

CITY OF EMPORIA, KANSAS

104 E. 5th Avenue
Emporia, Kansas 66801

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2012

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

CITY OF EMPORIA, KANSAS
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INTRODUCTORY SECTION



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, 2012 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. Simmons recently added a fourth production line and 30 new employees. A new manufacturer of cardboard pallets is opening in 2013 to serve the City's food processing companies. 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 reopening in June 2013 and will still be the largest baking facility in the company's system.

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. ESU has had significant increases in student enrollment for the past 3 semesters. Flint Hills Technical College has had record enrollment for the past 8 semesters. 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

Unrestricted fund balance in the general fund at year end was 21.39 percent of total general fund revenues. This amount was above the 15 percent policy guidelines set by the Commission for budgetary and planning purposes. The water fund unrestricted fund balance was 24.63 percent, the sewer fund unrestricted fund balance was 33.22 percent and the Solid Waste fund unrestricted fund balance was 75.97 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 2012 \$85,000 was spent on storm water repairs, \$1.8 million on street maintenance and \$431,000 on building repairs. This sales tax was set to expire in 2014 and the citizens of Lyon County voted on the 2012 ballot to extend until 2024.

A five year capital improvement plan is maintained which serves as its planning document to ensure that facilities, equipment and infrastructure are well maintained and operating in good condition. Property owners can participate in the Neighborhood Revitalization Program for property in the center part of Emporia. The downtown district received Historical district certification in 2012 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, 2012, 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, 2012. 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, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

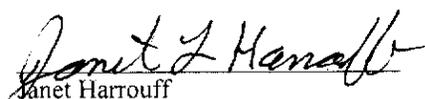
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both accounting principles generally 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-seven consecutive years (fiscal years 1985-2011). 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
June 24, 2013


Mark McAnarney
Assistant City Manager
June 24, 2013

CERTIFICATE GOES HERE

ORGANIZATION CHART GOES HERE

CITY OF EMPORIA, KANSAS
PRINCIPAL OFFICIALS
December 31, 2012

GOVERNING BODY

Mayor
Vice-Mayor
Commissioner
Commissioner
Commissioner

Bobbi Mylnar
Rob Gilligan
Kevin Nelson
Joes Phipps
Jim Kessler

ADMINISTRATIVE OFFICIALS

City Manager
Assistant City Manager
City Clerk
City Treasurer
City Attorney

Matthew Zimmerman
Mark McAnarney
Kerry Sull
Janet Harrouff
Blaise Plummer

DEPARTMENT HEADS

Public Works Director
City Engineer
Fire Chief
Interim Police Chief

Ron Childers
Jerry Menefee
Jack Taylor
Scott Cronk

INDEPENDENT AUDITOR'S REPORT

June 24, 2013



Mayor and City Commissioners
City of Emporia, Kansas

INDEPENDENT AUDITOR'S REPORT

REPORT ON FINANCIAL STATEMENTS

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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the applicable provisions of the *Kansas Municipal Audit and Accounting Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budget comparisons for the General Fund and Multi-Year Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

June 24, 2013
Mayor and City Commissioners
City of Emporia, Kansas
(Continued)

OTHER MATTERS

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual non-major fund financial statements, budgetary comparison schedules for the debt service fund and budgeted non-major governmental funds, and schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the other information, such as introductory 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, budget comparison schedules for the debt service fund and budgeted nonmajor funds and the schedule of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic 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.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE, on our consideration of the City'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 on compliance.

Vannoy & Associates, CPAs

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, 2012

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, 2012. 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 \$83,387,509 at the end of the current fiscal year, an decrease of \$3,854,556 from the prior year.
- The Government-wide unrestricted current assets exceed the current liabilities by \$13,537,664, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2012, totaled \$98,214,776.
- During the year ended December 31, 2012, the City's total expenses exceeded total revenues (which include charges for services, local taxes and state and federal aid) by \$3,854,556.
- The City's total indebtedness showed a net decrease of \$5,358,736, 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 \$6,420,000. Total debt payments amounted to \$11,761,169 for the year.
- The City's net capital assets decreased \$9,239,777 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 Position 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 Position 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 position and current year change in the net position. The change in net position 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 position 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, 2012

Unaudited

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

In the Statement of Net Position 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 major 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 Position 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 Net Position

Net position 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 \$83,387,509 at the end of the current fiscal year.

By far the largest portion of the City of Emporia's net position (78.35 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, 2012
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, 2012 and 2011:

CITY OF EMPORIA, KANSAS
CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
ASSETS						
Current	\$ 17,954,485	\$ 18,288,831	\$ 8,433,265	\$ 7,563,107	\$ 26,387,750	\$ 25,851,938
Net Capital Assets	66,199,682	73,198,992	32,015,094	34,255,557	98,214,776	107,454,549
TOTAL ASSETS	\$ 84,154,167	\$ 91,487,823	\$ 40,448,359	\$ 41,818,664	\$ 124,602,526	\$ 133,306,487
LIABILITIES AND NET POSITION						
Liabilities						
Current	\$ 10,381,419	\$ 10,628,360	\$ 2,468,667	\$ 2,184,175	\$ 12,850,086	\$ 12,812,535
Non-Current	16,802,933	20,069,771	11,561,997	13,182,116	28,364,930	33,251,887
Total Liabilities	\$ 27,184,352	\$ 30,698,131	\$ 14,030,664	\$ 15,366,291	\$ 41,215,016	\$ 46,064,422
Net Position						
Invested in capital assets - Net of related debt	\$ 46,489,682	\$ 49,963,992	\$ 18,844,645	\$ 19,544,388	\$ 65,334,327	\$ 69,508,380
Restricted	8,649,753	8,865,752	-	-	8,649,753	8,865,752
Unrestricted	1,830,380	1,959,948	7,573,049	6,907,985	9,403,429	8,867,933
Total Net Position	\$ 56,969,815	\$ 60,789,692	\$ 26,417,694	\$ 26,452,373	\$ 83,387,509	\$ 87,242,065
TOTAL LIABILITIES AND NET POSITION	\$ 84,154,167	\$ 91,487,823	\$ 40,448,358	\$ 41,818,664	\$ 124,602,525	\$ 133,306,487

An additional portion of the City of Emporia's net position (10.38 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (11.27 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 position, 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 position was decreased by \$3,854,556 during the current fiscal year. This decrease resulted .9 percent from business-type activities and 99.1 percent from governmental activities. The current year governmental activities decreased the City of Emporia's net position by \$3,819,877. The current-year decrease was due primarily to depreciation of capital assets of \$7,567,626.

Governmental Activities

The following is a condensed statement of the City's change in net position for the year ended December 31, 2012 and 2011:

CITY OF EMPORIA, KANSAS
CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue						
Functions/Program:						
Charges for services	\$ 3,408,590	\$ 4,809,174	\$ 12,959,639	\$ 13,140,476	\$ 16,368,229	\$ 17,949,650
Operating grants	476,479	731,493	-	-	476,479	731,493
Capital grants	-	-	-	760,984	-	760,984
General revenues	-	-	-	-	-	-
Property tax	7,030,952	7,224,953	-	-	7,030,952	7,224,953
Other	10,665,435	10,677,961	254,396	350,879	10,919,831	11,028,840
Total Revenues	\$ 21,581,456	\$ 23,443,581	\$ 13,214,035	\$ 14,252,339	\$ 34,795,491	\$ 37,695,920

(Continued)

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2012
Unaudited

Governmental Activities (Continued)

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Expenditures						
General government	\$ 4,387,457	\$ 3,779,829	\$ -	\$ -	\$ 4,387,457	\$ 3,779,829
Public safety	9,208,224	10,267,119	-	-	9,208,224	10,267,119
Highway and streets	7,443,498	7,656,949	-	-	7,443,498	7,656,949
Culture and recreation	2,909,189	2,822,262	-	-	2,909,189	2,822,262
Health and environment	197,099	105,500	-	-	197,099	105,500
Building maintenance	1,320,425	1,374,742	-	-	1,320,425	1,374,742
Planning and development	608,747	656,439	-	-	608,747	656,439
Airport operations	617,829	584,990	-	-	617,829	584,990
Appropriation	81,010	86,583	-	-	81,010	86,583
Capital outlay	17,853	-	-	-	17,853	-
Bond issuance costs	830,402	46,235	-	-	830,402	46,235
Solid waste disposal	-	-	3,020,758	2,979,111	3,020,758	2,979,111
Sewer utility	-	-	3,511,678	3,233,859	3,511,678	3,233,859
Water utility	-	-	4,495,878	4,327,855	4,495,878	4,327,855
Interest on debt	-	1,006,166	-	-	-	1,006,166
Total Expenses	\$ 27,621,733	\$ 28,386,814	\$ 11,028,314	\$ 10,540,825	\$ 38,650,047	\$ 38,927,639
INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS	\$ (6,040,277)	\$ (6,805,358)	\$ 2,185,721	\$ 3,711,514	\$ (3,854,556)	\$ (1,231,719)
Transfers	2,220,400	3,425,288	(2,220,400)	(3,425,288)	-	-
INCREASE (DECREASE) IN NET POSITION	\$ (3,819,877)	\$ (3,380,070)	\$ (34,679)	\$ 286,226	\$ (3,854,556)	\$ (1,231,719)

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

For the Year Ended December 31, 2012

Unaudited

Business-Type Activities

Business-type activities decreased the City of Emporia's net position by \$34,679 in 2012, compared to an increase of \$286,226 in 2011. This change from 2011 to 2012 is attributed to the additional improvements in the enterprise funds.

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 \$9,758,451, a decrease of \$739,948 in comparison with the prior year. A large portion of this total fund balance amount (\$2,427,983) constitutes capital project fund balances, which are available for spending on large capital projects. The remainders of fund balance amounts were as follows: \$3,220,385 restricted for various city functions and services; \$3,001,385 assigned for purchases on order and subsequent year's budget appropriations; and \$1,108,698 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 \$1,108,698. The fund balance of the City's general fund was decreased by \$523,949 during the current fiscal year, mainly due to strict limits on expenditures.

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 \$250,566 from proceeds of sales tax that had not been expended at year-end.

The Debt Service Fund has a total fund balance of \$696,238, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the fund was \$555,547. The increase is due to taxes levied for future debt payments. The City issued general obligation bonds with proceeds totaling \$6,420,000 to refund water and sewer loans, all of which is accounted for in the proprietary funds.

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 position of the enterprise funds is as follows: Water Fund net position decreased \$26,628, ending at \$2,470,743; Sewer Fund net position decreased \$403,172, ending at \$2,078,069; and the Solid Waste Fund net position increased \$395,121, ending at \$3,024,237. 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, 2012

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 \$19,603,491. The revenues were lower than budgetary estimates by \$1,058,878 and the expenditures were less than budgetary estimates by \$2,386,393.

