022,985</u>
LIABILITIES			
Accounts payable	\$ 141,933	\$ -	\$ 22,364
Accrued liabilities	548,024	-	-
Due to other funds	-	-	-
Unearned revenue	2,673,581	-	-
Total Liabilities	<u>\$ 3,363,538</u>	<u>\$ -</u>	<u>\$ 22,364</u>
FUND BALANCE			
Restricted			
Urban development	\$ -	\$ 312,363	\$ 1,000,621
Public safety	-	-	-
Culture and recreation	-	-	-
Public works	-	-	-
Debt service	-	-	-
Committed:			
Capital projects	-	-	-
Assigned			
Purchases on order	32,897	-	-
Subsequent year's budget: appropriation of fund balances	2,655,581	-	-
Unassigned	1,632,647	-	-
Total Fund Balance	<u>\$ 4,321,125</u>	<u>\$ 312,363</u>	<u>\$ 1,000,621</u>
Total Liabilities and Fund Balance	<u>\$ 7,684,663</u>	<u>\$ 312,363</u>	<u>\$ 1,022,985</u>

(continued)

<u>Debt Service</u>	<u>Construction Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 160,421	\$ 1,697,067	\$ 3,094,278	\$ 10,389,498
-	-	13,441	-
2,497,338	-	622,385	907,943
-	-	-	5,793,304
-	-	-	14,196
<u>\$ 2,657,759</u>	<u>\$ 1,697,067</u>	<u>\$ 3,730,104</u>	<u>\$ 17,104,941</u>
\$ -	\$ 2,135	\$ 77,712	\$ 244,144
-	-	6,874	554,898
-	-	14,196	14,196
2,497,338	-	622,385	5,793,304
<u>\$ 2,497,338</u>	<u>\$ 2,135</u>	<u>\$ 721,167</u>	<u>\$ 6,606,542</u>
\$ -	\$ -	\$ 162,123	\$ 1,475,107
-	-	314,709	314,709
-	-	221,805	221,805
-	-	164,689	164,689
160,421	-	1,118	161,539
-	1,694,932	2,144,493	3,839,425
-	-	-	32,897
-	-	-	2,655,581
-	-	-	1,632,647
<u>\$ 160,421</u>	<u>\$ 1,694,932</u>	<u>\$ 3,008,937</u>	<u>\$ 10,498,399</u>
<u>\$ 2,657,759</u>	<u>\$ 1,697,067</u>	<u>\$ 3,730,104</u>	<u>\$ 17,104,941</u>

CITY OF EMPORIA, KANSAS
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
December 31, 2011

Total Governmental Fund Balances \$ 10,498,399

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

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

928,160

Bond issuance costs are amortized over the life of the bonds for generally accepted accounting principles but expensed for fund purposes. The amount of unamortized bond issuance costs as of December 31, 2010.

223,280

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

The cost of capital assets is
Accumulated depreciation is

\$ 231,093,133

(157,894,141)

73,198,992

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General obligation

\$ 23,235,000

Interest payable

287,167

Compensated absences payable

536,972

24,059,139

Net Assets of Governmental Activities

\$ 60,789,692

CITY OF EMPORIA, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

	General Fund	Industrial Development Sales Tax	Multi-Year Improvement
REVENUES			
Taxes	\$ 12,509,024	\$ -	\$ -
Charges for services	2,650,519	-	-
Special assessments	-	-	-
Intergovernmental	435,612	-	-
Licenses and permits	232,105	-	-
Fines and fees	545,244	-	-
Use of money & property	132,347	307	1,050
Contributions	-	-	-
Miscellaneous	114,217	140,602	-
Total Revenues	\$ 16,619,068	\$ 140,909	\$ 1,050
EXPENDITURES			
General governmental	\$ 1,256,827	\$ -	\$ 1,841,513
Public safety	9,808,210	-	-
Highways and streets	423,144	-	-
Culture and recreation	1,809,378	-	-
Health and environment	-	-	-
Building maintenance	1,361,933	-	-
Planning and development	44,379	362,982	-
Airport operations	517,009	-	-
Appropriations	86,583	-	-
Capital outlay	-	-	-
Bond issuance costs	-	-	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Total Expenditures	\$ 15,307,463	\$ 362,982	\$ 1,841,513
Excess (Deficiency) of Revenues over Expenditures	\$ 1,311,605	\$ (222,073)	\$ (1,840,463)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 2,655,459	\$ 640,628	\$ 2,530,092
Transfers out	(3,780,421)	(295,836)	(178,915)
Payment to refunded bonds escrow agent	-	-	-
Proceeds from premium on sale of bonds	-	-	-
Proceeds from issuance of refunding bonds	-	-	-
Total Other Financing Sources and Uses	\$ (1,124,962)	\$ 344,792	\$ 2,351,177
Net Change in Fund Balance	\$ 186,643	\$ 122,719	\$ 510,714
Fund Balance - Beginning	4,134,482	189,644	489,907
Fund Balance - Ending	\$ 4,321,125	\$ 312,363	\$ 1,000,621

(continued)

<u>Debt Service</u>	<u>Construction Projects</u>	<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 2,773,776	\$ -	\$ 1,437,640	\$ 16,720,440
-	-	-	2,650,519
46,142	-	-	46,142
-	-	1,117,659	1,553,271
-	-	-	232,105
-	-	-	545,244
1,035	467	3,240	138,446
-	-	222,672	222,672
150,356	-	407,895	813,070
<u>\$ 2,971,309</u>	<u>\$ 467</u>	<u>\$ 3,189,106</u>	<u>\$ 22,921,909</u>
\$ -	\$ -	\$ 614,568	\$ 3,712,908
-	-	79,188	9,887,398
-	-	608,022	1,031,166
-	-	713,128	2,522,506
-	-	105,500	105,500
-	-	-	1,361,933
-	-	249,078	656,439
-	-	-	517,009
-	-	-	86,583
-	103,736	340,467	444,203
45,088	-	33,998	79,086
3,818,800	-	-	3,818,800
977,084	-	-	977,084
<u>\$ 4,840,972</u>	<u>\$ 103,736</u>	<u>\$ 2,743,949</u>	<u>\$ 25,200,615</u>
<u>\$ (1,869,663)</u>	<u>\$ (103,269)</u>	<u>\$ 445,157</u>	<u>\$ (2,278,706)</u>
\$ 1,654,135	\$ 1,479,732	\$ 152,856	\$ 9,112,902
-	(67,528)	(785,596)	(5,108,296)
(2,936,865)	-	-	(2,936,865)
336,953	-	3,531	340,484
2,765,000	-	415,000	3,180,000
<u>\$ 1,819,223</u>	<u>\$ 1,412,204</u>	<u>\$ (214,209)</u>	<u>\$ 4,588,225</u>
\$ (50,440)	\$ 1,308,935	\$ 230,948	\$ 2,309,519
210,861	385,997	2,777,989	8,188,880
<u>\$ 160,421</u>	<u>\$ 1,694,932</u>	<u>\$ 3,008,937</u>	<u>\$ 10,498,399</u>

CITY OF EMPORIA, 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, 2011

Total Net Change in Fund Balances - Governmental Funds \$ 2,309,519

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

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	\$ 529,451	
Depreciation expense	<u>(7,682,145)</u>	(7,152,694)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The revenues and expenses of certain internal service funds are included in governmental activities in the statement of activities. 194,405

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest accrual changed. (29,082)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (106,743)

Proceeds of bonds is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net assets and does not affect the statement of activities. (3,520,484)

Payment to escrow agent for refunded bonds and misc other costs are an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 2,935,483

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities. 3,818,800

Bond costs are expensed in the governmental funds, but in the statement of assets, these costs are amortized over the life of the bond.

Bond cost amortization	\$ (46,235)	
Bond costs in current year to be amortized	<u>79,086</u>	<u>32,851</u>

Changes in Net Assets of Governmental Activities **\$ (1,517,945)**

CITY OF EMPORIA, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND

For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 11,898,153	\$ 12,181,936	\$ 12,494,216	\$ 312,280
Intergovernmental	620,882	624,682	452,106	(172,576)
Licenses and permits	120,500	139,985	232,105	92,120
Charges for services	1,702,928	1,900,640	2,650,519	749,879
Fines and fees	544,300	527,600	545,244	17,644
Use of money and property	123,718	138,502	132,347	(6,155)
Reimbursements	98,356	117,500	29,815	(87,685)
Miscellaneous	110,533	273,082	82,716	(190,366)
Total Revenues	\$ 15,219,370	\$ 15,903,927	\$ 16,619,068	\$ 715,141
EXPENDITURES				
Current:				
General Government	\$ 2,169,071	\$ 2,931,357	\$ 1,246,779	\$ 1,684,578
Public Safety				
Law enforcement	\$ 4,467,250	\$ 4,514,962	\$ 4,538,138	\$ (23,176)
Animal control	139,365	133,555	123,163	10,392
Court services	440,062	548,886	562,122	(13,236)
Ambulance	2,323,040	2,387,970	2,104,722	283,248
Fire	2,409,189	2,465,849	2,345,962	119,887
Total Public Safety	\$ 9,778,906	\$ 10,051,222	\$ 9,674,107	\$ 377,115
Highways and Streets				
Maintenance				
Maintenance	\$ 39,523	\$ 38,978	\$ 110,694	\$ (71,176)
Snow removal	48,550	91,050	61,978	29,072
Street lighting	231,000	223,340	251,127	(27,787)
Total Highways and Streets	\$ 319,073	\$ 353,368	\$ 423,799	\$ (70,431)
Culture and Recreation				
Park	\$ 680,525	\$ 656,587	\$ 629,797	\$ 26,790
Swimming pool/Peter Pan Park	140,664	139,724	119,022	20,702
Golf course	408,424	407,546	493,731	(86,185)
Golf shop	225,894	223,181	247,234	(24,053)
Zoo	450,090	431,883	430,445	1,438
Total Culture and Recreation	\$ 1,905,597	\$ 1,858,921	\$ 1,920,229	\$ (61,308)
Building and Maintenance				
Engineering	\$ 474,520	\$ 452,048	\$ 454,878	\$ (2,830)
Grounds maintenance	111,602	112,773	88,806	23,967
Civic building	664,910	723,130	723,250	(120)
Library maintenance	67,382	60,665	53,289	7,376
Concessions	76,608	72,408	61,883	10,525
Total Building and Maintenance	\$ 1,395,022	\$ 1,421,024	\$ 1,382,106	\$ 38,918
Planning and Development	\$ 40,741	\$ 30,418	\$ 44,379	\$ (13,961)
Airport Operations	\$ 500,712	\$ 531,348	\$ 515,946	\$ 15,402
Appropriations	\$ 68,950	\$ 73,200	\$ 86,583	\$ (13,383)
Total Expenditures	\$ 16,178,072	\$ 17,250,858	\$ 15,293,928	\$ 1,956,930
Excess (Deficiency) of Revenues over Expenditures	\$ (958,702)	\$ (1,346,931)	\$ 1,325,140	\$ 2,672,071
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,521,618	\$ 2,496,323	\$ 2,655,459	\$ 159,136
Transfers out	(3,236,293)	(3,359,700)	(3,780,421)	(420,721)
Total Other Financing Sources (Uses)	\$ (714,675)	\$ (863,377)	\$ (1,124,962)	\$ (261,585)
Net Change in Fund Balance	\$ (1,673,377)	\$ (2,210,308)	\$ 200,178	\$ 2,410,486
Fund Balance - Beginning			4,088,049	
Fund Balance - Ending			\$ 4,288,227	
Adjustments to GAAP				
Encumbrances			32,898	
Fund Balance - GAAP Basis			\$ 4,321,125	

The accompanying notes are an integral part of these financial statements.

CITY OF EMPORIA, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
INDUSTRIAL DEVELOPMENT SALES TAX FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 1,000	\$ 1,000	\$ 307	\$ 693
Miscellaneous	140,603	140,603	140,603	-
Total Revenues	<u>\$ 141,603</u>	<u>\$ 141,603</u>	<u>\$ 140,910</u>	<u>\$ 693</u>
EXPENDITURES				
Planning and development				
Contractual services	\$ 588,301	\$ 588,301	\$ 362,983	\$ 225,318
Total Expenditures	<u>\$ 588,301</u>	<u>\$ 588,301</u>	<u>\$ 362,983</u>	<u>\$ 225,318</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (446,698)</u>	<u>\$ (446,698)</u>	<u>\$ (222,073)</u>	<u>\$ (224,625)</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 551,492	\$ 551,492	\$ 640,628	\$ 89,136
Transfers out	(272,275)	(272,275)	(295,836)	(23,561)
Total Other Financing Sources	<u>\$ 279,217</u>	<u>\$ 279,217</u>	<u>\$ 344,792</u>	<u>\$ 65,575</u>
Net Change in Fund Balance	<u>\$ (167,481)</u>	<u>\$ (167,481)</u>	\$ 122,719	<u>\$ (159,050)</u>
Fund Balance - Beginning			189,644	
Fund Balance - Ending			\$ 312,363	
Adjustments to GAAP				
Encumbrances			-	
Fund Balance - GAAP Basis			<u>\$ 312,363</u>	

CITY OF EMPORIA, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
DEBT SERVICE FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,734,580	\$ 2,762,625	\$ 2,773,776	\$ 11,151
Special assessments	-	-	46,142	46,142
Use of money and property	10,000	10,000	1,035	(8,965)
Miscellaneous	-	-	150,356	150,356
Total Revenues	<u>\$ 2,744,580</u>	<u>\$ 2,772,625</u>	<u>\$ 2,971,309</u>	<u>\$ 198,684</u>
EXPENDITURES				
Debt service				
Principal	\$ 3,155,000	\$ 3,813,871	\$ 3,818,800	\$ (4,929)
Interest and other charges	1,006,129	1,006,129	977,084	29,045
Costs of issuance	-	-	45,088	(45,088)
Total Expenditures	<u>\$ 4,161,129</u>	<u>\$ 4,820,000</u>	<u>\$ 4,840,972</u>	<u>\$ (20,972)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (1,416,549)</u>	<u>\$ (2,047,375)</u>	<u>\$ (1,869,663)</u>	<u>\$ 177,712</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 1,280,809	\$ 1,929,274	\$ 1,654,135	\$ (275,139)
Bond proceeds	-	-	2,765,000	2,765,000
Bond premium	-	-	336,953	336,953
Payment to refunded bonds escrow agent	-	-	(2,936,865)	(2,936,865)
Total Other Financing Sources	<u>\$ 1,280,809</u>	<u>\$ 1,929,274</u>	<u>\$ 1,819,223</u>	<u>\$ 110,051</u>
Net Change in Fund Balance	<u>\$ (135,740)</u>	<u>\$ (118,101)</u>	<u>\$ (50,440)</u>	<u>\$ 287,763</u>
Fund Balance - Beginning			<u>210,861</u>	
Fund Balance - Ending			\$ 160,421	
Adjustments to GAAP				
Encumbrances			-	
Fund Balance - GAAP			<u>\$ 160,421</u>	

CITY OF EMPORIA, KANSAS
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>				Governmental
	<u>Solid Waste Disposal</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Total</u>	Activities- Internal Service Funds
ASSETS					
Current Assets					
Cash and investments	\$ 2,168,075	\$ 1,780,702	\$ 1,850,118	\$ 5,798,895	\$ 974,806
Receivables - Net of allowance for uncollectibles	408,206	382,257	468,878	1,259,341	-
Inventory	-	-	340,096	340,096	-
Deferred charges	-	-	164,775	164,775	-
Total Current Assets	<u>\$ 2,576,281</u>	<u>\$ 2,162,959</u>	<u>\$ 2,823,867</u>	<u>\$ 7,563,107</u>	<u>\$ 974,806</u>
Capital Assets					
Land	\$ 102,625	\$ 7,702	\$ 100,198	\$ 210,525	\$ -
Capital assets	4,388,118	34,907,848	31,961,761	71,257,727	-
Less: Accumulated depreciation	(2,338,852)	(19,320,817)	(15,553,026)	(37,212,695)	-
Total Capital Assets	<u>\$ 2,151,891</u>	<u>\$ 15,594,733</u>	<u>\$ 16,508,933</u>	<u>\$ 34,255,557</u>	<u>\$ -</u>
TOTAL ASSETS	<u>\$ 4,728,172</u>	<u>\$ 17,757,692</u>	<u>\$ 19,332,800</u>	<u>\$ 41,818,664</u>	<u>\$ 974,806</u>
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 106,447	\$ 12,005	\$ 77,345	\$ 195,797	\$ -
Accrued liabilities	164,543	14,301	52,677	231,521	320
Interest payable	864	54,798	69,874	125,536	-
Unpaid claims	-	-	-	-	46,326
Current portion of					
Compensated absences payable	8,888	3,146	21,715	33,749	-
Notes payable	-	344,341	58,231	402,572	-
General obligation bonds payable	-	230,000	965,000	1,195,000	-
Total Current Liabilities	<u>\$ 280,742</u>	<u>\$ 658,591</u>	<u>\$ 1,244,842</u>	<u>\$ 2,184,175</u>	<u>\$ 46,646</u>
Non-Current Liabilities					
Compensated absences payable	\$ 18,044	\$ 6,388	\$ 44,087	\$ 68,519	\$ -
General obligation bonds payable	-	2,245,000	4,710,000	6,955,000	-
Notes payable	-	4,577,133	1,581,464	6,158,597	-
Total Non-Current Liabilities	<u>\$ 18,044</u>	<u>\$ 6,828,521</u>	<u>\$ 6,335,551</u>	<u>\$ 13,182,116</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 298,786</u>	<u>\$ 7,487,112</u>	<u>\$ 7,580,393</u>	<u>\$ 15,366,291</u>	<u>\$ 46,646</u>
NET ASSETS					
Invested in capital assets net of related debt	\$ 2,151,891	\$ 8,198,259	\$ 9,194,238	\$ 19,544,388	\$ -
Unrestricted	2,277,495	2,072,321	2,558,169	6,907,985	928,160
Total Net Assets	<u>\$ 4,429,386</u>	<u>\$ 10,270,580</u>	<u>\$ 11,752,407</u>	<u>\$ 26,452,373</u>	<u>\$ 928,160</u>

CITY OF EMPORIA, KANSAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds				Governmental
	Solid Waste Disposal	Sewer Utility	Water Utility	Total	Activities- Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 3,984,198	\$ 3,838,061	\$ 5,318,217	\$ 13,140,476	\$ 336,856
Grant revenue	-	-	760,984	760,984	-
Miscellaneous	12,945	8,313	10,692	31,950	185,304
Total Operating Revenues	\$ 3,997,143	\$ 3,846,374	\$ 6,089,893	\$ 13,933,410	\$ 522,160
OPERATING EXPENSES					
Personal services	\$ 1,259,148	\$ 725,022	\$ 680,354	\$ 2,664,524	\$ -
Contractual services	895,640	486,584	807,371	2,189,595	135,873
Commodities	414,462	247,569	742,547	1,404,578	-
Capital outlay	296,212	518,521	227,408	1,042,141	-
Depreciation	376,901	1,010,441	812,373	2,199,715	-
Debt issuance costs amortization	-	-	33,636	33,636	-
Other	(263,643)	37,392	740,267	514,016	10,880
Total Operating Expenses	\$ 2,978,720	\$ 3,025,529	\$ 4,043,956	\$ 10,048,205	\$ 146,753
Operating income (loss)	\$ 1,018,423	\$ 820,845	\$ 2,045,937	\$ 3,885,205	\$ 375,407
NON-OPERATING REVENUES (EXPENSES)					
Interest income	\$ 2,193	\$ 3,492	\$ 1,663	\$ 7,348	\$ 3,034
Interest expense	(391)	(208,330)	(283,899)	(492,620)	-
Contributed capital	-	-	395,282	395,282	-
Gain (loss) on disposal of assets	288,396	-	23,185	311,581	-
Total Non-Operating Revenues (Expenses)	\$ 290,198	\$ (204,838)	\$ 136,231	\$ 221,591	\$ 3,034
Income (loss) before operating transfers	\$ 1,308,621	\$ 616,007	\$ 2,182,168	\$ 4,106,796	\$ 378,441
Transfers from (to) other funds					
Transfers in	\$ 22,084	\$ 9,202	\$ 14,723	\$ 46,009	\$ -
Transfers out	(759,671)	(2,151,786)	(955,122)	(3,866,579)	(184,036)
Total Transfers	\$ (737,587)	\$ (2,142,584)	\$ (940,399)	\$ (3,820,570)	\$ (184,036)
Changes in Net Assets	\$ 571,034	\$ (1,526,577)	\$ 1,241,769	\$ 286,226	\$ 194,405
Net Assets - Beginning	3,858,352	11,797,157	10,510,638	26,166,147	733,755
Prior Period Adjustments	-	-	-	-	-
Net Assets - Beginning - Restated	\$ 3,858,352	\$ 11,797,157	\$ 10,510,638	\$ 26,166,147	\$ 733,755
Net Assets - Ending	\$ 4,429,386	\$ 10,270,580	\$ 11,752,407	\$ 26,452,373	\$ 928,160

CITY OF EMPORIA, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds				
	Solid Waste Disposal	Sewer Utility	Water Utility	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 3,992,259	\$ 3,860,904	\$ 6,084,113	\$ 13,937,276	\$ 336,855
Cash received from reimbursements					185,304
Cash payments to employees	(1,239,751)	(724,312)	(632,394)	(2,596,457)	-
Cash payments to suppliers	(1,349,287)	(1,345,038)	(2,513,570)	(5,207,895)	(10,880)
Cash paid for services	-	-	-	-	(274,392)
Net Cash Provided by (Used in) Operating Activities	\$ 1,403,221	\$ 1,791,554	\$ 2,938,149	\$ 6,132,924	\$ 236,887
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	\$ 22,084	\$ 9,202	\$ 14,723	\$ 46,009	\$ -
Transfers (to) other funds	(759,671)	(2,151,786)	(955,122)	(3,866,579)	(184,036)
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ (737,587)	\$ (2,142,584)	\$ (940,399)	\$ (3,820,570)	\$ (184,036)
CASH FLOWS FORM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase and construction of capital assets	\$ (331,831)	\$ (238,400)	\$ (273,805)	\$ (844,036)	\$ -
Proceeds from sale of capital assets	276,545	-	23,185	299,730	-
Proceeds from sale of bonds and notes	-	2,610,000	2,790,000	5,400,000	-
Principal paid on bonds and notes	(21,200)	(3,230,310)	(3,809,510)	(7,061,020)	-
Interest paid	(391)	(237,200)	(273,644)	(511,235)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	\$ (76,877)	\$ (1,095,910)	\$ (1,543,774)	\$ (2,716,561)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	\$ 2,193	\$ 3,492	\$ 1,663	\$ 7,348	\$ 3,034
Proceeds from sale of investments	-	-	-	-	500,000
Net Cash Provided by (Used in) Investing Activities	\$ 2,193	\$ 3,492	\$ 1,663	\$ 7,348	\$ 503,034
Net Increase (Decrease) in Cash & Cash Equivalents	\$ 590,950	\$ (1,443,448)	\$ 455,639	\$ (396,859)	\$ 555,885
Cash & Cash Equivalents - Beginning of Year	1,577,125	3,224,150	1,394,479	6,195,754	418,921
Cash & Cash Equivalents - End of Year	\$ 2,168,075	\$ 1,780,702	\$ 1,850,118	\$ 5,798,895	\$ 974,806
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,018,423	\$ 820,845	\$ 2,045,937	\$ 3,885,205	\$ 375,407
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	376,901	1,010,441	812,373	2,199,715	-
Amortization	-	-	33,636	33,636	-
Change in assets and liabilities					
(Increase) decrease receivables	(4,885)	14,530	(5,780)	3,865	-
(Increase) decrease inventory	-	-	16,490	16,490	-
Increase (decrease) accounts payable	4,925	(54,617)	(13,049)	(62,741)	-
Increase (decrease) in claims payable	-	-	-	-	(138,520)
Increase (decrease) accrued liabilities	(9,148)	557	5,473	(3,118)	-
Increase (decrease) accrued compensation	17,005	(202)	43,069	59,872	-
Net Cash Provided by (Used in) Operating Activities	\$ 1,403,221	\$ 1,791,554	\$ 2,938,149	\$ 6,132,924	\$ 236,887
Noncash investing, capital, and financing activities:					
Capital assets acquired through contributions from governmental funds	\$ 11,503	\$ -	\$ -	\$ -	\$ -

CITY OF EMPORIA, KANSAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2011

	Private Purpose Trust	Agency Funds
ASSETS		
Current Assets		
Cash and investments	\$ 955,444	\$ 9,754
Accrued interest receivable	272	-
Notes receivable	164,968	-
Total Current Assets	\$ 1,120,684	\$ 9,754
LIABILITIES		
Current Liabilities		
Accounts payable	\$ -	\$ 9,754
Total Current Liabilities	\$ -	\$ 9,754
NET ASSETS		
Net assets held in trust	\$ 1,120,684	\$ -

CITY OF EMPORIA, KANSAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the Year Ended December 31, 2011

	<u>Private Agency Funds</u>
Addition	
Interest income	\$ 10,393
Deductions	<u>\$ -</u>
Change in Net Assets	\$ 10,393
Net Assets - Beginning	<u>1,110,291</u>
Net Assets - Ending	<u><u>\$ 1,120,684</u></u>

NOTES TO FINANCIAL STATEMENTS

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 1: Summary of Significant Accounting Policies

Reporting Entity

The City of Emporia is a municipal corporation governed by five elected commissioners. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separated from the government. The discretely presented component unit has a December 31 year-end.

Discretely Presented Component Unit

Emporia Public Library – The Emporia Public Library (the Library) serves the citizens within the City's jurisdiction. The City appoints the entire governing body of the Library. Because the Library is not a separate taxing entity, the City levies tax for the Library's operations. The City appropriated \$713,127 to the Library in 2011. Complete financial statements may be obtained at the Emporia Public Library, 110 E. 6th Avenue, Emporia, Kansas.

Jointly Governed Organization

Regional Development Association of East Central Kansas, Inc. – The Regional Development Association of East Central Kansas, Inc., (the RDA) is a not-for-profit corporation whose purpose is to benefit the public interest through the activity of business and economic development in the City and Lyon County, Kansas. The RDA's governing board consists of seven voting members, two of whom are appointed by the City. The City has entered into a contract under which the City appropriates funds to the RDA which are used for business and economic development. The City has no ongoing financial interest or responsibilities with respect to the RDA.

Emporia Recreation Commission – The Emporia Recreation Commission was established as a joint venture between the City of Emporia, Kansas and Unified School District Number 253, Emporia, Kansas. The governing board consists of one member from the Emporia City Commission, one member from the Unified School District Number 253 Board of Education, and one at large Board member appointed by the other four appointed members of the Recreation Commission Board.

Government-Wide and Fund Financial Statements

The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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 are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items which are not classified as program revenues are presented as general revenues of the City.

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 funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column in the fund financial statements.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus - Basis of Accounting and Basis of 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 and collected within 60 days of the end of the current fiscal period. 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses.

The internal service funds account for contributions made by the City to be used for paying claims for job related injuries as well as contributions made by the City, City employees and former City employees to be used for payment of medical claims of covered employee health care participants and additional health insurance premiums. The City is self insured for its workers' compensation insurance.

The private purpose trust funds are used to account for resources legally held in trust. Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting. The following activities are accounted for in each fiduciary fund:

Tree Private Purpose Trust Fund – To account for monies provided by private donors to finance planting of trees.

Fremont Park Private Purpose Trust Fund – To account for the money donated to the City for the purpose of building a display shelter for the railroad engine and caboose at Fremont Park.

Las Casitas Park Private Purpose Trust Fund - To account for monies provided by private donors to finance improvements to the Las Casitas Park.

Economic Development Private Purpose Trust Fund - To provide a financial resource which enhances the City's ability to attract new economic development projects by lending money to businesses that is repaid with interest.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Measurement Focus - Basis of Accounting and Basis of Presentation (Continued)

Fire Insurance Proceeds Agency Fund – To account for a portion of insurance proceeds from fire and casualty losses to structures within the City. Proceeds are returned to property owners upon substantial completion of repairs or demolition of structure.

The City reports the following major governmental funds:

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

The Industrial Development Sales Tax Fund is used to account for the sales tax receipts and other revenues related to industrial development and expenditures also related to industrial development. Receipts of retail sales taxes are deposited in the General Fund, and the portion related to this activity is then transferred to this fund.

The Multi-year Improvement Fund is used to account for the 1% county sales tax which is used to make improvements to the City of Emporia.

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The Construction Projects Fund is used to account for the funds appropriated for various construction projects of the City of Emporia.

The City reports the following major proprietary funds:

Solid Waste Disposal Fund accounts for funds derived from customer service charges for solid waste disposal. All activities necessary to provide such services are accounted for in this fund.

Sewer Utility Fund is used to account for all sewer operations including administration, maintenance, and financing and related debt service and billing collection. All operations are financed by means of customer user fees which are established by the governing body.

Water Utility Fund is used to account for the provision of water service to the residents of the City and some customers outside the City. All activities necessary to provide water service are accounted for in this fund, including administration, operations, maintenance, financing and related debt service and billing collection.

Pooled Cash and Investments

The City maintains a cash and investment pool that is available for use by all funds managed by the City (except for investments of the employees' health insurance trust and workers' compensation fund). The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value. Cash balances from all funds are invested to the extent available in certificates of deposit and other authorized investments. Investments with maturity dates greater than three months are stated separately. Earnings from these investments, unless specifically designated, are allocated monthly to the investing fund based on the percentage of funds invested to total investments.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables and Payables

Transactions between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables / payables" (i.e., the current portion of interfund loans) or "advances to / from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to / from other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of an allowance for uncollectibles, if applicable.

Property taxes receivable – The determination of assessed valuations and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The office of the County Appraiser annually determines assessed valuations on January 1 and the County Clerk spreads the annual assessment on the tax rolls. The County Treasurer is the tax collection agent for all taxing entities within the county. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Property taxes are levied and liens against property are placed on November 1 of the year prior to the fiscal year for which they are budgeted. Payments are due December 20, becoming delinquent, with penalty, December 21. Payments of 50% are accepted through December 20, with the second 50% then being due on or before May 10 of the following year. The City Treasurer draws down all available funds from the County Treasurer's office in two-month intervals. Taxes remaining due and unpaid at February 15 and July 1 are subject to collection procedures prescribed in state statutes.

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2012 in the governmental fund financial statements. It is not practicable to apportion delinquent taxes held by the County Treasurer and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Inventories

Inventories are valued at cost using the first-in / first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

Cash in the Debt Service Fund held with the fiscal agent are restricted for payment of principal and interest on general obligation bonds.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, 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 two years. 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. Capital assets used in governmental funds types of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type is included in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-75
Land improvements	20-75
Building improvements	20-75
Machinery and equipment	5-10
Office equipment	5-10
Infrastructure	20-75

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory and sick pay benefits. No liability is reported for unpaid accumulated sick leave, as sick leave is not payable upon termination. Vacation pay is accrued when incurred in the government-wide and proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Compensated absences are reported in governmental funds only if they have matured (i.e. unused reimbursable leave still outstanding following an employee's termination). The General Fund has been used to liquidate the governmental funds compensated absences in prior years.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net assets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net assets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before restricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria as committed. The commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Landfill Post-Closure Care Liability

State and federal laws and regulations required the City to place a final cover on its landfill site, which was closed during 1994, and to perform certain maintenance and monitoring activities at the site for thirty years after closure. The amount reported as landfill post-closure care liability at December 31, 2011 represents what it would cost to perform all post-closure care in 2011. The actual costs may be higher due to inflation, changes in technology or changes in regulations. The City intends to fund these costs internally.

Use of Estimates

The preparations of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those asset. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City of through external restrictions imposed by creditors, grantors or law or regulations of other governments.

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted from statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- a. Preparation of the budget for the succeeding calendar year on or before August 15th of each year.
- b. Publication in a local newspaper of the proposed budget and the notice of public hearing on the budget on or before August 5th.
- c. Public hearing on or before August 15th of each year, but at least ten days after publication of the notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. For 2011, there were three budget amendments: General Fund; Multi Year Fund and Bond & Interest Fund.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

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

The statutes permit management to transfer budgeted amounts between line items and departments within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each governmental fund with a legal budget, showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which revenues are recognized when cash is received, and expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds: Wireless 911 Tax, Telephone Tax 911, Housing Study RDA, Emergency Shelter, Law Enforcement Block Grants, DARE Crime Prevention, Home Rehabilitation, 2007 Home Rehabilitation, NSP, 2009 Home Buyer and Repair, 2009 Home Rehabilitation, Lake Kahola, TDD, and TIF. Spending in funds which are not subject to the legal annual operating budget requirements are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

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 for the major governmental funds is as follows:

	Major Governmental Funds				
	General Fund	Industrial Development Sales Tax Fund	Multi- Year Improvement	Debt Service Fund	Construction Projects
Revenues - Budgetary basis	\$ 16,619,068	\$ 140,910	\$ 1,050	\$ 2,971,309	\$ 467
Canceled encumbrances	-	-	-	-	-
Revenues - GAAP Basis	\$ 16,619,068	\$ 140,910	\$ 1,050	\$ 2,971,309	\$ 467
Expenditures - budgetary basis	\$ 15,293,928	\$ 362,983	\$ 1,762,141	\$ 4,840,972	\$ 103,736
Encumbrances, beginning of year	37,900	-	122,985	-	167,345
Encumbrances, end of year	(32,898)	-	(43,613)	-	49,467
Canceled encumbrances	(625)	-	(19,929)	-	(71,677)
Expenditures - GAAP Basis	\$ 15,298,305	\$ 362,983	\$ 1,821,584	\$ 4,840,972	\$ 248,871
Fund balances - budgetary basis	\$ 4,288,227	\$ 312,363	\$ 957,008	\$ 160,421	\$ 1,645,465
Encumbrances, end of year	32,898	-	43,613	-	49,467
Fund Balance - GAAP Basis	\$ 4,321,125	\$ 312,363	\$ 1,000,621	\$ 160,421	\$ 1,694,932

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 2: Stewardship, Compliance and Accountability (Continued)

Compliance with Kansas Statutes

The following funds had deficit fund equities as of December 31, 2011: 2007 Home Rehabilitation \$2,670; 2009 NSP \$900; and 2009 Home Buyer and Repair \$10,626.