The actual expenditures (before transfers) for the General Fund as of December 31, 2012 were \$13,710,373 compared to the final budget of \$16,074,461. The variance of actual expenditures to budget was \$2,364,088 under budget for the year ended December 31, 2012. 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 \$98,214,776 (net of accumulated depreciation) as of December 31, 2012. 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 75% and a 25% decrease for business-type activities.

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

Repaired various streets, curbs, gutters, driveways, and sidewalks throughout Emporia at a cost of \$840,372.

Resurfaced US 50 from Prairie Street to Elm Street at a cost of \$372,003.

Constructed new road in Industrial Park No. three at a cost of \$389,385.

Repaired concrete culvert from W. Hwy 50 to W. 9th Avenue and South Avenue east of Prairie Street at a cost of \$81,012.

Replaced old water main on Coronado Avenue & LaGuna Court at a cost of \$89,710.

Replaced collapsed sewer main in Country Club Heights at a cost of \$27,524.

Extended the sewer main to the Kenyon Hall Building on C of E Drive at a cost of \$69,062.

Sidewalk construction, signage, and speed tables at three grade schools at the cost of \$260,433.

Completed work on a connecting sidewalk from Dorset Drive to East Street at a cost of \$69,421.

Reconstructed the No. 9 hole pond at the Municipal Golf Course for a cost of \$153,367.

Continued the hazardous sidewalk replacement program, replacing 2,871 linear feet of 4" sidewalk and 268 linear feet of 6" sidewalk for a cost of \$45,776.

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

For the Year Ended December 31, 2012

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, 2012, the City had total general obligation bond debt outstanding of \$32,605,000, backed by the full faith and credit of the City. Total general obligation long-term debt decreased for payments in the amount of \$5,680,000 for the fiscal year ended December 31, 2012. 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 44.31%. In 2012, the City issued \$6,420,000 of general obligation bonds, all of which was refunding debt. The debt was issued to retire two loans with the Kansas Department of Health and Environment.

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 7.2% (as of May 2013). However, the rate is expected to dip considerably with the reopening of the Hostess (formerly Dolly Madison) baking plant in June 2013. The 2013 budget was revised by the City Commission in March to address the changes that were expected to occur when the plant shut down last November, after the 2013 budget was adopted. Therefore, revenues should be much higher than is currently budgeted. All funds exceed the reserve levels established by the City Commission in 2009. The revenues and expenses compared to budget are reviewed weekly by City Management and monthly by the City Commission. The City also reviews its unencumbered cash report weekly.

The occupancy rate in the downtown district remains at a consistent 88%. The City expects this to improve once the Community Initiated Development (CID) project is completed by fall 2013. CID is a collaboration of the Kansas Department of Transportation, Kansas Department of Commerce, City of Emporia, Emporia Main Street, the Emporia Area Chamber of Commerce and Convention and Visitors Bureau, and the Regional Development Agency of East-Central Kansas (RDA). CID is a master plan for the downtown area that focuses on uses that are compatible with the downtown area. The first two phases of CID led to the creation of distinct districts within the downtown, including the Black and Gold District (focus is university uses); Arts District (arts and entertainment); Retail (retail); and Office (office uses surrounding the Lyon County Courthouse). These districts were then incorporated into the City's Comprehensive Plan. Phase Three will identify specific types of uses and retailers as well as the level of infrastructure that will be necessary to support these uses. Already two new mixed uses, with retail on the ground floor and housing on the second and third floors, have been built in the downtown area since Phases One and Two were completed. The mixture will encourage people to live downtown and increase the population base for the retailers.

Vacancy rates across Emporia held steady in 2012. Several vacant retail spaces were filled with new regional retailers that widened the shopping opportunities for residents. A long vacant building in Industrial Park III is scheduled to open in June with up to 100 manufacturing jobs. Two manufacturers have had a significant increase in hiring as new product lines have been moved to Emporia from other company facilities. The City and RDA continue 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. Efforts include attending the International Conference of Shopping Centers (the premier retail conference in the country), onsite visits with local manufacturers, and encouraging new growth in existing businesses. The City and RDA are currently negotiators with two local businesses to construct new facilities, one a manufacturing plant and the other a hotel and convention center. If these projects come to fruition, Emporia will be well-positioned to attract additional events and conferences.

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

For the Year Ended December 31, 2012

Unaudited

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

Three of the City's five operating funds saw decreases in unencumbered cash for the 2012 fiscal year. However, each fund maintained unencumbered cash reserves above the reserve level set forth by City policy. The additional employment is anticipated to increase revenues and eliminate the deficit spending in these funds. The City Commission and management will continue to monitor revenues and expenses, as well as unencumbered cash reserves, to ensure the reserves do not fall below the target. Aggressive action will be taken, if necessary, to maintain the reserve levels, including not filling positions left by retiring employees, having several projects come in well under budget and eliminating capital purchases.

The General Fund had a decrease in unencumbered cash in the amount of \$402,626 for the 2012 fiscal year. The General Fund ended the 2012 fiscal year with reserves over 20%, with the target goal being 15%.

The Multi-Year Improvement Fund had an increase in unencumbered cash of \$311,178 for the 2012 fiscal year. The increase was due to several projects not being encumbered during the fiscal year. The City has no reserve target for this fund.

The Debt Service Fund had an increase in unencumbered cash of \$535,817 for the 2012 fiscal year. The increase was due to increased taxes levied for future debt service payments.

The Water Fund had a increase in unencumbered cash in the amount of \$171,265 for the 2012 fiscal year. The increase was due to completion of capital projects. The Water Fund ended the 2012 fiscal year with reserves above the 20% target reserve level.

The Sewer Fund had a decrease in unencumbered cash in the amount of \$310,402 for the 2012 fiscal year. The cause for the deficit was a significant increase in the cost of a new sewer main to the City's newest industrial park. The Sewer Fund ended the 2012 fiscal year with reserves above the 20% target reserve

The Solid Waste Fund had an increase in unencumbered cash in the amount of \$594,919 for the 2012 fiscal year. Cash was increased to save money to implement a new curbside recycling program. The Solid Waste Fund ended the 2012 fiscal year with reserves well above the 20% target level.

Total unencumbered cash reserves in all funds increased \$135,985. This includes operational and restricted funds.

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 POSITION

December 31, 2012

	Primary Government			Component Unit
	Governmental	Business-Type	Total	Emporia Public Library
	Activities	Activities		
ASSETS				
Cash and investments	\$ 11,110,610	\$ 6,700,186	\$ 17,810,796	\$ 462,464
Accounts receivable - net of allowance	6,666,830	1,217,253	7,884,083	-
Inventory	-	384,687	384,687	-
Deferred charges	177,045	131,139	308,184	-
Total current assets	<u>\$ 17,954,485</u>	<u>\$ 8,433,265</u>	<u>\$ 26,387,750</u>	<u>\$ 462,464</u>
Capital assets not being depreciated:				
Land	\$ 1,683,849	\$ 210,525	\$ 1,894,374	\$ -
Capital assets, being depreciated:				
Capital assets	229,158,746	71,281,817	300,440,563	846,335
Accumulated depreciation	(164,642,913)	(39,477,248)	(204,120,161)	(476,488)
Total capital assets	<u>\$ 66,199,682</u>	<u>\$ 32,015,094</u>	<u>\$ 98,214,776</u>	<u>\$ 369,847</u>
Total Assets	<u>\$ 84,154,167</u>	<u>\$ 40,448,359</u>	<u>\$ 124,602,526</u>	<u>\$ 832,311</u>
LIABILITIES				
Accounts payable	\$ 466,648	\$ 383,998	\$ 850,646	\$ 33,581
Accrued liabilities	394,279	268,822	663,101	-
Interest payable	248,956	130,092	379,048	-
Unearned revenue	5,760,541	-	5,760,541	-
Net OPEB obligation	22,134	-	22,134	-
Unpaid claims	37,422	-	37,422	-
Current portion of				
Compensation absences payable	181,439	25,755	207,194	20,618
Notes payable	-	-	-	-
General obligation bonds	3,270,000	1,660,000	4,930,000	-
Total current liabilities	<u>\$ 10,381,419</u>	<u>\$ 2,468,667</u>	<u>\$ 12,850,086</u>	<u>\$ 54,199</u>
Noncurrent liabilities:				
Compensated absences payable	\$ 362,933	\$ 51,548	\$ 414,481	\$ -
General obligation bonds and temporary notes	16,440,000	11,235,000	27,675,000	-
Unamortized premium	-	275,449	275,449	-
Total noncurrent liabilities	<u>\$ 16,802,933</u>	<u>\$ 11,561,997</u>	<u>\$ 28,364,930</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 27,184,352</u>	<u>\$ 14,030,664</u>	<u>\$ 41,215,016</u>	<u>\$ 54,199</u>
NET POSITION				
Invested in capital assets - net of related debt	\$ 46,489,682	\$ 18,844,645	\$ 65,334,327	\$ 369,847
Restricted for				
Urban development	1,704,506	-	1,704,506	-
Public safety	339,572	-	339,572	-
Culture and recreation				
Expendable	253,379	-	253,379	193,578
Nonexpendable	-	-	-	82,589
Public works	225,571	-	225,571	-
Debt service	697,357	-	697,357	-
Capital projects	2,427,983	-	2,427,983	-
Purchases on order	79,415	-	79,415	-
Subsequent year's budget	2,921,970	-	2,921,970	-
Unrestricted	1,830,380	7,573,049	9,403,429	132,098
Total Net Position	<u>\$ 56,969,815</u>	<u>\$ 26,417,694</u>	<u>\$ 83,387,509</u>	<u>\$ 778,112</u>

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

CITY OF EMPORIA, KANSAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 4,387,457	\$ 1,133,029	\$ -	\$ -
Public safety	9,208,224	1,240,326	127,517	-
Highway and streets	7,443,498	-	86,876	-
Culture and recreation	2,909,189	581,032	64,918	-
Health and environment	197,099	-	196,168	-
Building maintenance	1,320,425	-	1,000	-
Planning and development	608,747	-	-	-
Airport operations	617,829	454,203	-	-
Appropriations	81,010	-	-	-
Bond issuance costs	17,853	-	-	-
Interest on long-term debt	830,402	-	-	-
Total Governmental Activities	\$ 27,621,733	\$ 3,408,590	\$ 476,479	\$ -
Business-type activities:				
Solid waste disposal	\$ 3,020,758	\$ 3,907,206	\$ -	\$ -
Sewer utility	3,511,678	3,721,099	-	-
Water utility	4,495,878	5,331,334	-	-
Total Business-type Activities	\$ 11,028,314	\$ 12,959,639	\$ -	\$ -
Total Primary Government	\$ 38,650,047	\$ 16,368,229	\$ 476,479	\$ -
Component Unit:				
Emporia Public Library				
Culture and recreation	\$ 859,193	\$ 20,394	\$ 849,167	\$ -
Capital outlay	15,678	-	-	-
Total Component Unit	\$ 874,871	\$ 20,394	\$ 849,167	\$ -