These deficits will be recovered from the receipt of grant monies.

Note 3: Detailed Notes on All Funds

Deposits and Investments

The City's cash is considered to be active funds by management and is invested according to KSA 9-1401. The statute requires that banks eligible to hold active funds have a main or branch bank in the county in which the City is located and the banks provide an acceptable rate for active funds.

Various City investments are considered to be idle funds by management and are invested according to KSA 12-1675. The statute requires that the City invest its idle funds in only temporary notes of the City, bank certificates of deposit, repurchase agreements, and if eligible banks do not offer an acceptable rate for the funds: U.S. Treasury bills or notes, or the Kansas Municipal Investment Pool (KMIP). Maturities of the above investments may not exceed two years by statute.

Some of the City's investments are of bond proceeds invested pursuant to KSA 10-131. This statute allows additional investment authority beyond that of KSA 12-1675. Investments of bond proceeds may follow KSA 12-1675 or include other investments such as the KMIP, direct obligations of the US government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in KSA 10-131.

At December 31, 2011, the City has the following Investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Weighted Rate</u>
Kansas Municipal Investment Pool	\$ 11,066,904	S&P AA+/S1+	0.010%

The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest by the US government or any agency thereof, with maturities up to four years. No more than 10 percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. The fair value of the City's position in the municipal investment pool is substantially the same as the value of the pool shares.

The City does not have any formal investment policies that would further limit concentration of credit risk, interest rate risk or custodial credit risks beyond state statutes.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 3: Detailed Notes on All Funds

Deposits and Investments (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. At year-end, the carrying amount of the cash, including certificates of deposit and cash on hand, was \$17,836,287 and the bank balance was \$18,147,277. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$500,000 was covered by federal depository insurance and the remaining \$17,647,277 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the city's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging bank, and the independent third-party bank holding the pledged securities.

Component Unit - At year-end, the carrying amount of the Library's cash, including certificates of deposit and cash on hand, was \$468,780 and the bank balance was \$443,543. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$316,948 was covered by federal depository insurance and the remaining \$126,595 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Library's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the Library, the pledging bank, and the independent third-party bank holding the pledged securities.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

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

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Multi-Year Improvement</u>	<u>Solid Waste Disposal</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Other Governmental</u>	<u>Total</u>
Receivables								
Accounts	\$ 1,007,059	\$ -	\$ 3,520	\$ 424,802	\$ 403,487	\$ 487,182	\$ 13,441	\$ 2,339,491
Taxes	2,673,581	2,497,338	-	-	-	-	622,385	5,793,304
Gross Receivables	\$ 3,680,640	\$ 2,497,338	\$ 3,520	\$ 424,802	\$ 403,487	\$ 487,182	\$ 635,826	\$ 8,132,795
Less: Allowance for uncollectible	116,077	-	-	16,596	23,230	18,304	-	174,207
Total Receivables	\$ 3,564,563	\$ 2,497,338	\$ 3,520	\$ 408,206	\$ 380,257	\$ 468,878	\$ 635,826	\$ 7,958,588

Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2011, is as follows:

<u>Fund Types</u>	<u>Due From</u>	<u>Due To</u>
General fund	\$ 14,196	\$ -
Special revenue		
2007 Home Rehab	-	2,670
2009 NSP	-	900
2009 Home buyer	-	10,626
	<u>\$ 14,196</u>	<u>\$ 14,196</u>

The City uses interfund receivables and payables as needed when pooled cash is negative within a fund until investments mature or grant proceeds are received. All payables are cleared in less than one year.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

Capital Assets

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

	<u>Balance December 31, 2010</u>	<u>Additions/ Restatements</u>	<u>Retirements</u>	<u>Balance December 31, 2011</u>
City Governmental Activities				
Capital assets - Not being depreciated				
Land	\$ 1,683,849	\$ -	\$ -	\$ 1,683,849
Capital assets - Being depreciated				
Land improvements	205,670,635	242,876	-	205,913,511
Buildings and improvements	14,662,838	9,947	7,958	14,664,827
Vehicles	2,993,843	221,065	124,383	3,090,525
Equipment, furniture and fixtures	5,789,379	59,085	108,043	5,740,421
Total capital assets being depreciated	<u>\$ 229,116,695</u>	<u>\$ 532,973</u>	<u>\$ 240,384</u>	<u>\$ 229,409,284</u>
Total Capital Assets	<u>\$ 230,800,544</u>	<u>\$ 532,973</u>	<u>\$ 240,384</u>	<u>\$ 231,093,133</u>
Less: Accumulated Depreciation for				
Land improvements	\$ 134,125,853	\$ 6,839,793	\$ -	\$ 140,965,646
Buildings and improvements	8,622,539	480,827	7,560	9,095,806
Vehicles	2,693,521	148,820	124,383	2,717,958
Equipment, furniture and fixtures	5,006,944	212,706	104,919	5,114,731
Total Accumulated Depreciation	<u>\$ 150,448,857</u>	<u>\$ 7,682,146</u>	<u>\$ 236,862</u>	<u>\$ 157,894,141</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 80,351,687</u>	<u>\$ (7,149,173)</u>	<u>\$ 3,522</u>	<u>\$ 73,198,992</u>
Business-Type Activities				
Capital assets - Not being depreciated				
Land	\$ 210,525	\$ -	\$ -	\$ 210,525
Capital assets - Being depreciated				
Land improvements	36,207,943	4,125,694	164	40,333,473
Buildings and improvements	19,445,696	-	-	19,445,696
Vehicles	1,914,749	258,732	53,738	2,119,743
Equipment, furniture and fixtures	9,221,402	311,499	174,086	9,358,815
Total capital assets being depreciated	<u>\$ 66,789,790</u>	<u>\$ 4,695,925</u>	<u>\$ 227,988</u>	<u>\$ 71,257,727</u>
Total Capital Assets	<u>\$ 67,000,315</u>	<u>\$ 4,695,925</u>	<u>\$ 227,988</u>	<u>\$ 71,468,252</u>
Less: Accumulated Depreciation for				
Land improvements	\$ 17,857,795	\$ 1,052,247	\$ 98	\$ 18,909,944
Buildings and improvements	8,960,854	513,535	-	9,474,389
Vehicles	1,165,286	205,948	65,241	1,305,993
Equipment, furniture and fixtures	7,268,250	428,204	174,085	7,522,369
Total Accumulated Depreciation	<u>\$ 35,252,185</u>	<u>\$ 2,199,934</u>	<u>\$ 239,424</u>	<u>\$ 37,212,695</u>
Business-Type Activities				
Capital Assets - Net	<u>\$ 31,748,130</u>	<u>\$ 2,495,991</u>	<u>\$ (11,436)</u>	<u>\$ 34,255,557</u>

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

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

The City's depreciation expense was charged as follows:

Governmental Activities		
General government		\$ 301,524
Public safety		316,743
Highways and streets		6,619,378
Culture and recreation		378,655
Airport operations		65,845
Total Depreciation		<u>\$ 7,682,145</u>
Business-Type Activities		
Solid waste disposal		\$ 376,901
Sewer utility		1,010,441
Water utility		812,373
Total Depreciation		<u>\$ 2,199,715</u>

Long-Term Debt

During the year ended December 31, 2011, the following changes, including the reallocation of the general obligation bonds outstanding between governmental and business-type activities, occurred in long term liabilities:

	<u>Balance</u> <u>January 1,</u> <u>2011</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2011</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities					
General obligation	\$ 25,463,800	\$ 3,180,000	\$ 5,583,800	\$ 23,060,000	\$ 3,350,000
Temporary note	1,005,000	-	830,000	175,000	175,000
Loans	40,748	-	40,748	-	-
Compensated absences	430,229	106,743	-	536,972	177,201
	<u>\$ 26,939,777</u>	<u>\$ 3,286,743</u>	<u>\$ 6,454,548</u>	<u>\$ 23,771,972</u>	<u>\$ 3,702,201</u>
Business-Type Activities					
General obligation	\$ 3,956,200	\$ 5,400,000	\$ 1,206,200	\$ 8,150,000	\$ 1,195,000
Notes payable	14,295,378	-	7,734,209	6,561,169	402,572
Compensated absences	42,397	59,873	-	102,270	33,749
	<u>\$ 18,293,975</u>	<u>\$ 5,459,873</u>	<u>\$ 8,940,409</u>	<u>\$ 14,813,439</u>	<u>\$ 1,631,321</u>

Advance and Current Refundings

During the year ended December 31, 2011, the City issued two series of refunding bonds. The first bond issue, Series 2011, was utilized to refund a Series 2004 GO Bond, as well as water and sewer loans payable to the Kansas Department of Health & Environment (KDHE). The portion related to the water and sewer loans was a current refunding, as all funds were disbursed immediately to KDHE. The aggregate difference in debt service between the refunding debt and the refunded debt for the current refunding was: debt service for water and sewer loans - \$4,764,030; debt service for the 2011 refunding debt - \$4,584,839. This resulted in an economic gain of \$179,191. The portion of the refunding pertaining to the Series 2004 GO Bonds was an advance refunding. The aggregate difference in debt service between the refunding debt and the refunded debt for the advance refunding was: debt service for Series 2004 GO Bonds - \$2,680,268; debt service for the Series 2011 refunding debt - \$2,460,732. This resulted in an economic gain of \$219,536. The second bond issue, Series 2011-B, was an advance refunding utilized in part to refund a Series 2002 GO Bond. The aggregate difference in debt service between the refunding debt and the refunded debt for the advance refunding was: debt service for Series 2002 GO Bonds - \$155,250; debt service for the Series 2011-B - \$157,144. This resulted in an economic loss of \$1,894.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)
Long-Term Debt (Continued)

General obligation bonds. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued with equal amounts of principal maturing each year. General obligation bonds and notes currently outstanding are as follows:

Issue	Interest Rates	Date of Issue	Original Issue	Date of Final Maturity	Bonds Outstanding
Governmental Activities					
2004 Internal Improvements	3.875% - 4.10%	9/1/2004	3,045,000	9/1/2009	\$ 135,000
2005 Internal Improvements	3.70% - 5.00%	10/27/2005	3,022,000	9/1/2019	2,600,000
2007A Internal Improvements	5.00% - 5.60%	10/10/2007	3,610,000	9/1/2018	2,580,000
2007B Internal Improvements	3.50% - 5.25%	12/27/2007	5,120,000	9/1/2019	3,275,000
2008 Internal Improvements	3.05% - 4.60%	9/1/2008	5,500,000	9/1/2028	4,375,000
2009A Internal Improvements	2.6% - 4.5%	9/1/2009	770,000	9/1/2029	690,000
2009A Temporary Notes	1.85% - 2.00%	9/1/2009	1,175,000	12/31/2012	175,000
2010A Internal Improvements	3.00% - 4.00%	9/1/2009	8,450,000	9/1/2022	6,250,000
2011 Internal Improvements	3.00% - 4.00%	6/3/2011	2,490,000	9/1/2021	2,465,000
2011B Internal Improvements	1.50% - 2.125%	12/22/2011	690,000	9/1/2021	690,000
Total Governmental Activities					\$ 23,235,000
Business-Type Activities					
2004 Internal Improvements	3.875% - 4.10%	9/1/2004	265,000	9/1/2019	\$ 10,000
2010A Internal Improvements	3.00% - 4.00%	9/1/2009	4,270,000	9/1/2022	3,025,000
2011 Internal Improvements	3.00% - 4.00%	6/3/2011	5,400,000	9/1/2021	5,115,000
Total Business-Type Activities					\$ 8,150,000
					\$ 31,385,000

Annual debt service requirements to maturity for general obligation bonds and temporary notes are as follows:

Year	Business-Type Activities		Governmental Activities		Total
	Principal	Interest	Principal	Interest	
2012	\$ 1,195,000	\$ 254,925	\$ 3,525,000	\$ 868,613	\$ 5,843,538
2013	1,235,000	218,975	3,270,000	750,291	5,474,266
2014	1,285,000	181,925	3,040,000	630,014	5,136,939
2015	635,000	143,375	2,975,000	521,454	4,274,829
2016	645,000	123,425	2,830,000	394,236	3,992,661
2017 - 2021	3,040,000	296,675	6,610,000	733,067	10,679,742
2022 - 2026	115,000	4,169	905,000	86,348	1,110,517
2027 - 2031	-	-	80,000	6,780	86,780
	\$ 8,150,000	\$ 1,223,469	\$ 23,235,000	\$ 3,990,803	\$ 36,599,272

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)
Long-Term Debt (Continued)

Special assessments - As provided by Kansas statutes, projects financed in part by special assessments are financed through general obligation bonds of the City and are retired from the Debt Service Fund. Special assessments paid 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. The special assessments receivable are not recorded as revenue when levied against the respective property owners as such amounts are not available to finance current year operations. The special assessment debt is a contingent liability of the City to the extent of property owner defaults, which have historically been immaterial.

Conduit Debt - The City has entered into several conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the City. The City is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payment schedule related to the original debt. As of December 31, 2011, total outstanding conduit debt was \$5,570,000.

Notes Payable - Payments began on February 1, 2001, on a 4.07% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund water system improvements, with a maturity date of August 1, 2010. The loan was paid off on June 1, 2011 with the issuance of general obligation bonds bearing interest at a rate of 3.0%, with a maturity date of September 1, 2020.

Payments began on August 1, 2011, on a 3.77% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund water system improvements, with a maturity date of August 1, 2030. The maturities shown below are based on the original loan agreement. However, this loan was paid off on January 2, 2012 with the issuance of general obligation bonds bearing interest at a rate of 3.0%, with a maturity date of September 1, 2027.

Year Ending December 31,	Water Utility Fund
2012	\$ 119,504
2013	119,504
2014	119,504
2015	119,504
2016	119,504
2017-2020	1,732,813
Total Principal and Interest	\$ 2,330,333
Less: Interest	690,638
Total Principal	\$ 1,639,695

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)
Long-Term Debt (Continued)

Payments began on September 1, 2001, on a 3.19% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund wastewater treatment plant expansion, Phase I, with a maturity date of March 2, 2021. This loan was paid off on June 1, 2011, with the issuance of general obligation bonds bearing interest at a rate of 3.0%, with a maturity date of September 1, 2021. Payments began on March 1, 2005, on a 3.10% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund the second phase of the wastewater treatment plant expansion, with a maturity date of September 1, 2023. The maturities shown below are based on the original loan agreement. However, this loan was paid off on January 2, 2012, with the issuance of general obligation bonds bearing an interest rate of 3.0%, with a maturity date of September 1, 2023.

Year Ending December 31,	Wastewater Treatment Plan Expansion Phase II
2012	\$ 494,258
2013	494,258
2014	494,258
2015	494,258
2016-2020	2,471,290
2021-2023	1,482,774
Total Principal and Interest	\$ 5,931,096
Less: Interest	1,009,622
Total Principal	\$ 4,921,474

Reconciliation of Transfers

A reconciliation of interfund transfers follows:

	To	From
Major Funds		
General	\$ 2,655,459	\$ 3,780,421
Industrial development sales tax	640,628	295,836
Multi-year improvement	2,530,092	178,915
Debt service	1,654,135	-
Construction projects	1,575,346	683,080
Solid waste disposal	22,084	759,671
Sewer utility	9,202	2,151,786
Water utility	14,722	955,122
Other governmental funds	57,243	170,044
Internal service funds	-	184,036
	\$ 9,158,911	\$ 9,158,911

The City uses interfund transfers to share administrative costs between funds.