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 Position

Net Position - Beginning

Net Position - Ending

(continued)

Net (Expenses) Revenue and Changes in Net Position			Component
Primary Government			Unit
Governmental Activities	Business- Type Activities	Total	Emporia Public Library
\$ (3,254,428)	\$ -	\$ (3,254,428)	\$ -
(7,840,381)	-	(7,840,381)	-
(7,356,622)	-	(7,356,622)	-
(2,263,239)	-	(2,263,239)	-
(931)	-	(931)	-
(1,319,425)	-	(1,319,425)	-
(608,747)	-	(608,747)	-
(163,626)	-	(163,626)	-
(81,010)	-	(81,010)	-
(17,853)	-	(17,853)	-
(830,402)	-	(830,402)	-
<u>\$ (23,736,664)</u>	<u>\$ -</u>	<u>\$ (23,736,664)</u>	<u>\$ -</u>
\$ -	\$ 886,448	\$ 886,448	\$ -
-	209,421	209,421	-
-	835,456	835,456	-
<u>\$ -</u>	<u>\$ 1,931,325</u>	<u>\$ 1,931,325</u>	<u>\$ -</u>
<u>\$ (23,736,664)</u>	<u>\$ 1,931,325</u>	<u>\$ (21,805,339)</u>	<u>\$ -</u>
			\$ 10,368
			(15,678)
			<u>\$ (5,310)</u>
\$ 4,021,932	\$ -	\$ 4,021,932	\$ -
3,009,020	-	3,009,020	-
2,211,034	-	2,211,034	-
6,442,595	-	6,442,595	-
646,213	-	646,213	-
153,676	5,187	158,863	1,950
1,211,917	249,209	1,461,126	13,666
2,220,400	(2,220,400)	-	-
<u>\$ 19,916,787</u>	<u>\$ (1,966,004)</u>	<u>\$ 17,950,783</u>	<u>\$ 15,616</u>
(3,819,877)	(34,679)	(3,854,556)	10,306
<u>\$ 60,789,692</u>	<u>\$ 26,452,373</u>	<u>\$ 87,242,065</u>	<u>\$ 767,806</u>
<u>\$ 56,969,815</u>	<u>\$ 26,417,694</u>	<u>\$ 83,387,509</u>	<u>\$ 778,112</u>

CITY OF EMPORIA, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2012

	<u>General Fund</u>	<u>Multi-Year Improvement</u>	<u>Debt Service</u>
ASSETS			
Cash and investments	\$ 3,749,796	\$ 1,448,027	\$ 696,238
Receivables			
Accounts	892,296	1,930	-
Taxes	2,788,400	-	2,367,006
Due from other funds	18,726	-	-
Total Assets	<u><u>\$ 7,449,218</u></u>	<u><u>\$ 1,449,957</u></u>	<u><u>\$ 3,063,244</u></u>
LIABILITIES			
Accounts payable	\$ 164,942	\$ 198,770	\$ -
Accrued liabilities	385,793	-	-
Due to other funds	-	-	-
Unearned revenue	2,788,400	-	2,367,006
Total Liabilities	<u><u>\$ 3,339,135</u></u>	<u><u>\$ 198,770</u></u>	<u><u>\$ 2,367,006</u></u>
FUND BALANCE			
Restricted			
Urban development	\$ -	\$ 1,251,187	\$ -
Public safety	-	-	-
Culture and recreation	-	-	-
Public works	-	-	-
Debt service	-	-	696,238
Committed:			
Capital projects	-	-	-
Assigned			
Purchases on order	79,415	-	-
Subsequent year's budget: appropriation of fund balances	2,921,970	-	-
Unassigned	1,108,698	-	-
Total Fund Balance	<u><u>\$ 4,110,083</u></u>	<u><u>\$ 1,251,187</u></u>	<u><u>\$ 696,238</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 7,449,218</u></u>	<u><u>\$ 1,449,957</u></u>	<u><u>\$ 3,063,244</u></u>

(continued)

Total Nonmajor Funds	Total Governmental Funds
\$ 3,818,708	\$ 9,712,769
	-
12,063	906,289
605,135	5,760,541
-	18,726
\$ 4,435,906	\$ 16,398,325

\$ 102,936	\$ 466,648
8,166	393,959
18,726	18,726
605,135	5,760,541
\$ 734,963	\$ 6,639,874

\$ 453,319	\$ 1,704,506
339,572	339,572
253,379	253,379
225,571	225,571
1,119	697,357
2,427,983	2,427,983
-	79,415
-	2,921,970
-	1,108,698
\$ 3,700,943	\$ 9,758,451
\$ 4,435,906	\$ 16,398,325

CITY OF EMPORIA, KANSAS
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2012

Total Governmental Fund Balances \$ 9,758,451

Amounts reported for governmental activities in the statement of net position 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 position.

1,360,099

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, 2012.

177,045

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

The cost of capital assets is	\$ 230,842,595	
Accumulated depreciation is	<u>(164,642,913)</u>	66,199,682

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	\$ 19,710,000	
Interest payable	248,956	
Net OPEB obligation payable	22,134	
Compensated absences payable	<u>544,372</u>	<u>20,525,462</u>

Net Position of Governmental Activities \$ 56,969,815

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

For the Year Ended December 31, 2012

	General Fund	Multi-Year Improvement	Debt Service
REVENUES			
Taxes	\$ 11,867,899	\$ -	\$ 3,009,020
Charges for services	1,079,812	-	-
Special assessments	-	-	46,141
Intergovernmental	664,942	-	-
Licenses and permits	158,756	-	-
Fines and fees	589,334	-	-
Use of money & property	144,182	1,196	851
Contributions	-	-	-
Miscellaneous	53,008	11,455	134,305
Total Revenues	\$ 14,557,933	\$ 12,651	\$ 3,190,317
EXPENDITURES			
General governmental	\$ 1,208,302	\$ 1,984,991	\$ -
Public safety	8,474,325	-	-
Highways and streets	331,570	-	-
Culture and recreation	1,794,526	-	-
Health and environment	-	-	-
Building maintenance	1,194,393	-	-
Planning and development	31,717	-	-
Airport operations	548,013	-	-
Appropriations	81,010	-	-
Capital outlay	-	-	-
Bond issuance costs	-	-	-
Debt service			
Principal	-	-	3,525,000
Interest and other charges	-	-	868,613
Total Expenditures	\$ 13,663,856	\$ 1,984,991	\$ 4,393,613
Excess (Deficiency) of Revenues over Expenditures	\$ 894,077	\$ (1,972,340)	\$ (1,203,296)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 2,446,216	\$ 2,401,821	\$ 1,739,113
Transfers out	(3,551,335)	(178,915)	-
Proceeds from issuance of refunding bonds	-	-	-
Total Other Financing Sources and Uses	\$ (1,105,119)	\$ 2,222,906	\$ 1,739,113
Net Change in Fund Balance	\$ (211,042)	\$ 250,566	\$ 535,817
Fund Balance - Beginning	4,321,125	1,000,621	160,421
Fund Balance - Ending	\$ 4,110,083	\$ 1,251,187	\$ 696,238

(continued)

Other Nonmajor Funds	Total Governmental Funds
\$ 1,407,734	\$ 16,284,653
-	1,079,812
-	46,141
976,725	1,641,667
-	158,756
-	589,334
3,948	150,177
28,739	28,739
396,967	595,735
<u>\$ 2,814,113</u>	<u>\$ 20,575,014</u>

\$ 451,381	\$ 3,644,674
164,383	8,638,708
601,169	932,739
709,638	2,504,164
197,099	197,099
-	1,194,393
564,106	595,823
-	548,013
-	81,010
1,110,759	1,110,759
5,773	5,773
-	3,525,000
-	868,613
<u>\$ 3,804,308</u>	<u>\$ 23,846,768</u>

<u>\$ (990,195)</u>	<u>\$ (3,271,754)</u>
---------------------	-----------------------

\$ 677,896	\$ 7,265,046
(1,037,145)	(4,767,395)
34,155	34,155
<u>\$ (325,094)</u>	<u>\$ 2,531,806</u>

<u>\$ (1,315,289)</u>	<u>\$ (739,948)</u>
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<u>5,016,232</u>	<u>10,498,399</u>
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<u><u>\$ 3,700,943</u></u>	<u><u>\$ 9,758,451</u></u>
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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, 2012

Total Net Change in Fund Balances - Governmental Funds \$ (739,948)

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 position 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	\$ 829,780	
Depreciation expense	<u>(7,567,626)</u>	(6,737,846)

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. 431,939

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. 38,211

Some expenses reported in the statement of activities, such as compensated absences and postemployment benefits do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (14,734)

Proceeds of bonds is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net position and does not affect the statement of activities. (34,155)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, donations and disposals) (282,037)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. 3,525,000

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

Bond cost amortization	\$ (12,080)	
Bond costs in current year to be amortized	<u>5,773</u>	<u>(6,307)</u>

Changes in Net Assets of Governmental Activities \$ (3,819,877)