Capital Projects

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

	Expenditures to Date	Amount Authorized
Sewer to Industrial Park	\$ 117,388	\$ 142,514

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 3: Detailed Notes on All Funds (Continued)

Net Assets

The amounts reported on the statement of net assets identified as invested in capital assets, net of related debt are comprised of the following:

	Governmental Activities	Business-Type Activities	Primary Government Total
Total net capital assets	\$ 73,198,992	\$ 34,255,557	\$ 107,454,549
Less:			
Current portion of notes payable	-	402,572	402,572
Current portion of general obligation bonds and temporary notes payable	3,525,000	1,195,000	4,720,000
Non-current portion of general obligation bonds and temporary notes payable	19,710,000	6,955,000	26,665,000
Non-current portion of notes payable	-	6,158,597	6,158,597
Net Assets - Invested in Capital Assets - Net of Related Debt	\$ 49,963,992	\$ 19,544,388	\$ 69,508,380

Note 4: Other Information

Defined Benefit Pension Plan

Plan description - The City 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 Kansas Statutes (KSA 74-4901 et seq). KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law established and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to 611 South Kansas, Suite 100; Topeka, Kansas 66603 or by calling 1-888-275-5737.

Funding policy - KSA 74-4919 established the KPERS member-employee contribution rate at 4% of covered salary. KSA 74-4975 establishes the 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 set a limitation on annual increases in the employer contribution rates. The KPERS employer rate was 7.74% from January 1 to December 31, 2011. The City employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$406,590, \$351,618, and \$318,192, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2011 was 14.57%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2011, 2010, and 2009 were \$677,590, \$625,310, and \$659,812, respectively, equal to the required contributions for each year.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 4: Other Information (Continued)

Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan are transferred to a third-party custodial trust. The amount in the custodial trust at December 31, 2011 for IMCA was \$1,115,489 and for Nationwide (PEBSCO) was \$1,581,144.

Flexible Benefit Plan (IRC Section 125)

The City Commission has adopted by resolution a salary-reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All City full-time employees are eligible to participate in the Plan beginning after two full months of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Benefits offered through the Plan include insurance benefits.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settlements of claims have not exceeded available coverage for the years ended December 31, 2011, 2010, or 2009.

Workers' compensation - The City established a limited risk management program for workers' compensation. The program covers all City employees. Premiums are paid into the workers' compensation reserve fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims over a certain amount. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts and other economic and social factors. The liability for claims and judgments is reported in the Workers' Compensation Fund because it is expected to be liquidated with expendable available financial resources. Changes in the balances of claims liabilities during the past year are as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims - January 1	\$ 184,846	\$ 369,693
Incurred claims (including IBNRs)	104,850	57,158
Claim payments	(243,370)	(242,005)
Unpaid claims - December 31	<u>\$ 46,326</u>	<u>\$ 184,846</u>

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 4: Other Information (Continued)

Contingent Liabilities

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City at December 31, 2011.

The City is a party in various pending claims. Although the outcome of these pending claims is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

New Governmental Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements which will or may affect the City:

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

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

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

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

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 4: Other Information (Continued)

New Governmental Accounting Standards (continued)

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

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

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

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.

Funding Policy

The City provides medical, prescription drug, and dental benefits (healthcare benefits) 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% of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 120% of the premium cost of active employee.

The City provides funding for the expenditures on a pay-as-you-go basis through the Health Care Fund. In 2011, active and retired plan members contributed \$141,117 to the plan and the City contributed \$805,023 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 30 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 net OPEB obligation:

Annual required contribution (ARC)	\$ 57,522
Interest on net OPEB obligation	-
Adjustment to ARC	-
Annual OPEB Cost (Expense)	<u>\$ 57,522</u>
Contributions made	35,388
Increase in Net OPEB Obligation	<u>\$ 22,134</u>
Net OPEB Obligation - January 1, 2011	-
Net OPEB Obligation - December 31, 2011	<u><u>\$ 22,134</u></u>

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2011

Note 4: Other Information (Continued)

Postemployment Benefits other Than Pensions (Continued)

Annual OPEB Cost and Net OPEB Obligation

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>Fiscal Year Ended</u>	<u>OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2008	\$ 101,665	29.9%	*
December 31, 2009	60,353	35.9%	*
December 31, 2010	60,353	47.4%	*
December 31, 2011	57,522	61.5%	\$ 22,134

* Information not available

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$593,820. 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 \$593,820. As of January 1, 2009, the first actuarial valuation date, the plan was 0% funded. The UAAL as of January 1, 2009 was \$585,945. The covered payroll (annual payroll of active employees of active employees covered by the plan) in 2011 was \$9,357,230 and the ratio of the UAAL to covered payroll was 6.3%.

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 unprotected unit credit actuarial cost method and the following assumptions:

Amortization method	Level percent of pay, open
Discount rate	5%
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 established rates
Retirement rates	Past history of City used to established rates
Marriage and family assumptions	Wives are assumed to be three years younger than husbands and 20% of members are assumed to have spouses who will elect coverage
Price inflation	3% per year
Payroll growth	3% per year
Healthcare cost trend rate	8% grading down to 5%
Participant rate	30% of members are assumed to elect coverage upon retirement

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2011

Note 4: Other Information (Continued)

Prior Period Adjustment

There were two prior period adjustments made in 2011. The first one was a correction of \$2,330,000 to the amount of outstanding bonds as December 31, 2010. The second one was a correction to the amount of loans payable as of December 31, 2010. The loan payable from Camoplast Rockland shown on the 2011 CAFR was actually forgiven by the State of Kansas in 2008. These prior period adjustments are reflected on the Statement of Activities.

Subsequent Events

On January 2, 2012, the City issued Series 2012-A General Obligation Bonds to redeem the following Kansas Department of Health and Environment Loans: Water Loan #2590 and Sewer Loan #1600-01. The water loan had a 3.77% stated rate of interest, with a maturity date of February 1, 2031. The sewer loan had a 3.10% stated rate of interest, with a maturity date of September 1, 2023. The Series 2012-A GO Bond issue has a 3.0% stated rate of interest, with a maturity date of September 1, 2023.

OTHER FINANCIAL INFORMATION

CITY OF EMPORIA, KANSAS
COMBINING STATEMENTS - NON-MAJOR FUNDS

December 31, 2011

Non-Major Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Budgeted Funds

Library Fund - To account for the collection of tax levy money, which is appropriated to the Emporia Public Library for its operations.

Library Employee Benefits Fund - To account for the collection of tax levy money, which is appropriated to the Emporia Public Library specifically for employee benefits.

Convention and Tourism Promotion Fund - To account for the promotion of convention and tourism. Financing is provided by a 6% tax on gross rental receipts collected from hotels and motels within the City limits.

Industrial Fund - To account for the promotion of industrial development. The majority of this fund is used to assist in the acquisition of land for the industrial parks. Financing is provided by a property tax levy not to exceed 1 mill. This is the maximum amount that can be levied per Kansas statutes.

Special Alcohol Program Fund - To account for costs for the establishment, maintenance and/or expansion of services or programs related to substance abuse prevention and education, or treatment of persons who are substance abusers or are in danger of becoming substance abusers. Financing is provided by tax on the sale of alcoholic liquor by private clubs. State law requires 1/3 of this liquor tax to be used for a special alcohol program.

Special Park and Recreation Fund - To account for the costs of enhancing the area of recreation or parks. Financing is provided by tax on the sale of alcoholic liquor by private clubs. State law requires 1/3 of this liquor tax to be used for a special park and recreation fund.

Special Street Fund - To account for a portion of costs of maintaining the street system. Financing is provided by a proportionate share of the Special City and County Highway Fund distributed by the State Treasurer.

Drug Money Forfeiture Fund - To account for the receipt and expenditure of funds seized by the police in connection with the arrest and conviction of individuals for illegal drug activities.

Non-Budgeted Funds

Wireless 911 Tax - To account for the cost of implementing a "911" emergency response for the wireless telephone system.

Telephone Tax - 911 Fund - To account for the cost of implementing a "911" emergency response telephone system.

Housing Study RDA Fund - To account for a county-wide study to identify the current and future needs and solutions to housing problems within the county.

Emergency Shelter Fund - To account for grant funds appropriated to a local women's shelter.

CITY OF EMPORIA, KANSAS
COMBINING STATEMENTS - NON-MAJOR FUNDS

December 31, 2011

Non-Major Special Revenue Fund (Continued)

Non-Budgeted Funds

Law Enforcement Block Grants Fund - to account for receipts and expenditures of police department related grant funds.

DARE Crime Prevention Fund - To account for funds expended in connection with the DARE program.

Home Rehabilitation and 2007 Home Rehabilitation Funds - To account for the funds used in the owner-occupied rehabilitation grant program.

NSP Fund - (Neighborhood Stabilization Program) to account for the funds used to purchase homes to rehabilitate and then resell.

2009 Home Buyer and Repair Fund - To account for the funds used to rehabilitate homes of first-time home owners.

Lake Kahola Fund - To account for the funds received in the sale of Lake Kahola to the Lake Kahola cabin owners.

TDD Fund - To account for funds associated with the Transportation Development District.

TIF Fund - To account for funds associated with the Tax Increment Financing project.

Non-Major Capital Project Funds

Capital project funds are used to account for acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Internal Improvements - To account for various City infrastructure improvement projects. Financing is provided through temporary notes and special assessments.

Biodiesel Plant Project - To account for the costs of putting in the water and sewer mains and paving to the plant.

Water Treatment Project - To account for the costs of putting in the water and sewer mains and paving to the plant.

Civic Auditorium Improvement - To account for the improvements to the Civic Auditorium, which will be funded through the issuance of general obligation bonds.

Park Improvement Project - To account for the costs of improving existing parks.

Bridge Projects - To account for the costs of bridge improvements.

Traffic Signals - To account for the cost of new traffic control devices.

Paving Projects - To account for the costs of new paving projects.

**CITY OF EMPORIA, KANSAS
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 December 31, 2011**

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
ASSETS			
Current Assets			
Cash and investments	\$ 916,520	\$ 2,177,758	\$ 3,094,278
Receivables			
Accounts	13,441	-	13,441
Taxes	622,385	-	622,385
	<u>622,385</u>	<u>-</u>	<u>622,385</u>
Total Assets	<u>\$ 1,552,346</u>	<u>\$ 2,177,758</u>	<u>\$ 3,730,104</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Due to other funds	\$ 14,196	\$ -	\$ 14,196
Accounts payable	44,447	33,265	77,712
Accrued liabilities	6,874	-	6,874
Unearned revenue	622,385	-	622,385
	<u>622,385</u>	<u>-</u>	<u>622,385</u>
Total Liabilities	<u>\$ 687,902</u>	<u>\$ 33,265</u>	<u>\$ 721,167</u>
 Fund Balance			
Restricted:			
Urban development and housing	\$ 162,123	\$ -	\$ 162,123
General government	-	-	-
Capital projects	-	-	-
Public safety	314,709	-	314,709
Culture and recreation	221,805	-	221,805
Public works	164,689	-	164,689
Debt service	1,118	-	1,118
Committed:			
Capital projects	-	2,144,493	2,144,493
	<u>-</u>	<u>2,144,493</u>	<u>2,144,493</u>
Total Fund Balance	<u>\$ 864,444</u>	<u>\$ 2,144,493</u>	<u>\$ 3,008,937</u>
 Total Liabilities and Fund Balance	 <u>\$ 1,552,346</u>	 <u>\$ 2,177,758</u>	 <u>\$ 3,730,104</u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
REVENUES			
Taxes	\$ 1,437,640	\$ -	\$ 1,437,640
Intergovernmental	1,109,392	8,267	1,117,659
Use of money and property	925	2,315	3,240
Contributions	25,679	196,993	222,672
Micellaneous	63,755	344,140	407,895
Total Revenues	\$ 2,637,391	\$ 551,715	\$ 3,189,106
EXPENDITURES			
Current			
General government	\$ 614,568	\$ -	\$ 614,568
Law enforcement	79,188	-	79,188
Highways and streets	608,022	-	608,022
Culture and recreation	713,128	-	713,128
Health and environment	105,500	-	105,500
Planning and development	249,078	-	249,078
Capital outlay	-	340,467	340,467
Bond issuance costs	-	33,998	33,998
Debt service	-	-	-
Total Expenditures	\$ 2,369,484	\$ 374,465	\$ 2,743,949
Excess (deficiency) of revenues over (under) expenditures	\$ 267,907	\$ 177,250	\$ 445,157
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 57,242	\$ 95,614	\$ 152,856
Transfers out	(170,044)	(615,552)	(785,596)
Bond premium	-	3,531	3,531
Sale of bonds	-	415,000	415,000
Total Other Financing Sources (Uses)	\$ (112,802)	\$ (101,407)	\$ (214,209)
Net Change in Fund Balance	\$ 155,105	\$ 75,843	\$ 230,948
Fund Balance - Beginning	709,339	2,068,650	2,777,989
Fund Balance - Ending	\$ 864,444	\$ 2,144,493	\$ 3,008,937

**CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
December 31, 2011**

	<u>Library</u>	<u>Library Employee Benefits</u>	<u>Convention and Tourism Promotion</u>	<u>Industrial</u>	<u>Special Alcohol Program</u>
ASSETS					
Current Assets					
Cash and investments	\$ 18,268	\$ 744	\$ 35,468	\$ 68,966	\$ 50,604
Receivables					
Accounts	-	-	-	-	-
Taxes	569,035	52,320	-	1,030	-
Total Assets	<u>\$ 587,303</u>	<u>\$ 53,064</u>	<u>\$ 35,468</u>	<u>\$ 69,996</u>	<u>\$ 50,604</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Unearned revenue	569,035	52,320	-	1,030	-
Total Liabilities	<u>\$ 569,035</u>	<u>\$ 52,320</u>	<u>\$ -</u>	<u>\$ 1,030</u>	<u>\$ -</u>
Fund Balance					
Restricted:					
Urban development and housing	\$ -	\$ -	\$ 35,468	\$ 68,966	\$ -
General government	-	-	-	-	-
Capital projects	-	-	-	-	-
Public safety	-	-	-	-	50,604
Culture and recreation	18,268	744	-	-	-
Public works	-	-	-	-	-
Debt service	-	-	-	-	-
Committed:					
Urban development and housing	-	-	-	-	-
Total Fund Balance (Deficit)	<u>\$ 18,268</u>	<u>\$ 744</u>	<u>\$ 35,468</u>	<u>\$ 68,966</u>	<u>\$ 50,604</u>
Total Liabilities and Fund Balance	<u>\$ 587,303</u>	<u>\$ 53,064</u>	<u>\$ 35,468</u>	<u>\$ 69,996</u>	<u>\$ 50,604</u>

Special Park and Recreation	Special Street	Drug Money Forfeiture	Wireless 911 Tax	Telephone Tax-911	Housing Study RDA
\$ 203,028	\$ 179,364	\$ 43,629	\$ 95,718	\$ 115,032	\$ 1,694
-	12,510	-	115	816	-
-	-	-	-	-	-
<u>\$ 203,028</u>	<u>\$ 191,874</u>	<u>\$ 43,629</u>	<u>\$ 95,833</u>	<u>\$ 115,848</u>	<u>\$ 1,694</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
250	20,311	-	1,919	-	-
-	6,874	-	-	-	-
-	-	-	-	-	-
<u>\$ 250</u>	<u>\$ 27,185</u>	<u>\$ -</u>	<u>\$ 1,919</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,694
-	-	-	-	-	-
-	-	-	-	-	-
-	-	43,629	93,914	115,848	-
202,778	-	-	-	-	-
-	164,689	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 202,778</u>	<u>\$ 164,689</u>	<u>\$ 43,629</u>	<u>\$ 93,914</u>	<u>\$ 115,848</u>	<u>\$ 1,694</u>
<u>\$ 203,028</u>	<u>\$ 191,874</u>	<u>\$ 43,629</u>	<u>\$ 95,833</u>	<u>\$ 115,848</u>	<u>\$ 1,694</u>

**CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
December 31, 2011**

	Emergency Shelter	Law Enforcement Block Grants	DARE Crime Prevention	Home Rehabilitation	2006 Home Rehabilitation	2009 NSP Fund
ASSETS						
Current Assets						
Cash and investments	\$ -	\$ 26,967	\$ 1,687	\$ 8,513	\$ -	\$ -
Receivables						
Accounts	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Total Assets	\$ -	\$ 26,967	\$ 1,687	\$ 8,513	\$ -	\$ -
LIABILITIES AND FUND BALANCE						
Liabilities						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 2,670	\$ 900
Accounts payable	-	17,940	-	-	-	-
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	\$ -	\$ 17,940	\$ -	\$ -	\$ 2,670	\$ 900
Fund Balance						
Restricted						
Urban development and housing	\$ -	\$ -	\$ -	\$ 8,513	\$ (2,670)	\$ (900)
General government	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Public safety	-	9,027	1,687	-	-	-
Culture and recreation	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Committed:						
Urban development and housing	-	-	-	-	-	-
Total Fund Balance (deficit)	\$ -	\$ 9,027	\$ 1,687	\$ 8,513	\$ (2,670)	\$ (900)
Total Liabilities and Fund Balance	\$ -	\$ 26,967	\$ 1,687	\$ 8,513	\$ -	\$ -

2009 Home Buyer and Repair	2009 Home Rehab	Lake Kahola	TDD Fund	TIF Fund	Totals
\$ -	\$ 65,705	\$ 15	\$ 1,118	\$ -	\$ 916,520
-	-	-	-	-	13,441
-	-	-	-	-	622,385
<u>\$ -</u>	<u>\$ 65,705</u>	<u>\$ 15</u>	<u>\$ 1,118</u>	<u>\$ -</u>	<u>\$ 1,552,346</u>
\$ 10,626	\$ -	\$ -	\$ -	\$ -	\$ 14,196
-	4,027	-	-	-	44,447
-	-	-	-	-	6,874
-	-	-	-	-	622,385
<u>\$ 10,626</u>	<u>\$ 4,027</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 687,902</u>
\$ (10,626)	\$ 61,678	\$ -	\$ -	\$ -	\$ 162,123
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	314,709
-	-	15	-	-	221,805
-	-	-	-	-	164,689
-	-	-	1,118	-	1,118
-	-	-	-	-	-
<u>\$ (10,626)</u>	<u>\$ 61,678</u>	<u>\$ 15</u>	<u>\$ 1,118</u>	<u>\$ -</u>	<u>\$ 864,444</u>
<u>\$ -</u>	<u>\$ 65,705</u>	<u>\$ 15</u>	<u>\$ 1,118</u>	<u>\$ -</u>	<u>\$ 1,552,346</u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2011

	<u>Library</u>	<u>Library Employee Benefits</u>	<u>Convention and Tourism Promotion</u>	<u>Industrial</u>	<u>Special Alcohol Program</u>
REVENUES					
Taxes	\$ 647,158	\$ 62,370	\$ -	\$ 1,155	\$ -
Intergovernmental	-	-	392,539	-	81,615
Use of money and property	-	-	87	79	74
Donations	-	-	-	-	-
Miscellaneous	126	-	25	-	-
Total Revenues	<u>\$ 647,284</u>	<u>\$ 62,370</u>	<u>\$ 392,651</u>	<u>\$ 1,234</u>	<u>\$ 81,689</u>
EXPENDITURES					
General government	\$ -	\$ -	\$ 441,720	\$ -	\$ -
Law enforcement	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	650,758	62,370	-	-	-
Health and environment	-	-	-	-	105,500
Planning and development	-	-	-	1,966	-
Total Expenditures	<u>\$ 650,758</u>	<u>\$ 62,370</u>	<u>\$ 441,720</u>	<u>\$ 1,966</u>	<u>\$ 105,500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,474)</u>	<u>\$ -</u>	<u>\$ (49,069)</u>	<u>\$ (732)</u>	<u>\$ (23,811)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ (3,474)</u>	<u>\$ -</u>	<u>\$ (49,069)</u>	<u>\$ (732)</u>	<u>\$ (23,811)</u>
Fund Balance - Beginning	<u>21,742</u>	<u>744</u>	<u>84,537</u>	<u>69,698</u>	<u>74,415</u>
Fund Balance - End	<u>\$ 18,268</u>	<u>\$ 744</u>	<u>\$ 35,468</u>	<u>\$ 68,966</u>	<u>\$ 50,604</u>

Special Park and Recreation	Special Street	Drug Money Forfeiture	Wireless 911 Tax	Telephone Tax-911	Housing Study RDA
\$ -	\$ 726,957	\$ -	\$ -	\$ -	\$ -
81,615	-	98,913	61,544	47,464	-
218	228	19	97	122	-
1,500	-	-	-	-	-
52,500	7,058	-	-	-	-
<u>\$ 135,833</u>	<u>\$ 734,243</u>	<u>\$ 98,932</u>	<u>\$ 61,641</u>	<u>\$ 47,586</u>	<u>\$ -</u>
\$ 26,831	\$ -	\$ -	\$ 48,256	\$ 25,091	\$ -
-	-	55,341	-	-	-
-	608,022	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 26,831</u>	<u>\$ 608,022</u>	<u>\$ 55,341</u>	<u>\$ 48,256</u>	<u>\$ 25,091</u>	<u>\$ -</u>
\$ 109,002	\$ 126,221	\$ 43,591	\$ 13,385	\$ 22,495	\$ -
\$ -	\$ 3,681	\$ -	\$ -	\$ -	\$ -
(61,000)	(109,044)	-	-	-	-
<u>\$ (61,000)</u>	<u>\$ (105,363)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 48,002	\$ 20,858	\$ 43,591	\$ 13,385	\$ 22,495	\$ -
154,776	143,831	38	80,529	93,353	1,694
<u>\$ 202,778</u>	<u>\$ 164,689</u>	<u>\$ 43,629</u>	<u>\$ 93,914</u>	<u>\$ 115,848</u>	<u>\$ 1,694</u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2011

	Emergency Shelter	Law Enforcement Block Grants	DARE Crime Prevention	Home Rehabilitation	2006 Home Rehabilitaton
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	71,195	5,628	-	-	-
Use of money and property	-	-	-	-	-
Donations	-	24,179	-	-	-
Miscellaneous	-	-	-	-	3,996
Total Revenues	\$ 71,195	\$ 29,807	\$ -	\$ -	\$ 3,996
EXPENDITURES					
General government	\$ 71,195	\$ -	\$ -	\$ 1,458	\$ -
Law enforcement	-	23,847	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Health and environment	-	-	-	-	-
Planning and development	-	-	-	-	11,915
Total Liabilities	\$ 71,195	\$ 23,847	\$ -	\$ 1,458	\$ 11,915
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 5,960	\$ -	\$ (1,458)	\$ (7,919)
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ -	\$ 5,960	\$ -	\$ (1,458)	\$ (7,919)
Fund Balance - Beginning	-	3,067	1,687	9,971	5,249
Fund Balance - Ending	\$ -	\$ 9,027	\$ 1,687	\$ 8,513	\$ (2,670)

NSP Fund	2009 Home Buyer and Repair	2009 Home Rehab	Lake Kahola	TDD Fund	TIF Fund	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,437,640
31,364	52,929	184,586	-	-	-	1,109,392
-	-	-	-	1	-	925
-	-	-	-	-	-	25,679
-	50	-	-	-	-	63,755
<u>\$ 31,364</u>	<u>\$ 52,979</u>	<u>\$ 184,586</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 2,637,391</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17	\$ 614,568
-	-	-	-	-	-	79,188
-	-	-	-	-	-	608,022
-	-	-	-	-	-	713,128
-	-	-	-	-	-	105,500
33,318	55,793	146,086	-	-	-	249,078
<u>\$ 33,318</u>	<u>\$ 55,793</u>	<u>\$ 146,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 2,369,484</u>
<u>\$ (1,954)</u>	<u>\$ (2,814)</u>	<u>\$ 38,500</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (17)</u>	<u>\$ 267,907</u>
\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ 23,561	\$ 57,242
-	-	-	-	-	-	(170,044)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,561</u>	<u>\$ (112,802)</u>
\$ (1,954)	\$ (2,814)	\$ 68,500	\$ -	\$ 1	\$ 23,544	\$ 155,105
1,054	(7,812)	(6,822)	15	1,117	(23,544)	709,339
<u>\$ (900)</u>	<u>\$ (10,626)</u>	<u>\$ 61,678</u>	<u>\$ 15</u>	<u>\$ 1,118</u>	<u>\$ -</u>	<u>\$ 864,444</u>

CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
December 31, 2011

	<u>Internal Improvements</u>	<u>Biodiesel Plant Project</u>	<u>Water Treatment Project</u>	<u>Civic Auditorium Improvement</u>
ASSETS				
Current Assets				
Cash and investments	\$ 344,877	\$ 264,959	\$ 107,507	\$ 15,448
Accounts receivables	-	-	-	-
Total Assets	<u>\$ 344,877</u>	<u>\$ 264,959</u>	<u>\$ 107,507</u>	<u>\$ 15,448</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	33,265	-	-	-
Total Liabilities	<u>\$ 33,265</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance				
Committed				
Capital projects	\$ 311,612	\$ 264,959	\$ 107,507	\$ 15,448
Total Fund Balance (Deficit)	<u>\$ 311,612</u>	<u>\$ 264,959</u>	<u>\$ 107,507</u>	<u>\$ 15,448</u>
Total Liabilities and Fund Balance	<u>\$ 344,877</u>	<u>\$ 264,959</u>	<u>\$ 107,507</u>	<u>\$ 15,448</u>

<u>Park Improvements</u>	<u>Bridge Projects</u>	<u>Traffic Signals</u>	<u>Paving Projects</u>	<u>Totals</u>
\$ 98,912	\$ 942,772	\$ 83,372	\$ 319,911	\$ 2,177,758
-	-	-	-	-
<u>\$ 98,912</u>	<u>\$ 942,772</u>	<u>\$ 83,372</u>	<u>\$ 319,911</u>	<u>\$ 2,177,758</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	33,265
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,265</u>
\$ 98,912	\$ 942,772	\$ 83,372	\$ 319,911	\$ 2,144,493
\$ 98,912	\$ 942,772	\$ 83,372	\$ 319,911	\$ 2,144,493
<u>\$ 98,912</u>	<u>\$ 942,772</u>	<u>\$ 83,372</u>	<u>\$ 319,911</u>	<u>\$ 2,177,758</u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2011

	<u>Internal Improvements</u>	<u>Biodiesel Plant Project</u>	<u>Water Treatment Project</u>
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Use of money and property	91	393	111
Miscellaneous	197,498	-	146,642
Contributions	10,491	-	-
Total Revenues	<u>\$ 208,080</u>	<u>\$ 393</u>	<u>\$ 146,753</u>
EXPENDITURES			
Capital outlay			
Contract costs	\$ 37,779	\$ 60	\$ 155,596
Bond issuance costs	33,998	-	-
Debt service			
Principal	-	-	-
Interest and other charges	-	-	-
Total Expenditures	<u>\$ 71,777</u>	<u>\$ 60</u>	<u>\$ 155,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 136,303</u>	<u>\$ 333</u>	<u>\$ (8,843)</u>
OTHER FINANCING RESOURCES (USES)			
Transfers in	\$ -	\$ -	\$ -
Transfers out	-	(505,009)	-
Bond premium	3,531	-	-
Sale of bonds	150,000	265,000	-
Total Other Financing Resources (Uses)	<u>\$ 153,531</u>	<u>\$ (240,009)</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ 289,834</u>	<u>\$ (239,676)</u>	<u>\$ (8,843)</u>
Fund Balance - Beginning	<u>21,778</u>	<u>504,635</u>	<u>116,350</u>
Fund Balance - Ending	<u>\$ 311,612</u>	<u>\$ 264,959</u>	<u>\$ 107,507</u>

Civic Auditorium Improvement	Park Improvements	Bridge Projects	Traffic Signals	Paving Projects	Totals
\$ -	\$ 1,030	\$ -	\$ -	\$ 7,237	\$ 8,267
18	132	1,057	95	418	2,315
-	-	-	-	-	344,140
1,000	53,492	132,010	-	-	196,993
<u>\$ 1,018</u>	<u>\$ 54,654</u>	<u>\$ 133,067</u>	<u>\$ 95</u>	<u>\$ 7,655</u>	<u>\$ 551,715</u>
\$ -	\$ 110,992	\$ 36,040	\$ -	\$ -	\$ 340,467
-	-	-	-	-	33,998
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 110,992</u>	<u>\$ 36,040</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 374,465</u>
<u>\$ 1,018</u>	<u>\$ (56,338)</u>	<u>\$ 97,027</u>	<u>\$ 95</u>	<u>\$ 7,655</u>	<u>\$ 177,250</u>
\$ -	\$ 95,614	\$ -	\$ -	\$ -	\$ 95,614
-	(34,614)	-	-	(75,929)	(615,552)
-	-	-	-	-	3,531
-	-	-	-	-	415,000
<u>\$ -</u>	<u>\$ 61,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (75,929)</u>	<u>\$ (101,407)</u>
\$ 1,018	\$ 4,662	\$ 97,027	\$ 95	\$ (68,274)	\$ 75,843
14,430	94,250	845,745	83,277	388,185	2,068,650
<u>\$ 15,448</u>	<u>\$ 98,912</u>	<u>\$ 942,772</u>	<u>\$ 83,372</u>	<u>\$ 319,911</u>	<u>\$ 2,144,493</u>

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
MULTI-YEAR IMPROVEMENT
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money & property	\$ 500	\$ 600	\$ 1,050	\$ 450
EXPENDITURES				
General government	\$ 2,481,915	\$ 2,548,004	\$ 1,762,141	\$ 785,863
Excess (Deficiency) of Revenues over Expenditures	\$ (2,481,415)	\$ (2,547,404)	\$ (1,761,091)	\$ 786,313
OTHER FINANCING RESOURCES (USES)				
Transfers in	\$ 2,293,363	\$ 2,391,713	\$ 2,530,092	\$ 138,379
Transfers out	-	-	(178,915)	(178,915)
Total Other Financing Sources	\$ 2,293,363	\$ 2,391,713	\$ 2,351,177	\$ (40,536)
Net Change in Fund Balance	\$ (188,052)	\$ (155,691)	\$ 590,086	\$ 745,777
Fund Balance - Beginning			<u>366,922</u>	
Fund Balance - Ending			\$ 957,008	
Adjustments to GAAP				
Encumbrances			<u>43,613</u>	
Fund Balance - GAAP			<u>\$ 1,000,621</u>	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
LIBRARY FUND

For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 641,207	\$ 641,207	\$ 647,158	\$ 5,951
Miscellaneous	-	-	126	126
Total Revenues	<u>\$ 641,207</u>	<u>\$ 641,207</u>	<u>\$ 647,284</u>	<u>\$ 6,077</u>
EXPENDITURES				
Culture and recreation	\$ 668,844	\$ 668,844	\$ 650,758	\$ 18,086
Net Change in Fund Balance	<u>\$ (27,637)</u>	<u>\$ (27,637)</u>	<u>\$ (3,474)</u>	<u>\$ 24,163</u>
Fund Balance - Beginning			<u>21,742</u>	
Fund Balance - Ending			\$ 18,268	
Adjustments to GAAP			<u>-</u>	
Encumbrances				
Fund Balance - GAAP			<u>\$ 18,268</u>	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
LIBRARY EMPLOYEE BENEFITS FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 61,881	\$ 61,881	\$ 62,370	\$ 489
EXPENDITURES				
Culture and recreation	\$ 63,258	\$ 63,258	\$ 62,370	\$ 888
Net Change in Fund Balance	<u>\$ (1,377)</u>	<u>\$ (1,377)</u>	\$ -	<u>\$ 1,866</u>
Fund Balance - Beginning			<u>744</u>	
Fund Balance - Ending			\$ 744	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balances - GAAP			<u>\$ 744</u>	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
CONVENTION AND TOURISM PROMOTION FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 438,938	\$ 438,938	\$ 392,539	\$ (46,399)
Use of money and property	500	500	87	(413)
Miscellaneous	-	-	25	25
Total Revenues	\$ 439,438	\$ 439,438	\$ 392,651	\$ (46,787)
EXPENDITURES				
General government				
Miscellaneous	\$ 17,500	\$ 17,500	-	\$ 17,500
Appropriations	456,700	456,700	441,720	14,980
Total Expenditures	\$ 474,200	\$ 474,200	\$ 441,720	\$ 32,480
Net Change in Fund Balances	\$ (34,762)	\$ (34,762)	\$ (49,069)	\$ (14,307)
Fund Balance - Beginning			84,537	
Fund Balance - Ending			\$ 35,468	
Adjustments to GAAP				
Encumbrances			-	
Fund Balance - GAAP			\$ 35,468	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
INDUSTRIAL FUND

For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,139	\$ 1,139	\$ 1,155	\$ 16
Use of money and property	500	500	79	(421)
Total Revenues	<u>\$ 1,639</u>	<u>\$ 1,639</u>	<u>\$ 1,234</u>	<u>\$ (405)</u>
EXPENDITURES				
Planning and development				
Contractual services	\$ 66,502	\$ 66,502	\$ 1,966	\$ 64,536
Net Change in Fund Balance	<u>\$ (64,863)</u>	<u>\$ (64,863)</u>	<u>\$ (732)</u>	<u>\$ 64,131</u>
Fund Balance - Beginning			<u>69,698</u>	
Fund Balance - Ending			\$ 68,966	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u>\$ 68,966</u>	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
SPECIAL ALCOHOL PROGRAM FUND
For the Year Ended December 31, 2011