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

For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance
	Original	Final		with Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 12,074,738	\$ 12,074,738	\$ 11,867,899	\$ (206,839)
Intergovernmental	591,895	591,895	664,942	73,047
Licenses and permits	145,010	145,010	158,756	13,746
Charges for services	1,959,680	1,959,680	1,079,812	(879,868)
Fines and fees	534,000	534,000	589,334	55,334
Use of money and property	134,913	134,913	144,182	9,269
Reimbursements	122,787	122,787	4,969	(117,818)
Miscellaneous	53,788	53,788	48,039	(5,749)
Total Revenues	<u>\$ 15,616,811</u>	<u>\$ 15,616,811</u>	<u>\$ 14,557,933</u>	<u>\$ (1,058,878)</u>
EXPENDITURES				
Current:				
General Government	\$ 2,376,744	\$ 2,376,744	\$ 1,209,264	\$ 1,167,480
Public Safety				
Law enforcement	\$ 4,487,633	\$ 4,487,633	4,381,173	\$ 106,460
Animal control	135,571	135,571	125,057	10,514
Court services	499,702	499,702	395,849	103,853
Ambulance	2,111,361	2,111,361	1,073,843	1,037,518
Fire	2,412,251	2,412,251	2,574,116	(161,865)
Total Public Safety	<u>\$ 9,646,518</u>	<u>\$ 9,646,518</u>	<u>\$ 8,550,038</u>	<u>\$ 1,096,480</u>
Highways and Streets				
Maintenance				
Maintenance	\$ 19,136	\$ 19,136	\$ 19,130	\$ 6
Snow removal	36,300	36,300	170	36,130
Street lighting	260,000	260,000	282,846	(22,846)
Total Highways and Streets	<u>\$ 315,436</u>	<u>\$ 315,436</u>	<u>\$ 302,146</u>	<u>\$ 13,290</u>
Culture and Recreation				
Park	\$ 534,337	\$ 534,337	\$ 655,123	\$ (120,786)
Swimming pool/Peter Pan Park	135,424	135,424	98,680	36,744
Golf course	412,992	412,992	381,103	31,889
Golf shop	234,707	234,707	234,741	(3,034)
Zoo	454,233	454,233	418,404	35,829
Total Culture and Recreation	<u>\$ 1,771,693</u>	<u>\$ 1,771,693</u>	<u>\$ 1,791,051</u>	<u>\$ (19,358)</u>
Building and Maintenance				
Engineering	\$ 390,178	\$ 390,178	\$ 347,560	\$ 42,618
Grounds maintenance	110,943	110,943	88,212	22,731
Civic building	739,312	739,312	641,304	98,008
Library maintenance	62,514	62,514	52,070	10,444
Concessions	66,375	66,375	67,988	(1,613)
Total Building and Maintenance	<u>\$ 1,369,322</u>	<u>\$ 1,369,322</u>	<u>\$ 1,197,134</u>	<u>\$ 172,188</u>
Planning and Development	<u>\$ 32,950</u>	<u>\$ 32,950</u>	<u>\$ 31,717</u>	<u>\$ 1,233</u>
Airport Operations	<u>\$ 491,048</u>	<u>\$ 491,048</u>	<u>\$ 548,013</u>	<u>\$ (56,965)</u>
Appropriations	<u>\$ 70,750</u>	<u>\$ 70,750</u>	<u>\$ 81,010</u>	<u>\$ (10,260)</u>
Total Expenditures	<u>\$ 16,074,461</u>	<u>\$ 16,074,461</u>	<u>\$ 13,710,373</u>	<u>\$ 2,364,088</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (457,650)</u>	<u>\$ (457,650)</u>	<u>\$ 847,560</u>	<u>\$ 1,305,210</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,234,910	\$ 2,234,910	\$ 2,446,216	\$ 211,306
Transfers out	(3,529,030)	(3,529,030)	(3,551,335)	(22,305)
Total Other Financing Sources (Uses)	<u>\$ (1,294,120)</u>	<u>\$ (1,294,120)</u>	<u>\$ (1,105,119)</u>	<u>\$ 189,001</u>
Net Change in Fund Balance	<u>\$ (1,751,770)</u>	<u>\$ (1,751,770)</u>	<u>\$ (257,559)</u>	<u>\$ 1,494,211</u>
Fund Balance - Beginning			4,288,227	
Fund Balance - Ending			\$ 4,030,668	
Adjustments to GAAP				
Encumbrances			79,415	
Fund Balance - GAAP Basis			<u>\$ 4,110,083</u>	

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
MULTI-YEAR IMPROVEMENT FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$ 600	\$ 600	\$ 1,196	\$ (596)
Miscellaneous	-	-	11,455	(11,455)
Total Revenues	<u>\$ 600</u>	<u>\$ 600</u>	<u>\$ 12,651</u>	<u>\$ (12,051)</u>
EXPENDITURES				
Planning and development				
Contractual services	\$ 2,739,572	\$ 2,739,572	\$ 2,102,375	\$ 637,197
Total Expenditures	<u>\$ 2,739,572</u>	<u>\$ 2,739,572</u>	<u>\$ 2,102,375</u>	<u>\$ 637,197</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (2,738,972)</u>	<u>\$ (2,738,972)</u>	<u>\$ (2,089,724)</u>	<u>\$ (649,248)</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 2,512,256	\$ 2,512,256	\$ 2,401,821	\$ (110,435)
Transfers out	-	-	(178,915)	(178,915)
Total Other Financing Sources	<u>\$ 2,512,256</u>	<u>\$ 2,512,256</u>	<u>\$ 2,222,906</u>	<u>\$ (289,350)</u>
Net Change in Fund Balance	<u>\$ (226,716)</u>	<u>\$ (226,716)</u>	<u>\$ 133,182</u>	<u>\$ (938,598)</u>
Fund Balance - Beginning			957,008	
Fund Balance - Ending			\$ 1,090,190	
Adjustments to GAAP				
Encumbrances			160,997	
Fund Balance - GAAP Basis			<u>\$ 1,251,187</u>	

CITY OF EMPORIA, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

December 31, 2012

	Business-Type Activities - Enterprise Funds				Governmental Activities- Internal Service Funds
	Solid Waste Disposal	Sewer Utility	Water Utility	Total	
ASSETS					
Current Assets					
Cash and investments	\$ 2,929,876	\$ 1,822,541	\$ 1,947,769	\$ 6,700,186	\$ 1,397,841
Receivables - Net of allowance for uncollectibles	382,940	400,746	433,567	1,217,253	-
Inventory	-	-	384,687	384,687	-
Deferred charges	-	-	131,139	131,139	-
Total Current Assets	\$ 3,312,816	\$ 2,223,287	\$ 2,897,162	\$ 8,433,265	\$ 1,397,841
Capital Assets					
Land	\$ 102,625	\$ 7,702	\$ 100,198	\$ 210,525	\$ -
Capital assets	4,426,813	34,927,150	31,927,854	71,281,817	-
Less: Accumulated depreciation	(2,729,168)	(20,280,563)	(16,467,517)	(39,477,248)	-
Total Capital Assets	\$ 1,800,270	\$ 14,654,289	\$ 15,560,535	\$ 32,015,094	\$ -
TOTAL ASSETS	\$ 5,113,086	\$ 16,877,576	\$ 18,457,697	\$ 40,448,359	\$ 1,397,841
LIABILITIES					
Current Liabilities					
Accounts payable	\$ 133,785	\$ 38,387	\$ 211,826	\$ 383,998	\$ -
Accrued liabilities	151,606	13,692	103,525	268,823	320
Interest payable	-	64,944	65,148	130,092	-
Unpaid claims	-	-	-	-	37,422
Current portion of Compensated absences payable	1,061	9,389	15,305	25,755	-
Notes payable	-	-	-	-	-
General obligation bonds payable	-	585,000	1,075,000	1,660,000	-
Total Current Liabilities	\$ 286,452	\$ 711,412	\$ 1,470,804	\$ 2,468,668	\$ 37,742
Non-Current Liabilities					
Compensated absences payable	\$ 2,127	\$ 18,806	\$ 30,615	\$ 51,548	\$ -
General obligation bonds payable	-	6,045,000	5,190,000	11,235,000	-
Unamortized premium	-	234,950	40,499	275,449	-
Total Non-Current Liabilities	\$ 2,127	\$ 6,298,756	\$ 5,261,114	\$ 11,561,997	\$ -
Total Liabilities	\$ 288,579	\$ 7,010,168	\$ 6,731,918	\$ 14,030,665	\$ 37,742
NET POSITION					
Invested in capital assets net of related debt	\$ 1,800,270	\$ 7,789,339	\$ 9,255,036	\$ 18,844,645	\$ -
Unrestricted	3,024,237	2,078,069	2,470,743	7,573,049	1,360,099
Total Net Position	\$ 4,824,507	\$ 9,867,408	\$ 11,725,779	\$ 26,417,694	\$ 1,360,099

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

For the Year Ended December 31, 2012

	<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
OPERATING REVENUES					
Charges for services	\$ 3,907,206	\$ 3,721,099	\$ 5,331,334	\$ 12,959,639	\$ 386,761
Miscellaneous	17,266	1,049	5,502	23,817	616,182
Total Operating Revenues	<u>\$ 3,924,472</u>	<u>\$ 3,722,148</u>	<u>\$ 5,336,836</u>	<u>\$ 12,983,456</u>	<u>\$ 1,002,943</u>
OPERATING EXPENSES					
Personal services	\$ 1,255,599	\$ 682,229	\$ 646,359	\$ 2,584,187	\$ -
Contractual services	807,178	82,989	307,427	1,197,594	293,611
Commodities	509,814	944,824	1,626,219	3,080,857	-
Capital outlay	83,923	467,373	538,681	1,089,977	-
Depreciation	374,219	1,000,024	946,337	2,320,580	-
Debt issuance costs	-	35,840	12,300	48,140	-
Debt issuance costs amortization	-	-	33,636	33,636	-
Other	(9,975)	66,222	156,518	212,765	3,641
Total Operating Expenses	<u>\$ 3,020,758</u>	<u>\$ 3,279,501</u>	<u>\$ 4,267,477</u>	<u>\$ 10,567,736</u>	<u>\$ 297,252</u>
Operating income (loss)	<u>\$ 903,714</u>	<u>\$ 442,647</u>	<u>\$ 1,069,359</u>	<u>\$ 2,415,720</u>	<u>\$ 705,691</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest income	\$ 2,265	\$ 1,466	\$ 1,456	\$ 5,187	\$ 3,499
Interest expense	-	(232,177)	(228,401)	(460,578)	-
Contributed capital	-	-	-	-	-
Gain (loss) on disposal of assets	184,955	-	40,437	225,392	-
Total Non-Operating Revenues (Expenses)	<u>\$ 187,220</u>	<u>\$ (230,711)</u>	<u>\$ (186,508)</u>	<u>\$ (229,999)</u>	<u>\$ 3,499</u>
Income (loss) before operating transfers	<u>\$ 1,090,934</u>	<u>\$ 211,936</u>	<u>\$ 882,851</u>	<u>\$ 2,185,721</u>	<u>\$ 709,190</u>
Transfers from (to) other funds					
Transfers in	\$ 35,472	\$ 19,643	\$ 15,168	\$ 70,283	\$ -
Transfers out	(731,285)	(634,751)	(924,647)	(2,290,683)	(277,251)
Total Transfers	<u>\$ (695,813)</u>	<u>\$ (615,108)</u>	<u>\$ (909,479)</u>	<u>\$ (2,220,400)</u>	<u>\$ (277,251)</u>
Changes in Net Position	<u>\$ 395,121</u>	<u>\$ (403,172)</u>	<u>\$ (26,628)</u>	<u>\$ (34,679)</u>	<u>\$ 431,939</u>
Net Position - Beginning	<u>4,429,386</u>	<u>10,270,580</u>	<u>11,752,407</u>	<u>26,452,373</u>	<u>928,160</u>
Net Position - Ending	<u>\$ 4,824,507</u>	<u>\$ 9,867,408</u>	<u>\$ 11,725,779</u>	<u>\$ 26,417,694</u>	<u>\$ 1,360,099</u>