	Budgetary		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 82,473	\$ 82,473	\$ 81,615	\$ (858)
Use of money and property	500	500	74	(426)
Total Revenues	\$ 82,973	\$ 82,973	\$ 81,689	\$ (1,284)
EXPENDITURES				
Health and environment				
Appropriations	\$ 110,400	\$ 110,400	\$ 105,500	\$ 4,900
Special projects	57,309.00	57,309	-	57,309
Total Expenditures	\$ 167,709	\$ 167,709	\$ 105,500	\$ 62,209
Net Change in Fund Balance	\$ (84,736)	\$ (84,736)	\$ (23,811)	\$ 60,925
Fund Balance - Beginning			74,415	
Fund Balance - ending			\$ 50,604	
Adjustments to GAAP				
Encumbrances			-	
Fund Balance - GAAP			\$ 50,604	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
SPECIAL PARK AND RECREATION FUND
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 98,473	\$ 98,473	\$ 81,615	\$ (16,858)
Miscellaneous	45,000	45,000	52,500	7,500
Use of money and property	500	500	218	(282)
Donations	-	-	1,500	1,500
Total Revenues	\$ 143,973	\$ 143,973	\$ 135,833	\$ (8,140)
EXPENDITURES				
General government				
Capital outlay	\$ 178,000	\$ 178,000	\$ 14,689	\$ 163,311
Special projects	102,001	102,001	17,000	85,001
Total Expenditures	\$ 280,001	\$ 280,001	\$ 31,689	\$ 248,312
Excess (Deficiency) of Revenues over Expenditures	\$ (136,028)	\$ (136,028)	\$ 104,144	\$ 240,172
OTHER FINANCING RESOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (61,000)	\$ (61,000)
Net Change in Fund Balance	\$ (136,028)	\$ (136,028)	\$ 43,144	\$ 179,172
Fund Balance - Beginning			154,776	
Fund Balance - Ending			\$ 197,920	
Adjustments to GAAP				
Encumbrances			4,858	
Fund Balance - GAAP			\$ 202,778	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
SPECIAL STREET FUND

For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 803,690	\$ 803,690	\$ 726,957	\$ (76,733)
Use of money and property	500	500	228	(272)
Miscellaneous	-	-	7,058	7,058
Total Revenues	\$ 804,190	\$ 804,190	\$ 734,243	\$ (69,947)
EXPENDITURES				
Highway and streets				
Personal services	\$ 407,734	\$ 407,734	\$ 366,871	\$ 40,863
Contractual	113,425	113,425	97,606	15,819
Commodities	130,500	130,500	106,154	24,346
Other charges	26,783	26,783	37,391	(10,608)
Capital outlay	28,000	28,000	-	28,000
Total Expenditures	\$ 706,442	\$ 706,442	\$ 608,022	\$ 98,420
Excess (Deficiency) of Revenues over Expenditures	\$ 97,748	\$ 97,748	\$ 126,221	\$ 28,473
OTHER FINANCING RESOURCES (USES)				
Transfers in	-	-	3,681	\$ 3,681
Transfers out	(120,553)	(120,553)	(109,044)	11,510
Total Other Financing Resources (Uses)	\$ (120,553)	\$ (120,553)	\$ (105,363)	\$ 15,191
Net Change in Fund Balance	\$ (22,805)	\$ (22,805)	\$ 20,858	\$ 43,664
Fund Balance - Beginning			143,831	
Fund Balances - Ending			\$ 164,689	
Adjustments to GAAP				
Encumbrances			-	
Fund Balance - GAAP			\$ 164,689	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
DRUG MONEY FORFEITURE FUND
For the Year Ended December 31, 2011

	Budgetary		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 98,913	\$ 8,913
Use of money and property	250	250	19	(231)
Total Revenues	<u>\$ 90,250</u>	<u>\$ 90,250</u>	<u>\$ 98,932</u>	<u>\$ 8,682</u>
EXPENDITURES				
Law enforcement				
Contractual	\$ 8,000	\$ 8,000	-	\$ 8,000
Commodities	82,000	82,000	55,341	26,659
Total Expenditures	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 55,341</u>	<u>\$ 34,659</u>
Net Change in Fund Balance	<u>\$ 250</u>	<u>\$ 250</u>	\$ 43,591	<u>\$ 43,341</u>
Fund Balance - Beginning			38	
Fund Balance - Ending			\$ 43,629	
Adjustments to GAAP				
Encumbrances			-	
Fund Balance - GAAP			<u>\$ 43,629</u>	

CITY OF EMPORIA, KANSAS
INTERNAL SERVICE FUNDS

December 31, 2011

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City and to other government units on a cost reimbursement basis.

Workers' Compensation Fund - To account for contributions made by the City to be used for paying claims for job-related injuries.

Employee Health Care Fund - To account for contributions made by the City, city employees and former city employees to be used for payment of medical claims of covered patients.

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2011

	Workers'	Employee	Total
	Compensation	Health Care	
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 895,931	\$ 78,875	\$ 974,806
TOTAL ASSETS	\$ 895,931	\$ 78,875	\$ 974,806
LIABILITIES			
Liabilities			
Accrued liabilities	\$ -	\$ 320	\$ 320
Unpaid claims	46,326	-	46,326
TOTAL LIABILITIES	\$ 46,326	\$ 320	\$ 46,646
NET ASSETS			
Unrestricted	\$ 849,605	\$ 78,555	\$ 928,160
Total Net Assets	\$ 849,605	\$ 78,555	\$ 928,160
TOTAL NET ASSETS	\$ 895,931	\$ 78,875	\$ 974,806

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011

	<u>Workers'</u> <u>Compensation</u>	<u>Employee</u> <u>Health Care</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 336,856	\$ -	\$ 336,856
Miscellaneous	5,017	180,287	185,304
Total Operating Revenues	<u>\$ 341,873</u>	<u>\$ 180,287</u>	<u>\$ 522,160</u>
OPERATING EXPENSES			
Cost of services	\$ 135,873	\$ -	\$ 135,873
Other	-	10,880	10,880
Total Operating Expenses	<u>\$ 135,873</u>	<u>\$ 10,880</u>	<u>\$ 146,753</u>
Operating income (loss)	<u>\$ 206,000</u>	<u>\$ 169,407</u>	<u>\$ 375,407</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	<u>\$ 2,603</u>	<u>\$ 431</u>	<u>\$ 3,034</u>
Transfers from (to) other funds			
Transfers out	<u>\$ -</u>	<u>\$ (184,036)</u>	<u>\$ (184,036)</u>
Change in Net Assets	<u>\$ 208,603</u>	<u>\$ (14,198)</u>	<u>\$ 194,405</u>
Net Assets - Beginning	<u>641,002</u>	<u>92,753</u>	<u>733,755</u>
Net Assets - Ending	<u><u>\$ 849,605</u></u>	<u><u>\$ 78,555</u></u>	<u><u>\$ 928,160</u></u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2011

	Workers'	Employee	Total
	Compensation	Health Care	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from participants	\$ 336,855	\$ -	\$ 336,855
Cash received from reimbursements	5,017	180,287	185,304
Cash paid for services	(274,392)	-	(274,392)
Cash payments to suppliers	-	(10,880)	(10,880)
Net Cash Provided by (Used in) Operating Activities	\$ 67,480	\$ 169,407	\$ 236,887
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) other funds	\$ -	\$ (184,036)	\$ (184,036)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments	\$ 500,000	\$ -	\$ 500,000
Interest received	2,603	431	3,034
Net Cash Provided by (Used in) Investing Activities	\$ 502,603	\$ 431	\$ 503,034
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 570,083	\$ (14,198)	\$ 555,885
Cash and cash equivalents, beginning of year	325,848	93,073	418,921
Cash and cash equivalents, end of year	\$ 895,931	\$ 78,875	\$ 974,806
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 206,000	\$ 169,407	\$ 375,407
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Changes in assets and liabilities			
Increase (decrease) in claims payable	(138,520)	-	(138,520)
Net Cash Provided by (Used in) Operating Activities	\$ 67,480	\$ 169,407	\$ 236,887

**CITY OF EMPORIA, KANSAS
TRUST AND AGENCY FUNDS**

December 31, 2011

Trust funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds.

Tree Private Purpose Trust Fund - To account for monies provided by private donors to finance planting of trees.

Fremont Park Private Purpose Trust Fund - To account for the money donated to the City for the purpose of building a display shelter for the railroad engine and caboose at Fremont Park.

Las Casitas Park Private Purpose Trust Fund - To account for monies provided by private donors to finance improvements to the Las Casitas Park.

Economic Development Private Purpose Trust Fund - To provide a financial resource which enhances the City's ability to attract new economic development projects by lending money to businesses that is repaid with interest.

Fire Insurance Proceeds Agency Fund - To account for a portion of insurance proceeds from fire and casualty losses to structures within the City. Proceeds are returned to property owners upon substantial completion of repairs or demolition of structure.

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST
December 31, 2011

	Private Purpose Trust				Total
	Tree	Fremont Park	Las Casitas Park	Economic Development	
ASSETS					
Cash and investments	\$ 1,667	\$ 89	\$ 413	\$ 953,275	\$ 955,444
Accrued interest receivable	-	-	-	272	272
Notes receivable	-	-	-	164,968	164,968
TOTAL ASSETS	\$ 1,667	\$ 89	\$ 413	\$ 1,118,515	\$ 1,120,684
LIABILITIES					
Accounts payable	-	-	-	-	-
NET ASSETS					
Net assets held in trust	\$ 1,667	\$ 89	\$ 413	\$ 1,118,515	\$ 1,120,684

CITY OF EMPORIA, KANSAS
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - AGENCY FUND
December 31, 2011

	<u>Fire Insurance Proceeds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 9,754</u>
TOTAL ASSETS	<u><u>\$ 9,754</u></u>
LIABILITIES	
Accounts payable	<u>\$ 9,754</u>
TOTAL LIABILITIES	<u><u>\$ 9,754</u></u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST
For the Year Ended December 31, 2011

	Private Purpose Trust				Total
	Tree	Fremont Park	Las Casitas Park	Economic Development	
ADDITIONS					
Interest income	\$ 2	\$ -	\$ -	\$ 10,391	\$ 10,393
Total Additions	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,391</u>	<u>\$ 10,393</u>
DEDUCTIONS					
Change in net assets	\$ 2	\$ -	\$ -	\$ 10,391	\$ 10,393
NET ASSETS - BEGINNING OF YEAR	<u>1,665</u>	<u>89</u>	<u>413</u>	<u>1,108,124</u>	<u>1,110,291</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,667</u></u>	<u><u>\$ 89</u></u>	<u><u>\$ 413</u></u>	<u><u>\$ 1,118,515</u></u>	<u><u>\$ 1,120,684</u></u>

CITY OF EMPORIA, KANSAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended December 31, 2011

	<u>Balance - January 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance - December 31, 2011</u>
Cash and cash equivalents	\$ 9,742	\$ 13	\$ 1	\$ 9,754
TOTAL ASSETS	<u>\$ 9,742</u>	<u>\$ 13</u>	<u>\$ 1</u>	<u>\$ 9,754</u>
Accounts payable	\$ 9,742	\$ 13	\$ 1	\$ 9,754
TOTAL LIABILITIES	<u>\$ 9,742</u>	<u>\$ 13</u>	<u>\$ 1</u>	<u>\$ 9,754</u>

STATISTICAL SECTION

CITY OF EMPORIA, KANSAS
STATISTICAL SECTION
(UNAUDITED)
December 31, 2011

This part of the City of Emporia's *Comprehensive Annual Financial Report (CAFR)* presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economical Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Source - Unless otherwise noted, the information in these schedules is derived from the Annual Financial Report for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year

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CITY OF EMPORIA, KANSAS
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
Governmental Activities			
Invested in capital assets -			
Net of related debt	\$ 90,115,362	\$ 82,349,192	\$ 75,354,567
Restricted	385,615	99,442	249,058
Unrestricted	3,102,278	4,806,454	8,871,611
Total Net Assets	\$ 93,603,255	\$ 87,255,088	\$ 84,475,236
Business-Type Activities			
Invested in capital assets -			
Net of related debt	\$ 21,030,184	\$ 20,188,141	\$ 19,704,708
Unrestricted	2,298,165	1,825,862	2,814,926
Total Net Assets	\$ 23,328,349	\$ 22,014,003	\$ 22,519,634
Primary Government			
Invested in capital assets -			
Net of related debt	\$ 111,145,546	\$ 102,537,333	\$ 95,059,275
Restricted	385,615	99,442	249,058
Unrestricted	5,400,443	6,632,316	11,686,537
Total Net Assets	\$ 116,931,604	\$ 109,269,091	\$ 106,994,870

Note: Data became available with the inception of GASB 34 during fiscal year 2003, therefore 10 years of data is unavailable.

Source: City of Emporia, Kansas Basic Financial Statements.

Fiscal Year				
2007	2008	2009	2010	2011
\$ 66,616,597	\$ 66,752,347	\$ 55,981,334	\$ 51,512,139	\$ 48,280,143
227,184	467,128	443,006	210,861	8,865,752
9,091,918	8,942,071	6,981,419	8,029,041	3,643,797
<u>\$ 75,935,699</u>	<u>\$ 76,161,546</u>	<u>\$ 63,405,759</u>	<u>\$ 59,752,041</u>	<u>\$ 60,789,692</u>
\$ 19,415,639	\$ 18,842,735	\$ 18,327,412	\$ 18,844,682	\$ 19,333,863
4,310,519	5,324,738	6,371,697	7,321,467	7,118,510
<u>\$ 23,726,158</u>	<u>\$ 24,167,473</u>	<u>\$ 24,699,109</u>	<u>\$ 26,166,149</u>	<u>\$ 26,452,373</u>
\$ 86,032,236	\$ 80,595,082	\$ 74,308,746	\$ 70,356,821	\$ 69,508,380
227,184	467,127	443,006	210,861	8,865,752
13,402,437	14,266,809	13,353,116	15,535,354	8,867,933
<u>\$ 99,661,857</u>	<u>\$ 95,329,018</u>	<u>\$ 88,104,868</u>	<u>\$ 86,103,036</u>	<u>\$ 87,242,065</u>

CITY OF EMPORIA, KANSAS
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
Expenses			
Governmental activities:			
General government	\$ 3,667,468	\$ 3,661,655	\$ 4,646,991
Public safety	7,920,078	8,735,530	7,995,365
Highways and streets	8,147,882	8,174,128	8,099,622
Culture and recreation	2,693,563	2,779,900	2,315,915
Health and environment	66,672	65,539	61,205
Building maintenance	1,006,234	940,398	893,474
Planning and development	1,485,859	1,385,571	1,264,408
Airport operations	518,685	538,347	384,315
Appropriation	-	-	-
Capital outlay	-	-	-
Bond issuance costs	-	-	-
Interest on long-term debt	1,097,258	1,067,693	1,100,521
Total Governmental Activities Expense	\$ 26,603,699	\$ 27,348,761	\$ 26,761,816
Business-Type Activities:			
Solid waste disposal	\$ 2,434,993	\$ 2,561,538	\$ 2,200,552
Sewer utility	2,224,003	3,077,282	2,929,858
Water utility	3,503,268	3,491,982	3,580,339
Total Business-Type Activities Expense	\$ 8,162,264	\$ 9,130,802	\$ 8,710,749
Total Primary Government Expenses	\$ 34,765,963	\$ 36,479,563	\$ 35,472,565
Program Revenues			
Governmental activities:			
Charges for services			
General government	\$ 1,532,652	\$ 1,732,685	\$ 3,281,319
Public safety	2,050,555	1,418,612	949,660
Highways and streets	8,406	-	-
Culture and recreation	447,778	381,834	-
Building maintenance	2,546	7,609	-
Airport operations	158,728	195,286	-
Operating grants and contributions	2,098,470	2,478,260	2,551,256
Capital grants and contributions	-	-	-
Total Governmental Activities Program Revenues	\$ 6,299,135	\$ 6,214,286	\$ 6,782,235
Business-Type Activities:			
Charges for services:			
Solid waste disposal	\$ 2,579,219	\$ 2,637,269	\$ 3,021,910
Sewer utility	3,191,405	3,176,925	3,245,787
Water utility	4,204,835	4,162,141	4,535,342
Capital grants and contributions	-	164,214	205,002
Total Business-Type Activities Program Revenues	\$ 9,975,459	\$ 10,140,549	\$ 11,008,041
Total Primary Government Program Revenues	\$ 16,274,594	\$ 16,354,835	\$ 17,790,276
Net (expense)/revenue			
Governmental activities	\$ (20,304,564)	\$(21,134,475)	\$(19,979,581)
Business-type activities	1,813,195	1,009,747	2,297,292
Total Primary Government Net Expense	\$ (18,491,369)	\$(20,124,728)	\$(17,682,289)