CITY OF EMPORIA, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2012

	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	\$ 3,949,738	\$ 3,703,659	\$ 5,366,645	\$ 13,020,042	\$ 386,761
Cash received from reimbursements					616,182
Cash payments to employees	(1,280,740)	(664,177)	(671,427)	(2,616,344)	-
Cash payments to suppliers	(1,376,006)	(1,560,720)	(2,489,718)	(5,426,444)	(194,862)
Cash paid for services	-	-	-	-	(111,294)
Net Cash Provided by (Used in) Operating Activities	\$ 1,292,992	\$ 1,478,762	\$ 2,205,500	\$ 4,977,254	\$ 696,787
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers from other funds	\$ 35,472	\$ 19,643	\$ 15,168	\$ 70,283	\$ -
Transfers (to) other funds	(731,285)	(634,751)	(924,647)	(2,290,683)	(277,251)
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ (695,813)	\$ (615,108)	\$ (909,479)	\$ (2,220,400)	\$ (277,251)
CASH FLOWS FORM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase and construction of capital assets	\$ (61,073)	\$ (59,579)	\$ (7,058)	\$ (127,710)	\$ -
Proceeds from sale of capital assets	223,430	-	46,731	270,161	-
Proceeds from sale of bonds and notes	-	5,040,642	1,668,199	6,708,841	-
Bond issuance costs paid	-	(35,840)	(12,300)	(48,140)	-
Principal paid on bonds and notes	-	(5,546,473)	(2,689,695)	(8,236,168)	-
Interest paid	-	(222,031)	(242,853)	(464,884)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	\$ 162,357	\$ (823,281)	\$ (1,236,976)	\$ (1,897,900)	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	\$ 2,265	\$ 1,466	\$ 1,456	\$ 5,187	\$ 3,499
Proceeds from sale of investments	-	-	-	-	-
Net Cash Provided by (Used in) Investing Activities	\$ 2,265	\$ 1,466	\$ 1,456	\$ 5,187	\$ 3,499
Net Increase (Decrease) in Cash & Cash Equivalents	\$ 761,801	\$ 41,839	\$ 60,501	\$ 864,141	\$ 423,035
Cash & Cash Equivalents - Beginning of Year	2,168,075	1,780,702	1,850,118	5,798,895	974,806
Cash & Cash Equivalents - End of Year	\$ 2,929,876	\$ 1,822,541	\$ 1,910,619	\$ 6,663,036	\$ 1,397,841
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 903,714	\$ 442,647	\$ 1,069,359	\$ 2,415,720	\$ 705,691
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	374,219	1,000,024	946,337	2,320,580	-
Amortization	-	-	33,636	33,636	-
Change in assets and liabilities:					
(Increase) decrease receivables	25,266	(18,489)	35,311	42,088	-
(Increase) decrease inventory	-	-	(44,591)	(44,591)	-
Increase (decrease) accounts payable	27,338	26,382	134,482	188,202	-
Increase (decrease) in claims payable	-	-	-	-	(8,904)
Increase (decrease) accrued liabilities	(37,545)	28,198	30,966	21,619	-
Increase (decrease) unamortized bond premium	-	-	-	-	-
Net Cash Provided by (Used in) Operating Activities	\$ 1,292,992	\$ 1,478,762	\$ 2,205,500	\$ 4,977,254	\$ 696,787
Noncash investing, capital, and financing activities:					
Capital assets acquired/donated through contributions from governmental funds	\$ 48,608	\$ 89,722	\$ -	\$ -	\$ -

CITY OF EMPORIA, KANSAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2012

	Private Purpose Trust	Agency Funds
ASSETS		
Current Assets		
Cash and investments	\$ -	\$ 15,896
Accrued interest receivable	93	-
Notes receivable	53,226	-
Total Current Assets	\$ 53,319	\$ 15,896
LIABILITIES		
Current Liabilities		
Accounts payable	\$ -	\$ 15,896
Total Current Liabilities	\$ -	\$ 15,896
NET POSITION		
Net assets held in trust	\$ 1,123,715	\$ -

CITY OF EMPORIA, KANSAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2012

	<u>Private Agency Funds</u>
Addition	
Interest income	\$ 3,031
Deductions	<u>\$ -</u>
Change in Net Assets	\$ 3,031
Net Position - Beginning	<u>1,120,684</u>
Net Position - Ending	<u><u>\$ 1,123,715</u></u>

NOTES TO FINANCIAL STATEMENTS

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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 \$553,946 to the Library in 2012. 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 position 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, 2012

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 total net position. 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, 2012

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 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 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, 2012

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, 2012

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, 2012

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 position 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, 2012

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, 2012 represents what it would cost to perform all post-closure care in 2012. 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 2012, there was one budget amendment affecting the following funds: Special Alcohol Fund; Waterworks Fund; and Sewer Fund.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

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, 2006 Home Rehabilitation, 2009 NSP, 2009 Home Buyer and Repair, 2009 Home Rehabilitation, Lake Kahola, TDD and 2011 Home Rehabilitation. 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	Multi- Year Improvement	Debt Service Fund
Revenues - Budgetary basis	\$ 14,557,100	\$ 12,651	\$ 3,190,317
Canceled encumbrances	-	-	-
Revenues - GAAP Basis	\$ 14,557,100	\$ 12,651	\$ 3,190,317
Expenditures - budgetary basis	\$ 13,849,694	\$ 2,102,375	\$ 4,393,613
Encumbrances, beginning of year	(32,898)	(43,613)	-
Encumbrances, end of year	79,415	160,997	-
Expenditures - GAAP Basis	\$ 13,896,211	\$ 2,219,759	\$ 4,393,613
Fund balances - budgetary basis	\$ 4,030,668	\$ 1,090,190	\$ 696,238
Encumbrances, end of year	79,415	160,997	-
Fund Balance - GAAP Basis	\$ 4,110,083	\$ 1,251,187	\$ 696,238

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

December 31, 2012

Note 2: Stewardship, Compliance and Accountability (Continued)

Compliance with Kansas Statutes

The following funds had deficit fund equities as of December 31, 2012: Law Enforcement Block Grant \$14,156 and 2009 Home Buyer and Repair \$4,570.

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, 2012, 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	\$ 11,569,464	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, 2012

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 \$18,630,353 and the bank balance was \$19,132,203. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$18,882,203 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 \$479,993 and the bank balance was \$462,464. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$372,891 was covered by federal depository insurance and the remaining \$107,102 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, 2012

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	\$ 979,474	\$ -	\$ 1,930	\$ 396,275	\$ 419,656	\$ 449,219	\$ 12,063	\$ 2,258,617
Taxes	2,788,400	2,367,006	-	-	-	-	605,135	5,760,541
Gross Receivables	\$ 3,767,874	\$ 2,367,006	\$ 1,930	\$ 396,275	\$ 419,656	\$ 449,219	\$ 617,198	\$ 8,019,158
Less: Allowance for uncollectible	87,228	-	-	13,335	18,910	15,652	-	135,125
Total Receivables	\$ 3,680,646	\$ 2,367,006	\$ 1,930	\$ 382,940	\$ 400,746	\$ 433,567	\$ 617,198	\$ 7,884,033

Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2012, is as follows:

<u>Fund Types</u>	<u>Due From</u>	<u>Due To</u>
General fund	\$ 18,726	\$ -
Special revenue		
Law Enforcement Block Grants	-	14,156
2009 Home Buyer and Repair	-	4,570
	<u>\$ 18,726</u>	<u>\$ 18,726</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, 2012

Note 3: Detailed Notes on All Funds (Continued)

Capital Assets

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

	<u>Balance December 31, 2011</u>	<u>Additions/ Restatements</u>	<u>Retirements</u>	<u>Balance December 31, 2012</u>
City Governmental Activities				
Capital assets - Not being depreciated				
Land	\$ 1,683,849	\$ -	\$ -	\$ 1,683,849
Capital assets - Being depreciated				
Land improvements	205,913,511	314,433	(749,976)	205,477,968
Buildings and improvements	14,664,827	-	(5,000)	14,659,827
Vehicles	3,090,525	273,069	(120,611)	3,242,983
Equipment, furniture and fixtures	5,740,421	242,278	(204,731)	5,777,968
Total capital assets being depreciated	<u>\$ 229,409,284</u>	<u>\$ 829,780</u>	<u>\$ (1,080,318)</u>	<u>\$ 229,158,746</u>
Total Capital Assets	<u>\$ 231,093,133</u>	<u>\$ 829,780</u>	<u>\$ (1,080,318)</u>	<u>\$ 230,842,595</u>
Less: Accumulated Depreciation for				
Land improvements	\$ 140,965,646	\$ 6,731,869	\$ (488,513)	\$ 147,209,002
Buildings and improvements	9,095,806	479,248	(5,000)	9,570,054
Vehicles	2,717,958	149,079	(120,611)	2,746,426
Equipment, furniture and fixtures	5,114,731	207,430	(204,730)	5,117,431
Total Accumulated Depreciation	<u>\$ 157,894,141</u>	<u>\$ 7,567,626</u>	<u>\$ (818,854)</u>	<u>\$ 164,642,913</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 73,198,992</u>	<u>\$ (6,737,846)</u>	<u>\$ (261,464)</u>	<u>\$ 66,199,682</u>
Business-Type Activities				
Capital assets - Not being depreciated				
Land	\$ 210,525	\$ -	\$ -	\$ 210,525
Capital assets - Being depreciated				
Land improvements	40,333,473	58,103	(74,425)	40,317,151
Buildings and improvements	19,445,696	-	(2,674)	19,443,022
Vehicles	2,119,743	95,199	(66,888)	2,148,054
Equipment, furniture and fixtures	9,358,815	63,536	(48,765)	9,373,586
Total capital assets being depreciated	<u>\$ 71,257,727</u>	<u>\$ 216,838</u>	<u>\$ (192,752)</u>	<u>\$ 71,281,813</u>
Total Capital Assets	<u>\$ 71,468,252</u>	<u>\$ 216,838</u>	<u>\$ (192,752)</u>	<u>\$ 71,492,338</u>
Less: Accumulated Depreciation for				
Land improvements	\$ 18,909,944	\$ 1,190,850	\$ (16,323)	\$ 20,084,471
Buildings and improvements	9,474,389	517,318	(611)	9,991,096
Vehicles	1,305,993	257,816	(39,142)	1,524,667
Equipment, furniture and fixtures	7,522,369	403,845	(49,200)	7,877,014
Total Accumulated Depreciation	<u>\$ 37,212,695</u>	<u>\$ 2,369,829</u>	<u>\$ (105,276)</u>	<u>\$ 39,477,248</u>
Business-Type Activities				
Capital Assets - Net	<u>\$ 34,255,557</u>	<u>\$ (2,152,991)</u>	<u>\$ (87,476)</u>	<u>\$ 32,015,090</u>