Fiscal Year				
2007	2008	2009	2010	2011
\$ 6,205,113	\$ 4,580,920	\$ 4,149,676	\$ 4,046,255	\$ 3,779,829
8,680,772	9,318,358	10,037,060	10,058,340	10,267,119
8,218,813	8,122,190	8,601,094	8,432,872	7,656,949
2,774,693	2,772,761	2,942,303	2,829,141	2,822,262
72,475	72,475	89,901	85,400	105,500
939,756	1,114,909	1,213,665	1,204,027	1,374,742
4,447,332	1,503,737	1,191,179	1,393,341	656,439
634,334	688,806	414,202	516,378	584,990
-	-	-	58,543	86,583
-	-	-	257,491	-
-	-	-	39,003	46,235
1,014,796	1,924,572	1,777,794	950,408	1,006,166
<u>\$ 32,988,084</u>	<u>\$ 30,098,728</u>	<u>\$ 30,416,874</u>	<u>\$ 29,871,199</u>	<u>\$ 28,386,814</u>
\$ 2,629,336	\$ 2,712,201	\$ 2,764,437	\$ 2,570,915	\$ 2,979,111
2,959,294	2,969,314	3,233,827	3,111,908	3,233,859
3,564,058	3,255,744	3,357,695	3,657,273	4,327,855
<u>\$ 9,152,688</u>	<u>\$ 8,937,259</u>	<u>\$ 9,355,959</u>	<u>\$ 9,340,096</u>	<u>\$ 10,540,825</u>
<u>\$ 42,140,772</u>	<u>\$ 39,035,987</u>	<u>\$ 39,772,833</u>	<u>\$ 39,211,295</u>	<u>\$ 38,927,639</u>
\$ 2,006,903	\$ 2,182,061	\$ 2,534,303	\$ -	\$ 1,767,827
1,889,173	2,687,503	1,143,799	3,346,050	2,342,449
69,299	-	-	-	208,007
460,230	586,483	-	773,188	127,222
-	-	-	-	10,465
291,138	373,230	-	-	353,204
2,275,621	2,369,355	2,035,167	1,757,275	731,493
-	258,611	4,645	112,716	760,984
<u>\$ 6,992,364</u>	<u>\$ 8,457,243</u>	<u>\$ 5,717,914</u>	<u>\$ 5,989,229</u>	<u>\$ 6,301,651</u>
\$ 3,060,494	\$ 3,140,333	\$ 3,487,385	\$ 3,879,922	\$ 3,984,198
3,682,590	3,880,277	3,962,051	3,850,725	3,838,061
4,592,153	3,870,716	4,258,991	5,236,720	5,318,217
-	-	-	-	-
<u>\$ 11,335,237</u>	<u>\$ 10,891,326</u>	<u>\$ 11,708,427</u>	<u>\$ 12,967,367</u>	<u>\$ 13,140,476</u>
<u>\$ 18,327,601</u>	<u>\$ 19,348,569</u>	<u>\$ 17,426,341</u>	<u>\$ 18,956,596</u>	<u>\$ 19,442,127</u>
\$(25,995,720)	\$(21,641,485)	\$(24,698,960)	\$(23,697,122)	\$(22,846,147)
2,182,549	1,954,067	2,352,468	3,627,271	3,360,635
<u>\$(23,813,171)</u>	<u>\$(19,687,418)</u>	<u>\$(22,346,492)</u>	<u>\$(20,069,851)</u>	<u>\$(19,485,512)</u>

CITY OF EMPORIA, KANSAS
CHANGES IN NET ASSETS (continued)
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year		
	2004	2005	2006
General Revenue and Other Changes in Net Assets			
Governmental activities:			
Taxes			
Property taxes, levied for general purposes *	\$ 3,653,280	\$ 3,876,443	\$ 3,940,447
Property taxes, levied for debt service	2,374,040	1,980,352	2,279,791
Franchise taxes	992,036	1,038,088	1,372,059
Sales taxes	3,854,759	3,997,182	4,032,795
Gasoline taxes	753,158	776,892	765,606
Investment earnings	170,491	231,223	433,320
Miscellaneous	152,533	268,970	472,137
Transfers	2,040,880	2,566,496	1,950,840
Total Governmental Activities	<u>\$ 13,991,177</u>	<u>\$ 14,735,646</u>	<u>\$ 15,246,995</u>
Business-Type Activities:			
Investment earnings	\$ 92,389	\$ 50,789	\$ 64,197
Miscellaneous	178,208	191,614	107,922
Transfers	(2,040,880)	(2,566,496)	(1,950,840)
Total Business-Type Activities	<u>\$ (1,770,283)</u>	<u>\$ (2,324,093)</u>	<u>\$ (1,778,721)</u>
Total Primary Government	<u>\$ 12,220,894</u>	<u>\$ 12,411,553</u>	<u>\$ 13,468,274</u>
Change in Net Assets			
Governmental activities	\$ (6,313,387)	\$ (6,398,829)	\$ (4,732,586)
Business-type activities	42,912	(1,314,346)	518,571
Total Primary Government	<u>\$ (6,270,475)</u>	<u>\$ (7,713,175)</u>	<u>\$ (4,214,015)</u>

* This amount will not trace directly into the Statement of Activities for years 2004 through 2010. In 2011, additional revenue breakdowns were added. Those breakdowns have been used for all years on this statistical comparison.

Fiscal Year				
2007	2008	2009	2010	2011
\$ 3,918,248	\$ 7,608,716	\$ 4,332,379	\$ 4,526,733	\$ 4,451,177
2,399,191	2,588,050	2,637,470	2,739,128	2,773,776
1,891,288	2,023,685	2,028,528	2,175,501	2,233,692
4,104,469	716,102	4,789,449	6,263,665	6,658,352
774,019	760,128	668,649	764,278	649,585
713,477	414,246	205,596	154,506	141,480
1,811,021	898,272	275,803	552,592	994,852
1,971,420	1,858,133	2,005,299	3,051,850	3,425,288
<u>\$ 17,583,133</u>	<u>\$ 16,867,332</u>	<u>\$ 16,943,173</u>	<u>\$ 20,228,253</u>	<u>\$ 21,328,202</u>
\$ 496,647	\$ 159,667	\$ 30,019	\$ 14,286	\$ 7,348
248,217	185,714	154,448	877,331	343,531
(1,971,420)	(1,858,133)	(2,005,299)	(3,051,850)	(3,425,288)
<u>\$ (1,226,556)</u>	<u>\$ (1,512,752)</u>	<u>\$ (1,820,832)</u>	<u>\$ (2,160,233)</u>	<u>\$ (3,074,409)</u>
<u>\$ 16,356,577</u>	<u>\$ 15,354,580</u>	<u>\$ 15,122,341</u>	<u>\$ 18,068,020</u>	<u>\$ 18,253,793</u>
\$ (8,412,587)	\$ (4,774,153)	\$ (7,755,787)	\$ (3,468,870)	\$ (1,517,945)
955,993	441,315	531,636	1,467,038	286,226
<u>\$ (7,456,594)</u>	<u>\$ (4,332,838)</u>	<u>\$ (7,224,151)</u>	<u>\$ (2,001,832)</u>	<u>\$ (1,231,719)</u>

CITY OF EMPORIA, KANSAS
GOVERNMENTAL ACTIVITIES, TAX REVENUES BY SOURCE
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Vehicle Tax</u>	<u>Total</u>
2004	\$ 6,036,903	\$ 3,854,759	\$ 992,036	\$ 743,575	\$ 11,627,273
2005	5,812,138	3,997,182	1,060,262	799,375	11,668,957
2006	6,218,970	4,032,795	1,372,059	766,874	12,390,698
2007	6,320,568	4,104,469	1,905,311	756,867	13,087,215
2008	6,646,981	4,161,025	2,108,211	780,464	13,696,681
2009	6,773,224	4,875,570	2,028,528	779,153	14,456,475
2010	6,600,005	6,263,664	2,175,501 *	778,083	15,817,253
2011	6,410,581	6,658,352	2,233,692	768,230	16,070,855

Note: Data became available with the inception of GASB 34 during fiscal year 2003, therefore 10 years of data is unavailable.

Source: City of Emporia, Kansas Basic Financial Statements.

* Number changed from prior year CAFR. Prior year number was incorrect.

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CITY OF EMPORIA, KANSAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund					
Pre-GASB 54 *					
Reserved	\$ 22,503	\$ 831	\$ -	\$ -	\$ 53,991
Unreserved	369,807	385,191	883,809	906,267	1,346,381
Post-GASB 54 *					
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 392,310</u>	<u>\$ 386,022</u>	<u>\$ 883,809</u>	<u>\$ 906,267</u>	<u>\$ 1,400,372</u>
All Other Governmental Funds					
Pre-GASB 54 *					
Reserved	\$ 126,396	\$ 8,935	\$ -	\$ -	\$ -
Unreserved - Reported in:					
Special revenue funds	2,056,323	1,989,329	1,164,245	1,329,900	1,919,585
Debt service funds	24,843	176,533	385,615	99,442	249,058
Capital projects funds	2,132,896	(148,050)	459,924	1,949,760	5,427,142
Post-GASB 54 *					
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 4,340,458</u>	<u>\$ 2,026,747</u>	<u>\$ 2,009,784</u>	<u>\$ 3,379,102</u>	<u>\$ 7,595,785</u>

The City implemented GASB 54, FundBalance Reporting and Governmental Fund Type Definitions ("GASB 54") in 2011. GASB 54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The City has elected to apply GASB 54 prospectively and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 81,152	\$ -	\$ 46,433	\$ 37,900	\$ -
2,234,807	3,038,285	2,633,634	4,096,582	-
-	-	-	-	2,688,478
-	-	-	-	1,632,647
<u>\$ 2,315,959</u>	<u>\$ 3,038,285</u>	<u>\$ 2,680,067</u>	<u>\$ 4,134,482</u>	<u>\$ 4,321,125</u>
\$ 115,753	\$ -	\$ 232,543	\$ 296,680	\$ -
1,453,126	1,143,544	822,672	1,375,903	-
227,184	467,128	443,006	210,861	-
6,467,716	5,332,192	2,884,947	2,170,952	-
-	-	-	-	2,337,849
-	-	-	-	3,839,425
-	-	-	-	-
<u>\$ 8,263,779</u>	<u>\$ 6,942,864</u>	<u>\$ 4,383,168</u>	<u>\$ 4,054,396</u>	<u>\$ 6,177,274</u>

CITY OF EMPORIA, KANSAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Revenues					
Taxes	\$ 10,000,954	\$ 10,429,929	\$ 11,545,148	\$ 11,610,647	\$ 12,324,809
Charges for services	1,001,003	1,215,208	1,664,767	1,380,037	1,744,253
Special assessments	343,853	140,766	82,125	58,310	65,889
Intergovernmental	3,435,257	2,650,278	2,092,293	2,472,129	2,442,244
Licenses and permits	230,372	223,767	222,834	236,014	287,456
Fines and fees	904,089	609,956	846,047	704,566	663,204
Use of money and property	207,397	139,577	152,792	182,814	359,238
Contributions	1,180,864	13,665	6,177	6,131	825
Miscellaneous	237,816	152,258	149,850	268,970	472,137
Total Revenues	<u>\$ 17,541,605</u>	<u>\$ 15,575,404</u>	<u>\$ 16,762,033</u>	<u>\$ 16,919,618</u>	<u>\$ 18,360,055</u>
Expenditures					
General governmental	\$ 1,599,225	\$ 2,002,363	\$ 1,697,194	\$ 1,723,621	\$ 1,892,612
Public safety	7,022,651	7,244,197	7,633,408	8,444,565	7,523,946
Highways and streets	1,614,230	1,265,207	1,575,987	1,587,864	1,357,344
Culture and recreation	2,002,345	1,862,663	2,021,225	2,098,537	2,054,308
Health and environment	59,010	66,180	66,672	65,539	61,205
Building maintenance	737,577	790,025	903,207	839,482	827,882
Planning and development	1,254,285	1,088,645	1,485,858	1,385,571	1,164,397
Airport operations	327,488	290,382	345,189	364,066	384,316
Appropriations	-	-	-	-	-
Capital outlay	7,574,461	4,630,990	1,873,304	1,583,078	2,250,940
Bond issuance costs	-	-	-	-	-
Debt service					
Principal	1,540,882	1,244,835	1,469,713	2,001,186	1,848,559
Interest and other charges	1,171,256	1,026,653	1,075,217	1,073,492	1,078,698
Total Expenditures	<u>\$ 24,903,410</u>	<u>\$ 21,512,140</u>	<u>\$ 20,146,974</u>	<u>\$ 21,167,001</u>	<u>\$ 20,444,207</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ (7,361,805)</u>	<u>\$ (5,936,736)</u>	<u>\$ (3,384,941)</u>	<u>\$ (4,247,383)</u>	<u>\$ (2,084,152)</u>
Other Financing Sources (Uses)					
Transfers in	\$ 4,169,969	\$ 3,252,994	\$ 3,518,373	\$ 3,841,246	\$ 3,860,551
Transfers out	(1,907,356)	(1,158,057)	(1,477,493)	(1,274,750)	(1,909,711)
Payment to refund bonds	-	(110,000)	(1,185,000)	-	-
Payment to escrow agent	-	-	-	-	-
Bond premium	-	-	-	-	-
Bond issuances costs	-	-	-	-	-
Sale of bonds	3,725,346	1,631,800	3,465,000	3,022,000	4,820,000
Total Other Financing Sources (Uses)	<u>\$ 5,987,959</u>	<u>\$ 3,616,737</u>	<u>\$ 4,320,880</u>	<u>\$ 5,588,496</u>	<u>\$ 6,770,840</u>
Net Change in Fund Balances	<u>\$ (1,373,846)</u>	<u>\$ (2,319,999)</u>	<u>\$ 935,939</u>	<u>\$ 1,341,113</u>	<u>\$ 4,686,688</u>
Debt service as a percentage of non-capital expenditures	15.65%	13.46%	13.93%	15.70%	16.09%

2007	2008	2009	2010	2011
\$ 13,018,554	\$ 13,630,703	\$ 14,365,740	\$ 16,469,305	\$ 16,720,440
1,725,796	2,602,820	2,534,303	2,933,242	2,650,519
68,661	65,978	90,735	46,141	46,142
2,091,977	2,508,944	2,035,167	1,711,134	1,553,271
310,062	219,877	325,369	192,138	232,105
701,957	918,706	818,430	581,050	545,244
639,281	382,330	205,596	151,412	138,446
183,644	296,791	4,645	112,716	222,672
1,811,021	390,107	275,803	552,592	813,070
<u>\$ 20,550,953</u>	<u>\$ 21,016,256</u>	<u>\$ 20,655,788</u>	<u>\$ 22,749,730</u>	<u>\$ 22,921,909</u>

\$ 1,986,354	\$ 2,309,225	\$ 3,242,791	\$ 3,012,853	\$ 3,712,908
8,414,431	9,044,346	9,728,384	9,774,290	9,887,398
1,479,746	1,473,524	1,902,728	1,770,603	1,031,166
2,233,824	2,287,583	2,477,137	2,341,315	2,522,506
72,475	72,475	89,901	85,400	105,500
939,756	1,114,909	1,213,665	1,204,027	1,361,933
4,447,332	1,694,637	1,191,179	1,393,341	656,439
463,628	517,569	401,438	448,770	517,009
-	-	58,820	58,543	86,583
4,166,044	2,140,096	1,761,441	4,292,416	444,203
-	-	26,585	39,917	79,086
1,948,203	7,330,674	4,131,434	3,105,474	3,818,800
1,086,649	1,520,013	1,304,501	1,090,228	977,084
<u>\$ 27,238,442</u>	<u>\$ 29,505,051</u>	<u>\$ 27,530,004</u>	<u>\$ 28,617,177</u>	<u>\$ 25,200,615</u>

\$ (6,687,489) \$ (8,488,795) \$ (6,874,216) \$ (5,867,447) \$ (2,278,706)

\$ 3,510,358	\$ 3,585,034	\$ 5,893,119	\$ 7,549,523	\$ 9,112,902
(1,538,938)	(1,194,828)	(3,887,820)	(4,005,818)	(5,108,296)
(3,720,000)	-	-	-	-
(156,988)	-	-	-	(2,936,865)
103,588	-	-	-	340,484
-	-	-	-	-
10,200,000	5,500,000	1,945,000	3,449,385	3,180,000
<u>\$ 8,398,020</u>	<u>\$ 7,890,206</u>	<u>\$ 3,950,299</u>	<u>\$ 6,993,090</u>	<u>\$ 4,588,225</u>
<u>\$ 1,710,531</u>	<u>\$ (598,589)</u>	<u>\$ (2,923,917)</u>	<u>\$ 1,125,643</u>	<u>\$ 2,309,519</u>

13.15% 32.34% 21.10% 16.74% 19.40%

**CITY OF EMPORIA, KANSAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended December 31,</u>	<u>Real Property</u>		<u>Personal Property</u>	
	<u>Residential Property - 1</u>	<u>Commercial Property - 1</u>	<u>Motor Vehicles - 2</u>	<u>Other - 1</u>
2002	\$ 93,952,600	\$ 19,060,600	\$ 20,866,000	\$ 4,163,000
2003	103,881,400	18,650,300	21,176,100	125,000
2004	95,122,800	19,083,100	21,704,600	973,000
2005	100,577,500	21,257,000	21,590,000	549,000
2006	106,044,300	22,987,100	21,849,600	2,773,000
2007	106,900,000	22,411,800	21,617,400	838,000
2008(3)	113,779,300	46,140,400	20,997,600	1,117,000
2009(3)	118,624,000	49,029,200	17,141,600	1,008,000
2010(3)	78,139,590	53,007,200	18,521,600	123,800
2011	78,018,189	47,819,500	19,279,593	59,970