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

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

The City's depreciation expense was charged as follows:

Governmental Activities		
General government	\$	158,806
Public safety		277,155
Highways and streets		6,504,587
Culture and recreation		390,868
Building and maintenance		125,086
Airport operations		65,846
Planning and development		12,924
Total Depreciation	\$	7,535,272
Business-Type Activities		
Solid waste disposal	\$	374,219
Sewer utility		1,000,024
Water utility		946,337
Total Depreciation	\$	2,320,580

Long-Term Debt

During the year ended December 31, 2012, the following changes, including the reallocation of the general obligation bonds outstanding between governmental and business-type activities, occurred in long term liabilities:

	Balance January 1, 2012	Additions/ Adjustments	Reductions	Balance December 31, 2012	Amounts Due Within One Year
Governmental Activities					
General obligation	\$ 23,060,000	\$ -	\$ 3,350,000	\$ 19,710,000	\$ 3,270,000
Temporary note	175,000	-	175,000	-	-
Compensated absences	536,972	7,401	-	544,373	181,458
	<u>\$ 23,771,972</u>	<u>\$ 7,401</u>	<u>\$ 3,525,000</u>	<u>\$ 20,254,373</u>	<u>\$ 3,451,458</u>
Business-Type Activities					
General obligation	\$ 8,150,000	\$ 6,420,000	\$ 1,675,000	\$ 12,895,000	\$ 1,660,000
Notes payable	6,561,169	-	6,561,169	-	-
Compensated absences	102,270	-	24,968	77,302	25,767
	<u>\$ 14,813,439</u>	<u>\$ 6,420,000</u>	<u>\$ 8,261,137</u>	<u>\$ 12,972,302</u>	<u>\$ 1,685,767</u>

Advance Refunding

During the year ended December 31, 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. The aggregate difference in debt service between the refunding debt and the refunded debt was: debt service for water and sewer loans - \$8,261,436; debt service for the 2012 refunding debt - \$7,829,292. The present value (PV) of the cash flows between the refunding debt and the refunded debt was: PV of cash flows for water and sewer loans - \$6,519,794; PV of cash flows for the 2012 refunding debt - \$6,390,434. The economic gain on the refunding transaction was \$129,360.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2012

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					
2005 Internal Improvements	3.70% - 5.00%	10/27/2005	3,022,000	9/1/2019	\$ 2,500,000
2007A Internal Improvements	5.00% - 5.60%	10/10/2007	3,610,000	9/1/2018	2,040,000
2007B Internal Improvements	3.50% - 5.25%	12/27/2007	5,120,000	9/1/2019	2,655,000
2008 Internal Improvements	3.05% - 4.60%	9/1/2008	5,500,000	9/1/2028	3,975,000
2009A Internal Improvements	2.6% - 4.5%	9/1/2009	770,000	9/1/2029	650,000
2010A Internal Improvements	3.00% - 4.00%	9/1/2009	8,450,000	9/1/2022	4,980,000
2011 Internal Improvements	3.00% - 4.00%	6/3/2011	2,490,000	9/1/2021	2,455,000
2011B Internal Improvements	1.50% - 2.125%	12/22/2011	690,000	9/1/2021	455,000
Total Governmental Activities					\$ 19,710,000
Business-Type Activities					
2010A Internal Improvements	3.00% - 4.00%	9/1/2009	4,270,000	9/1/2022	\$ 2,310,000
2011 Internal Improvements	3.00% - 4.00%	6/3/2011	5,400,000	9/1/2021	4,645,000
2012A Refunding Issue	2.00% - 3.50%	1/4/2012	6,420,000	9/1/2029	5,940,000
Total Business-Type Activities					\$ 12,895,000
					\$ 32,605,000

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

Year	Business-Type Activities		Governmental Activities		Total
	Principal	Interest	Principal	Interest	
2013	\$ 1,660,000	\$ 390,275	\$ 3,270,000	\$ 750,291	\$ 6,070,566
2014	1,715,000	344,725	3,040,000	630,014	5,729,739
2015	1,070,000	297,575	2,975,000	521,453	4,864,028
2016	1,100,000	264,575	2,830,000	394,236	4,588,811
2017	1,130,000	230,675	2,420,000	283,888	4,064,563
2018 - 2022	5,030,000	617,369	4,575,000	490,633	10,713,002
2023 - 2027	970,000	102,000	550,000	48,513	1,670,513
2028 - 2029	220,000	11,550	50,000	3,160	284,710
	\$ 12,895,000	\$ 2,258,744	\$ 19,710,000	\$ 3,122,188	\$ 37,985,932

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

December 31, 2012

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, 2012, total outstanding conduit debt was \$3,025,000.

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

December 31, 2012

Note 3: Detailed Notes on All Funds (Continued)

Reconciliation of Transfers

A reconciliation of interfund transfers follows:

	<u>To</u>	<u>From</u>
Major Funds		
General	\$ 2,446,216	\$ 3,482,183
Industrial development sales tax	606,318	-
Multi-year improvement	2,401,821	178,915
Debt service	1,325,748	-
Solid waste disposal	35,472	731,285
Sewer utility	19,643	634,751
Water utility	15,169	924,648
Other governmental funds	71,579	692,933
Internal service funds	-	277,251
	<u>\$ 6,921,966</u>	<u>\$ 6,921,966</u>

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

Capital Projects

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

	<u>Expenditures to Date</u>	<u>Amount Authorized</u>
Sewer Main to Industrial Park IV	\$ 215,761	\$ 269,391
Airport runway Maintenance	\$ 63,898	\$ 86,055
Equipment Shed at Transfer Station	\$ -	\$ 67,900
Sewer Line Relining	\$ -	\$ 282,302

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

December 31, 2012

Note 3: Detailed Notes on All Funds (Continued)

Net Assets

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Primary Government Total</u>
Total net capital assets	\$ 66,199,682	\$ 32,015,094	\$ 98,214,776
Less:			
Current portion of notes payable	-	-	-
Current portion of general obligation bonds and temporary notes payable	3,270,000	1,660,000	4,930,000
Non-current portion of general obligation bonds and temporary notes payable	16,440,000	11,235,000	27,675,000
Unamortized premium on bonds	-	275,449	275,449
Net Assets - Invested in Capital Assets - Net of Related Debt	<u>\$ 46,489,682</u>	<u>\$ 18,844,645</u>	<u>\$ 65,334,327</u>

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 8.34% from January 1 to December 31, 2012. The City employer contributions to KPERs for the years ending December 31, 2012, 2011, and 2010 were \$438,996, \$406,590, and \$351,618, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2012 was 16.54%. 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, 2012, 2011, and 2010 were \$768,743, \$677,590, and \$625,310, respectively, equal to the required contributions for each year.

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

December 31, 2012

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, 2012 for IMCA was \$1,216,232 and for Nationwide (PEBSCO) was \$1,842,216.

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, 2012, 2011, and 2010.

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:

	2012	2011
Unpaid claims - January 1	\$ 46,326	\$ 184,846
Incurred claims (including IBNRs)	16,174	104,850
Claim payments	(25,078)	(243,370)
Unpaid claims - December 31	\$ 37,422	\$ 46,326

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

December 31, 2012

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, 2012.

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. 69, "Government Combinations and Disposals of Government Operations", was issued in January 2013. This statement provides new accounting and financial reporting standards for government mergers and acquisitions and for government operations that have been transferred or sold. The provisions of this statement are effective for periods beginning after December 15, 2013, although earlier application is encouraged.

GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees", was issued in April 2013. This statement requires a state or local government guarantor that offers a nonexchange financial guarantee to another organization or government to recognize a liability on its financial statements when it is more likely than not that the guarantor will be required to make a payment to the obligation holders under the agreement. The provisions of this statement are effective for periods beginning after June 15, 2013, although earlier application is encouraged.

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

December 31, 2012

Note 4: Other Information (Continued)

Postemployment Benefits other Than Pensions

Plan Description

As required by Kansas statutes, the City provides postemployment healthcare benefits to electing retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The plan is a single-employer plan.

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 2012, active and retired plan members contributed \$402,094 to the plan and the City contributed \$802,998 to the plan. There was a refund from the insurance provider of \$147,170 that was used to pay the employees' health insurance premiums for five months.

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)	\$ 57,522
Contributions made	35,388
Increase in Net OPEB Obligation	\$ 22,134
Net OPEB Obligation - January 1, 2012	-
Net OPEB Obligation - December 31, 2012 *	\$ 22,134

* Based on valuation dated January 1, 2011.

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

December 31, 2012

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, 2009	\$ 101,665	29.9%	\$ 109,946
December 31, 2010	60,353	35.9%	31,773
December 31, 2011	60,353	47.4%	34,610
December 31, 2012	57,522	61.5%	22,134

Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$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 Projected Unit Credit Actuarial Cost Method and the following assumptions:

Amortization method	Level dollar amount on open basis over 30 years
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

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

CITY OF EMPORIA, KANSAS
TREND DATA ON POSTEMPLOYMENT BENEFITS
December 31, 2012

(a) Actuarial Valuation Date	(b) Actuarial Value of Assets	(c) Actuarial Accrued Liability	(d) Unfunded Actuarial Liability (b) - (c)
12/31/2007	\$ -	\$ 950,929	\$ 950,929
12/31/2009	-	585,945	585,945
12/31/2011	-	593,820	\$ 593,820

(e) Funded Ratio (b)/(c)	(f) Annual Covered Payroll	(g) Unfunded Actuarial Liability as % of Covered Payroll
-	\$ 9,154,091	10.40%
-	9,608,556	6.10%
-	9,357,230	6.30%

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

December 31, 2012

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.

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

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, 2012

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, 2006 and 2011 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.

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.

Construction Projects Fund - To account for the funds appropriated for various construction projects of the City of Emporia.

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, 2012**

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
ASSETS			
Current Assets			
Cash and investments	\$ 1,390,256	\$ 2,428,452	\$ 3,818,708
Receivables			
Accounts	12,063	-	12,063
Taxes	605,135	-	605,135
Total Assets	\$ 2,007,454	\$ 2,428,452	\$ 4,435,906
 LIABILITIES AND FUND BALANCE			
Liabilities			
Due to other funds	\$ 18,726	\$ -	\$ 18,726
Accounts payable	102,467	469	102,936
Accrued liabilities	8,166	-	8,166
Unearned revenue	605,135	-	605,135
Total Liabilities	\$ 734,494	\$ 469	\$ 734,963
 Fund Balance			
Restricted:			
Urban development and housing	\$ 453,319	\$ -	\$ 453,319
General government	-	-	-
Capital projects	-	-	-
Public safety	339,572	-	339,572
Culture and recreation	253,379	-	253,379
Public works	225,571	-	225,571
Debt service	1,119	-	1,119
Committed:			
Capital projects	-	2,427,983	2,427,983
Total Fund Balance	\$ 1,272,960	\$ 2,427,983	\$ 3,700,943
 Total Liabilities and Fund Balance	 \$ 2,007,454	 \$ 2,428,452	 \$ 4,435,906

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2012

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
REVENUES			
Taxes	\$ 1,407,734	\$ -	\$ 1,407,734
Intergovernmental	952,384	24,341	976,725
Use of money and property	1,065	2,883	3,948
Contributions	2,223	26,516	28,739
Miscellaneous	146,967	250,000	396,967
Total Revenues	\$ 2,510,373	\$ 303,740	\$ 2,814,113
EXPENDITURES			
Current			
General government	\$ 451,381	\$ -	\$ 451,381
Law enforcement	164,383	-	164,383
Highways and streets	601,169	-	601,169
Culture and recreation	709,638	-	709,638
Health and environment	197,099	-	197,099
Planning and development	564,106	-	564,106
Capital outlay	-	1,110,759	1,110,759
Bond issuance costs	-	5,773	5,773
Debt service	-	-	-
Total Expenditures	\$ 2,687,776	\$ 1,116,532	\$ 3,804,308
Excess (deficiency) of revenues over (under) expenditures	\$ (177,403)	\$ (812,792)	\$ (990,195)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 661,238	\$ 16,658	\$ 677,896
Transfers out	(387,682)	(649,463)	(1,037,145)
Bond premium	-	-	-
Sale of bonds	-	34,155	34,155
Total Other Financing Sources (Uses)	\$ 273,556	\$ (598,650)	\$ (325,094)
Net Change in Fund Balance	\$ 96,153	\$ (1,411,442)	\$ (1,315,289)
Fund Balance - Beginning	1,176,807	3,839,425	5,016,232
Fund Balance - Ending	\$ 1,272,960	\$ 2,427,983	\$ 3,700,943

CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
December 31, 2012

	<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	\$ -	\$ -	\$ 42,498	\$ 36,247	\$ 30,831
Receivables					
Accounts	-	-	-	-	-
Taxes	553,946	50,189	-	1,000	-
Total Assets	<u><u>\$ 553,946</u></u>	<u><u>\$ 50,189</u></u>	<u><u>\$ 42,498</u></u>	<u><u>\$ 37,247</u></u>	<u><u>\$ 30,831</u></u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-
Accrued liabilities	-	-	-	-	-
Unearned revenue	553,946	50,189	-	1,000	-
Total Liabilities	<u><u>\$ 553,946</u></u>	<u><u>\$ 50,189</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,000</u></u>	<u><u>\$ -</u></u>
Fund Balance					
Restricted:					
Urban development and housing	\$ -	\$ -	\$ 42,498	\$ 36,247	\$ -
General government	-	-	-	-	-
Capital projects	-	-	-	-	-
Public safety	-	-	-	-	30,831
Culture and recreation	-	-	-	-	-
Public works	-	-	-	-	-
Debt service	-	-	-	-	-
Committed:					
Urban development and housing	-	-	-	-	-
Total Fund Balance (Deficit)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 42,498</u></u>	<u><u>\$ 36,247</u></u>	<u><u>\$ 30,831</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 553,946</u></u>	<u><u>\$ 50,189</u></u>	<u><u>\$ 42,498</u></u>	<u><u>\$ 37,247</u></u>	<u><u>\$ 30,831</u></u>

Special Park and Recreation	Special Street	Drug Money Forfeiture	Industrial Development Sales Tax	Wireless 911 Tax	Telephone Tax-911	Housing Study RDA
\$ 253,359	\$ 229,022	\$ 9,132	\$ 412,301	\$ 87,345	\$ 117,661	\$ 1,694
-	12,063	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 253,359</u>	<u>\$ 241,085</u>	<u>\$ 9,132</u>	<u>\$ 412,301</u>	<u>\$ 87,345</u>	<u>\$ 117,661</u>	<u>\$ 1,694</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	7,348	158	-	-	-	-
-	8,166	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 15,514</u>	<u>\$ 158</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 412,301	\$ -	\$ -	\$ 1,694
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	8,974	-	87,345	117,661	-
253,359	-	-	-	-	-	-
-	225,571	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 253,359</u>	<u>\$ 225,571</u>	<u>\$ 8,974</u>	<u>\$ 412,301</u>	<u>\$ 87,345</u>	<u>\$ 117,661</u>	<u>\$ 1,694</u>
<u>\$ 253,359</u>	<u>\$ 241,085</u>	<u>\$ 9,132</u>	<u>\$ 412,301</u>	<u>\$ 87,345</u>	<u>\$ 117,661</u>	<u>\$ 1,694</u>

CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
December 31, 2012

	Emergency Shelter	Law Enforcement Block Grants	DARE Crime Prevention	Home Rehabilitation	2006 Home Rehabilitation	2009 NSP Fund
ASSETS						
Current Assets						
Cash and investments	\$ -	\$ -	\$ 1,687	\$ -	\$ -	\$ 194
Receivables						
Accounts	-	-	-	-	-	-
Taxes	-	-	-	-	-	-
Total Assets	\$ -	\$ -	\$ 1,687	\$ -	\$ -	\$ 194
LIABILITIES AND FUND BALANCE						
Liabilities						
Due to other funds	\$ -	\$ 14,156	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-	-	58,874
Accrued liabilities	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
Total Liabilities	\$ -	\$ 14,156	\$ -	\$ -	\$ -	\$ 58,874
Fund Balance						
Restricted						
Urban development and housing	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (58,680)
General government	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Public safety	-	(14,156)	1,687	-	-	-
Culture and recreation	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Committed:						
Urban development and housing	-	-	-	-	-	-
Total Fund Balance (deficit)	\$ -	\$ (14,156)	\$ 1,687	\$ -	\$ -	\$ (58,680)
Total Liabilities and Fund Balance	\$ -	\$ -	\$ 1,687	\$ -	\$ -	\$ 194

2009 Home Buyer and Repair	2009 Home Rehab	Lake Kahola	TDD Fund	2011 Home Rehab	911 Land Wire Fees	Totals
\$ -	\$ -	\$ 34,066	\$ 1,119	\$ 25,527	\$ 107,573	\$ 1,390,256
-	-	-	-	-	-	12,063
-	-	-	-	-	-	605,135
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,066</u>	<u>\$ 1,119</u>	<u>\$ 25,527</u>	<u>\$ 107,573</u>	<u>\$ 2,007,454</u>
\$ 4,570	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,726
1,698	-	34,046	-	-	343	102,467
-	-	-	-	-	-	8,166
-	-	-	-	-	-	605,135
<u>\$ 6,268</u>	<u>\$ -</u>	<u>\$ 34,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343</u>	<u>\$ 734,494</u>
\$ (6,268)	\$ -	\$ -	\$ -	\$ 25,527	\$ -	\$ 453,319
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	107,230	339,572
-	-	20	-	-	-	253,379
-	-	-	-	-	-	225,571
-	-	-	1,119	-	-	1,119
-	-	-	-	-	-	-
<u>\$ (6,268)</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 1,119</u>	<u>\$ 25,527</u>	<u>\$ 107,230</u>	<u>\$ 1,272,960</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,066</u>	<u>\$ 1,119</u>	<u>\$ 25,527</u>	<u>\$ 107,573</u>	<u>\$ 2,007,454</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, 2012

	<u>Library</u>	<u>Library Employee Benefits</u>	<u>Convention and Tourism Promotion</u>	<u>Industrial</u>	<u>Special Alcohol Program</u>
REVENUES					
Taxes	\$ 628,049	\$ 57,962	\$ -	\$ 1,106	\$ -
Intergovernmental	-	-	400,997	-	63,348
Use of money and property	-	-	33	53	29
Donations	-	-	-	-	-
Miscellaneous	132	-	-	-	-
Total Revenues	<u>\$ 628,181</u>	<u>\$ 57,962</u>	<u>\$ 401,030</u>	<u>\$ 1,159</u>	<u>\$ 63,377</u>
EXPENDITURES					
General government	\$ -	\$ -	\$ 394,000	\$ -	\$ -
Law enforcement	-	-	-	-	-
Highways and streets	-	-	-	-	-
Culture and recreation	650,543	59,095	-	-	-
Health and environment	-	-	-	-	83,150
Planning and development	-	-	-	33,878	-
Total Expenditures	<u>\$ 650,543</u>	<u>\$ 59,095</u>	<u>\$ 394,000</u>	<u>\$ 33,878</u>	<u>\$ 83,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (22,362)</u>	<u>\$ (1,133)</u>	<u>\$ 7,030</u>	<u>\$ (32,719)</u>	<u>\$ (19,773)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 4,094	\$ 389	\$ -	\$ -	\$ -
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 4,094</u>	<u>\$ 389</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ (18,268)</u>	<u>\$ (744)</u>	<u>\$ 7,030</u>	<u>\$ (32,719)</u>	<u>\$ (19,773)</u>
Fund Balance - Beginning	<u>18,268</u>	<u>744</u>	<u>35,468</u>	<u>68,966</u>	<u>50,604</u>
Fund Balance - End	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,498</u>	<u>\$ 36,247</u>	<u>\$ 30,831</u>

Special Park and Recreation	Special Street	Drug Money Forfeiture	Industrial Development Sales Tax	Wireless 911 Tax	Telephone Tax-911	Housing Study RDA
\$ -	\$ 720,617	\$ -	\$ -	\$ -	\$ -	\$ -
63,348	-	286	-	10,394	5,149	-
191	196	18	307	75	98	-
1,500	-	-	-	-	-	-
-	6,207	-	140,603	-	-	-
<u>\$ 65,039</u>	<u>\$ 727,020</u>	<u>\$ 304</u>	<u>\$ 140,910</u>	<u>\$ 10,469</u>	<u>\$ 5,247</u>	<u>\$ -</u>
\$ 14,458	\$ -	\$ -	\$ -	\$ 17,038	\$ 3,434	\$ -
-	-	34,959	-	-	-	-
-	601,169	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	375,015	-	-	-
<u>\$ 14,458</u>	<u>\$ 601,169</u>	<u>\$ 34,959</u>	<u>\$ 375,015</u>	<u>\$ 17,038</u>	<u>\$ 3,434</u>	<u>\$ -</u>
<u>\$ 50,581</u>	<u>\$ 125,851</u>	<u>\$ (34,655)</u>	<u>\$ (234,105)</u>	<u>\$ (6,569)</u>	<u>\$ 1,813</u>	<u>\$ -</u>
\$ -	\$ 6,968	\$ -	\$ 606,318	\$ -	\$ -	\$ -
-	(71,937)	-	(272,275)	-	-	-
<u>\$ -</u>	<u>\$ (64,969)</u>	<u>\$ -</u>	<u>\$ 334,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 50,581	\$ 60,882	\$ (34,655)	\$ 99,938	\$ (6,569)	\$ 1,813	\$ -
202,778	164,689	43,629	312,363	93,914	115,848	1,694
<u>\$ 253,359</u>	<u>\$ 225,571</u>	<u>\$ 8,974</u>	<u>\$ 412,301</u>	<u>\$ 87,345</u>	<u>\$ 117,661</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, 2012