Note 1 - Lyon County Appraiser

Note 2 - Lyon County Clerk's Office

Note 3 - Abstract of Appraised Value with Appropriate Assessment Values Applied; Does not reflect appealed Valuation Changes

<u>Less: Tax Exempt Real Property - 1</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate - 2</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 6,788,000	\$ 131,254,200	\$ 38.397	\$ 730,047,700	17.98%
9,074,000	134,758,800	42.062	760,455,400	17.72%
3,572,000	133,311,500	41.258	800,452,000	16.65%
4,993,000	138,980,500	41.157	852,801,400	16.30%
4,772,000	148,882,000	40.956	890,406,000	16.72%
4,568,000	147,199,200	42.033	895,502,100	16.44%
30,136,000	151,898,300	41.848	920,785,600	16.50%
29,021,000	156,781,800	41.571	919,786,500	17.05%
26,898,000	122,894,190	41.776	892,382,500	13.77%
24,883,140	120,294,112	41,559	870,540,100	13.80%

**CITY OF EMPORIA, KANSAS
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31,	City of Emporia, Kansas			Lyon County		
	Operating Mileage	Debt Service Mileage	Total City Mileage	Operating Mileage	Debt Service Mileage	Total County Mileage
2002	28.544	9.853	38.397	44.879	1.083	45.962
2003	29.839	12.223	42.062	47.685	0.502	48.187
2004	30.511	10.747	41.258	50.077	0.969	51.046
2005	28.859	12.298	41.157	50.165	0.768	50.933
2006	28.453	12.503	40.956	49.656	0.890	50.546
2007	28.699	13.334	42.033	50.998	0.641	51.639
2008	28.573	13.275	41.848	46.437	-	46.437
2009	26.999	14.572	41.571	49.407	-	49.407
2010	26.205	15.571	41.776	52.810	-	52.810
2011	23.588	17.971	41.559	57.304	-	57.304

Fiscal Year Ended December 31,	USD 253			Total Direct & Overlapping Rates
	Operating Mileage	Debt Service Mileage	Total USD Mileage	
2002	40.123	21.037	61.160	145.519
2003	43.989	16.224	60.213	150.462
2004	48.130	9.591	57.721	150.025
2005	45.060	11.324	56.384	148.474
2006	44.849	9.986	54.835	146.337
2007	45.248	8.876	54.124	147.796
2008	46.260	7.788	54.048	142.333
2009	45.655	9.887	55.542	146.520
2010	49.564	10.852	60.416	155.002
2011	51.325	9.112	60.437	159.300

Overlapping rates are those of local and county government that apply to property owners within the City of Emporia. Not all overlapping rates apply to all Emporia property owners.

Source: Lyon County Clerk's Office

CITY OF EMPORIA, KANSAS
PRINCIPAL PROPERTY TAXPAYERS
For the Years Ended December 31,

Taxpayer	2011			2002		
	Taxpayer Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Westar Energy (Electric Div)	\$ 3,398,628	1	2.387%	\$ 2,277,940	2	1.736%
Hills Pet Nutrition	3,145,964	2	2.209%	-		0.000%
Iowa Beef	2,053,695	3	1.442%	4,368,676	1	3.328%
Kansas Gas Service	1,878,092	4	1.319%	701,672	8	0.535%
Tyson Fresh Meats	1,869,310	5	1.313%	-		0.000%
Emporia ROS/Walmart	1,701,925	6	1.195%	1,315,964	4	1.003%
Emporia Partners	1,236,640	7	0.869%	674,024	10	0.514%
Southwestern Bell(2)	1,227,911	8	0.862%	1,611,388	3	1.228%
Camoplast Rockland, LTD	1,208,960	9	0.849%	-		0.000%
Interstate Brands	1,106,125	10	0.777%	985,332	5	0.751%
Deuce Holdings	-			-		0.000%
Bunge North America	-			896,560	6	0.683%
Didde Corporation (2)	-			-		0.000%
Hopkins Manufacturing(2)	-			-		0.000%
Flint Hills Mall LLC	-			766,984	7	0.584%
Modine Manufacturing(2)	-			-		0.000%
Emporia Wholesale Coffee Co	-			681,736	9	0.519%
Total	<u>\$ 18,827,250</u>		<u>13.222%</u>	<u>\$ 14,280,276</u>		<u>9.145%</u>

Total Assessed Value \$142,386,773 (1)

(1) County Clerk's Budget Information for 2011
(2) Didde and Modine no longer have property in Lyon County.
Data for Hopkins and Southwestern Bell is not available.

**CITY OF EMPORIA, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended December 31,</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2002	\$ 4,980,869	\$ 4,284,854	86.026%	\$ 80,801	\$ 4,365,655	87.648%
2003	5,406,369	4,808,654	88.944%	72,483	4,881,137	90.285%
2004	5,524,098	5,274,464	95.481%	67,114	5,341,578	96.696%
2005	6,016,595	5,329,513	88.580%	93,220	5,422,733	90.130%
2006	6,054,145	5,624,603	92.905%	148,472	5,773,075	95.357%
2007	6,324,371	5,779,655	91.387%	80,454	5,860,109	92.659%
2008	6,313,570	6,148,270	97.382%	110,117	6,258,387	99.126%
2009	6,444,697	6,161,870	95.611%	184,226	6,346,096	98.470%
2010	6,683,675	5,939,418	88.865%	219,062	6,158,480	92.142%
2011	5,964,427	5,783,102	96.959%	228,161	6,011,263	100.785%

Data from City of Emporia Treasurer

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**CITY OF EMPORIA, KANSAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended December 31,</u>	<u>Governmental Activities</u>			
	<u>General Obligation Bonds</u>	<u>Temporary Notes</u>	<u>Loans Payable</u>	<u>Capital Leases</u>
2002	\$ 23,614,730	\$ -	\$ -	\$ 142,472
2003	23,906,800	-	-	86,856
2004	24,320,600	420,000	192,083	30,178
2005	25,785,400	-	168,098	-
2006	23,961,309	4,820,000	143,630	-
2007	27,151,654	6,290,000	118,670	-
2008	30,345,709	1,470,000	94,202	-
2009	28,454,275	1,175,000	67,243	-
2010	27,793,800	1,005,000	40,748	-
2011	23,060,000	175,000	-	-

Note 1 - See the Schedule of Demographic and Economic Statistics at Table 15 for personal income and population data.

Note - Details regarding the City's outstanding debt can be found in the notes to the financial statements

Business-type Activities		Notes Payable	Total Primary Government	Percentage of Personal Income	Per Capital - 1
General Obligation Bonds					
\$	7,525,270	\$ 13,338,218	\$ 44,620,690	7.87%	1,667
	6,453,200	15,255,430	45,702,286	7.95%	1,708
	5,989,400	15,063,089	46,015,350	7.94%	1,720
	5,554,600	14,343,737	45,851,835	7.91%	1,713
	4,928,691	13,650,842	47,504,472	8.13%	1,775
	4,406,935	12,963,791	50,931,050	8.73%	1,903
	3,864,291	12,253,185	48,027,387	8.44%	1,795
	3,305,726	11,518,203	44,520,447	6.68%	1,789
	2,726,200	14,295,379	45,861,127	11.00%	1,943
	8,150,000	6,566,169	37,951,169	9.20%	1,526

CITY OF EMPORIA, KANSAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2011

Governmental Unit	Debt Outstanding - Paid with Property Taxes	Percentage Applicable to City of Emporia	Amount Applicable to City of Emporia
Unified School District #253 - Overlapping	\$ 27,695,000	87.197%	\$ 24,149,209
Lyon County, Kansas - Overlapping	16,540,000	63.085%	<u>10,434,259</u>
Subtotal, Overlapping Debt			\$ 34,583,468
City of Emporia - Direct Debt			<u>23,235,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 57,818,468</u></u>
Population			24,868
Overlapping debt per capita			\$ 1,391
Direct and overlapping debt per capita			\$ 2,325

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the overlapping debt of those overlapping governments that is borne by the resident and businesses of the City. 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.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also applied to the other debt of the overlapping governmental units.

Source: Lyon County Clerk

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CITY OF EMPORIA, KANSAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
For the Years Ended December 31,

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Debt limit *	\$ 39,376,260	\$ 40,427,640	\$ 39,993,450	\$ 41,694,150
Total net debt applicable to limit	<u>23,589,887</u>	<u>23,698,628</u>	<u>23,929,279</u>	<u>25,679,525</u>
Legal Debt Margin	<u>\$ 15,786,373</u>	<u>\$ 16,729,012</u>	<u>\$ 16,064,171</u>	<u>\$ 16,014,625</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	59.91%	58.62%	59.83%	61.59%

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

Source: Assessed Valuation from Lyon County Appraiser

2006	2007	2008	2009	2010	2011
\$ 44,225,583	\$ 44,855,183	\$ 44,639,313	\$ 46,155,021	\$ 44,855,183	\$ 42,716,032
23,707,435	26,924,470	30,345,709	28,011,269	26,924,470	23,074,579
\$ 20,518,148	\$ 17,930,713	\$ 14,293,604	\$ 18,143,752	\$ 17,930,713	\$ 19,641,453
53.61%	60.03%	67.98%	60.69%	60.03%	54.02%

Legal Debt margin Calculation for the Fiscal Year 2011

	<u>2011</u>
Assessed Value	<u>\$ 142,386,773</u>
Debt Limit Ratio	30%
December 31, 2011 Debt Limit	\$ 42,716,032
Outstanding Debt Subject to Debt Limit	* <u>23,074,579</u>
Debt Authority Remaining December 31, 2011	<u>\$ 19,641,453</u>
December 31, 2011 GO Bonds and Temp Notes Outstanding	\$ 23,235,000
Less: amount set aside for repayment of general obligaton debt	<u>(160,421)</u>
Total Outstanding Debt Subject to Debt Limit December 31, 2011	* <u>\$ 23,074,579</u>

**CITY OF EMPORIA, KANSAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities General Obligation Bonds	Business-Type Activities General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Percentage Estimated Annual Taxable Value of Property - 1	Per Capita - 2
2002	\$ 23,614,730	\$ 7,525,270	\$ 24,843	\$ 31,115,157	4.26%	1,163
2003	23,906,800	6,453,200	208,172	30,151,828	3.96%	1,127
2004	24,320,600	5,989,400	391,321	29,918,679	3.74%	1,118
2005	25,785,400	5,554,600	105,875	31,234,125	3.66%	1,167
2006	23,961,309	4,928,691	253,874	28,636,126	3.22%	1,070
2007	27,151,654	4,406,935	227,184	31,331,405	3.50%	1,171
2008	30,345,709	3,864,291	467,128	33,742,872	3.66%	1,261
2009	28,454,275	3,305,726	443,006	31,316,995	3.40%	1,170
2010	27,793,800	2,726,200	210,861	30,309,139	3.40%	1,219
2011	23,060,000	8,150,000	160,421	31,049,579	3.57%	1,249

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

Note 1 - See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property at Table 7 for property value data.

Note 2 - Population data can be found in the Schedule of Demographic and Economic Statistics at Table 15.

**CITY OF EMPORIA, KANSAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31,	Population - 1	Population Income (amounts expressed in thousands)	Per Capita Personal Income - 2	Median Age - 2	Education Level in Years of Formal Schooling - 2	School Enrollment - 3	Unemployment Rate - 2
2002	26,760	\$ 567,071	\$ 21,191	36.8	14.6	\$ 6,005	3.7%
2003	26,760	574,698	21,476	36.7	14.6	6,011	4.0%
2004	26,760	579,702	21,663	36.9	14.7	6,194	4.3%
2005	26,760	579,943	21,672	37.0	14.7	6,192	4.1%
2006	26,760	584,438	21,840	37.1	15.0	6,201	3.6%
2007	26,760	583,475	21,804	37.4	14.9	6,257	4.8%
2008	26,760	569,373	21,277	38.1	14.2	6,167	6.3%
2009	26,760	665,575	24,872	28.4	14.1	6,156	6.7%
2010	24,868	483,260	19,433	28.4	12.2	6,833	8.3%
2011	24,868	408,656	19,433	28.4	12.1	7,067	8.3%

Note 1 - Data from U.S. Census Information

Note 2 - Data from Kansas Department of Labor Lyon County Statistics

Note 3 - Data obtained from various education entities in Emporia

CITY OF EMPORIA, KANSAS
PRINCIPAL EMPLOYERS
December 31, 2011 and Ten Years Ago

<u>Taxpayer</u>	<u>2011</u>			<u>2002</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employee</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Tyson Fresh Meats	934	1	3.76%	2,607	1	10.22%
Emporia State University	805	2	3.16%	1,145	3	4.49%
USD #253	787	3	3.24%	1,493	2	5.85%
Wonder-Hostess	516	4	2.07%	750	4	2.94%
Newman Regional Health	399	5	1.60%	497	5	1.95%
Simmons Pet Food	275	6	1.11%	-		0.00%
Lyon County	258	7	1.04%	241	10	0.94%
City of Emporia, Kansas	243	8	0.98%	285	7	1.12%
Hopkins Manufacturing	232	9	0.00%	283	8	1.11%
Wal-Mart Super Center	186	10	0.00%	-		1.12%
Menu Foods Midwest	-		0.00%	-		1.11%
Detroit Diesel Remanufacturing	-		0.00%	-		0.00%
Modine Manufacturing(1)	-		0.00%	495	6	1.94%
Birch Telecom	-		0.00%	269	9	1.05%
Total	<u>4,635</u>		<u>16.96%</u>	<u>8,065</u>		<u>33.84%</u>

Data from Emporia Chamber of Commerce

(1) Modine no longer has a plant in Emporia.

**CITY OF EMPORIA, KANSAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	34	32	32	32	37	35	34	33	34	34
Public Safety										
Officers	48	45	48	45	48	44	46	47	47	49
Civilians	20	21	24	21	23	23	23	23	25	24
Fire										
Firefighters and										
Officers	45	46	48	46	48	48	48	49	49	49
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and Streets										
Engineering	6	5	7	5	7	8	5	5	5	5
Maintenance	16	16	11	11	11	9	7	7	8	8
Sanitation	32	28	30	28	31	30	30	31	32	33
Culture and Recreation	29	29	30	34	28	30	19	20	20	21
Water	21	19	17	19	18	17	21	21	21	20
Sewer	13	13	12	13	12	12	13	13	13	13
Total	265	255	260	255	264	257	247	250	255	257

(1) Data received from the Human Resources Department

**CITY OF EMPORIA, KANSAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Physical arrests (1)	2,341	1,961	2,008	1,952	1,859	1,823	1,306	890	996	1,290
Parking violations (1)	6,535	5,840	7,289	6,308	6,355	6,609	7,130	9,044	7,253	5,249
Traffic violations (1)	5,415	4,991	5,075	4,788	4,969	4,879	3,725	3,010	2,309	2,237
Fire										
Number of calls answered (2)	1,411	1,445	1,396	1,448	1,333	1,435	1,267	3,154	3,065	3,047
Inspections (2)	1,004	1,045	1,614	1,067	980	1,023	1,127	1,338	1,287	1,272
Highways and Streets										
Street resurfacing (miles) (3)	5.00	4.81	4.79	4.80	4.82	4.81	3.53	3.60	8.56	3.08
Potholes repaired (4)	80	80	78	95	100	150	201	304	399	427
Sanitation										
Refuse collected (tons/day) (5)	90.51	90.96	96.04	96.67	94.21	92.11	87.62	81.46	80.00	79.78
Recyclables collected (tons/day) (5)	6.46	6.98	6.21	6.04	6.71	6.57	5.61	6.45	5.03	4.76
Water										
New connections (6)	173	173	173	173	173	169	177	36	16	27
Water main breaks (6)	88	84	61	57	63	72	69	35	49	47
Average daily consumption (thousands of gallons) (7)	8,647	9,218	8,737	8,765	9,472	8,460	6,629	6,292	6,334	5,524
Wastewater										
Average daily treatment capacity (thousands of gallons) (8)	2,190	2,003	2,192	2,002	2,200	3,190	2,400	2,357	2,400	2,700

- (1) Data received from the Human Resources Department
- (2) Data received from the fire department
- (3) Data received from the engineering department
- (4) Data received from the street department
- (5) Data received from the solid waste department
- (6) Data received from the public works department
- (7) Data recovered from the water department
- (8) Data received from the wastewater department

August 15, 2012
Mayor and City Commissioners
City of Emporia, Kansas
(Continued)

Compliance and Other Matters

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

This report is intended solely for the information and use of the Commissioners, management, others within the City of Emporia and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants
Manhattan, Kansas