	Emergency Shelter	Law Enforcement Block Grants	DARE Crime Prevention	Home Rehabilitation	2006 Home Rehabilitation	2009 NSP Fund
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	22,451	58,889	-	-	-	10,454
Use of money and property	-	-	-	1	1	-
Donations	-	723	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenues	\$ 22,451	\$ 59,612	\$ -	\$ 1	\$ 1	\$ 10,454
EXPENDITURES						
General government	\$ 22,451	\$ -	\$ -	\$ -	\$ -	\$ -
Law enforcement	-	82,795	-	-	-	-
Highways and streets	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Health and environment	-	-	-	1,611	-	-
Planning and development	-	-	-	-	2,633	68,234
Total Liabilities	\$ 22,451	\$ 82,795	\$ -	\$ 1,611	\$ 2,633	\$ 68,234
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (23,183)	\$ -	\$ (1,610)	\$ (2,632)	\$ (57,780)
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ -	\$ -	\$ -	\$ 5,302	\$ -
Transfers out	-	-	-	(6,903)	-	-
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ (6,903)	\$ 5,302	\$ -
Net Change in Fund Balance	\$ -	\$ (23,183)	\$ -	\$ (8,513)	\$ 2,670	\$ (57,780)
Fund Balance - Beginning	-	9,027	1,687	8,513	(2,670)	(900)
Fund Balance - Ending	\$ -	\$ (14,156)	\$ 1,687	\$ -	\$ -	\$ (58,680)

2009 Home Buyer and Repair	2009 Home Rehab	Lake Kahola	TDD Fund	2011 Home Rehab	911 Land Wire Fees	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,407,734
55,685	2,578	-	-	105,000	153,805	952,384
-	3	5	1	-	54	1,065
-	-	-	-	-	-	2,223
25	-	-	-	-	-	146,967
<u>\$ 55,710</u>	<u>\$ 2,581</u>	<u>\$ 5</u>	<u>\$ 1</u>	<u>\$ 105,000</u>	<u>\$ 153,859</u>	<u>\$ 2,510,373</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 451,381
-	-	-	-	-	46,629	164,383
-	-	-	-	-	-	601,169
-	-	-	-	-	-	709,638
-	-	-	-	112,338	-	197,099
51,352	32,994	-	-	-	-	564,106
<u>\$ 51,352</u>	<u>\$ 32,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,338</u>	<u>\$ 46,629</u>	<u>\$ 2,687,776</u>
<u>\$ 4,358</u>	<u>\$ (30,413)</u>	<u>\$ 5</u>	<u>\$ 1</u>	<u>\$ (7,338)</u>	<u>\$ 107,230</u>	<u>\$ (177,403)</u>
\$ -	\$ -	\$ -	\$ -	\$ 38,167	\$ -	\$ 661,238
-	(31,265)	-	-	(5,302)	-	(387,682)
<u>\$ -</u>	<u>\$ (31,265)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,865</u>	<u>\$ -</u>	<u>\$ 273,556</u>
\$ 4,358	\$ (61,678)	\$ 5	\$ 1	\$ 25,527	\$ 107,230	\$ 96,153
(10,626)	61,678	15	1,118	-	\$ -	1,176,807
<u>\$ (6,268)</u>	<u>\$ -</u>	<u>\$ 20</u>	<u>\$ 1,119</u>	<u>\$ 25,527</u>	<u>\$ 107,230</u>	<u>\$ 1,272,960</u>

**CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
December 31, 2012**

	<u>Internal Improvements</u>	<u>Biodiesel Plant Project</u>	<u>Water Treatment Project</u>	<u>Construction Projects</u>
ASSETS				
Current Assets				
Cash and investments	\$ 169,733	\$ (142,267)	\$ -	\$ 1,361,197
Accounts receivables	-	-	-	-
Total Assets	<u><u>\$ 169,733</u></u>	<u><u>\$ (142,267)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,361,197</u></u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	469	-	-	-
Total Liabilities	<u><u>\$ 469</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund Balance				
Committed				
Capital projects	\$ 169,264	\$ (142,267)	\$ -	\$ 1,361,197
Total Fund Balance (Deficit)	<u><u>\$ 169,264</u></u>	<u><u>\$ (142,267)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,361,197</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 169,733</u></u>	<u><u>\$ (142,267)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,361,197</u></u>

Civic Auditorium Improvement	Park Improvements	Bridge Projects	Traffic Signals	Paving Projects	Airport Improvement	Totals
\$ 16,461	\$ 60,259	\$ 943,555	\$ 83,440	\$ -	\$ (63,926)	\$ 2,428,452
-	-	-	-	-	-	-
<u>\$ 16,461</u>	<u>\$ 60,259</u>	<u>\$ 943,555</u>	<u>\$ 83,440</u>	<u>\$ -</u>	<u>\$ (63,926)</u>	<u>\$ 2,428,452</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	469
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 469</u>
<u>\$ 16,461</u>	<u>\$ 60,259</u>	<u>\$ 943,555</u>	<u>\$ 83,440</u>	<u>\$ -</u>	<u>\$ (63,926)</u>	<u>\$ 2,427,983</u>
<u>\$ 16,461</u>	<u>\$ 60,259</u>	<u>\$ 943,555</u>	<u>\$ 83,440</u>	<u>\$ -</u>	<u>\$ (63,926)</u>	<u>\$ 2,427,983</u>
<u>\$ 16,461</u>	<u>\$ 60,259</u>	<u>\$ 943,555</u>	<u>\$ 83,440</u>	<u>\$ -</u>	<u>\$ (63,926)</u>	<u>\$ 2,428,452</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, 2012

	<u>Internal Improvements</u>	<u>Biodiesel Plant Project</u>	<u>Water Treatment Project</u>	<u>Construction Projects</u>
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	190	178	89	1,266
Miscellaneous	-	-	-	250,000
Contributions	4,932	-	-	-
Total Revenues	<u>\$ 5,122</u>	<u>\$ 178</u>	<u>\$ 89</u>	<u>\$ 251,266</u>
EXPENDITURES				
Capital outlay				
Contract costs	\$ 165,567	\$ 407,464	\$ -	\$ 392,738
Bond issuance costs	5,773	-	-	-
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenditures	<u>\$ 171,340</u>	<u>\$ 407,464</u>	<u>\$ -</u>	<u>\$ 392,738</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (166,218)</u>	<u>\$ (407,286)</u>	<u>\$ 89</u>	<u>\$ (141,472)</u>
OTHER FINANCING RESOURCES (USES)				
Transfers in	\$ -	\$ 60	\$ -	\$ 20
Transfers out	(10,285)	-	(107,596)	(192,283)
Bond premium	-	-	-	-
Sale of bonds	34,155	-	-	-
Total Other Financing Resources (Uses)	<u>\$ 23,870</u>	<u>\$ 60</u>	<u>\$ (107,596)</u>	<u>\$ (192,263)</u>
Net Change in Fund Balance	<u>\$ (142,348)</u>	<u>\$ (407,226)</u>	<u>\$ (107,507)</u>	<u>\$ (333,735)</u>
Fund Balance - Beginning	<u>311,612</u>	<u>264,959</u>	<u>107,507</u>	<u>1,694,932</u>
Fund Balance - Ending	<u>\$ 169,264</u>	<u>\$ (142,267)</u>	<u>\$ -</u>	<u>\$ 1,361,197</u>

Civic Auditorium Improvement	Park Improvements	Bridge Projects	Traffic Signals	Paving Projects	Totals
\$ -	\$ 21,030	\$ -	\$ -	\$ 3,311	\$ 24,341
13	53	783	68	243	2,883
-	-	-	-	-	250,000
1,000	4,750	-	-	15,834	26,516
<u>\$ 1,013</u>	<u>\$ 25,833</u>	<u>\$ 783</u>	<u>\$ 68</u>	<u>\$ 19,388</u>	<u>\$ 303,740</u>
\$ -	\$ 81,064	\$ -	\$ -	\$ -	\$ 1,046,833
-	-	-	-	-	5,773
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 81,064</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,052,606</u>
<u>\$ 1,013</u>	<u>\$ (55,231)</u>	<u>\$ 783</u>	<u>\$ 68</u>	<u>\$ 19,388</u>	<u>\$ (748,866)</u>
\$ -	\$ 16,578	\$ -	\$ -	\$ -	\$ 16,658
-	-	-	-	(339,299)	(649,463)
-	-	-	-	-	-
-	-	-	-	-	34,155
<u>\$ -</u>	<u>\$ 16,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (339,299)</u>	<u>\$ (598,650)</u>
\$ 1,013	\$ (38,653)	\$ 783	\$ 68	\$ (319,911)	\$ (1,347,516)
15,448	98,912	942,772	83,372	319,911	3,839,425
<u>\$ 16,461</u>	<u>\$ 60,259</u>	<u>\$ 943,555</u>	<u>\$ 83,440</u>	<u>\$ -</u>	<u>\$ 2,491,909</u>

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
INDUSTRIAL DEVELOPMENT SALES TAX FUND
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Use of money & property	\$ 300	\$ 600	\$ 307	\$ (293)
Miscellaneous	140,603	140,603	140,603	-
Total Revenues	<u>\$ 140,903</u>	<u>\$ 141,203</u>	<u>\$ 140,910</u>	<u>\$ (293)</u>
EXPENDITURES				
Planning and development				
Contractual services	\$ 505,596	\$ 505,596	\$ 375,015	\$ 130,581
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (505,296)</u>	<u>\$ (504,996)</u>	<u>\$ (234,105)</u>	<u>\$ 130,288</u>
OTHER FINANCING RESOURCES (USES)				
Transfers in	\$ 612,899	\$ 612,899	\$ 606,318	\$ 6,581
Transfers out	(310,000)	(310,000)	(272,275)	(37,725)
Total Other Financing Sources	<u>\$ 302,899</u>	<u>\$ 302,899</u>	<u>\$ 334,043</u>	<u>\$ (31,144)</u>
Net Change in Fund Balance	<u>\$ (202,397)</u>	<u>\$ (202,097)</u>	\$ 99,938	<u>\$ 99,144</u>
Fund Balance - Beginning			312,363	
Fund Balance - Ending			\$ 412,301	
Adjustments to GAAP				
Encumbrances			-	
Fund Balance - GAAP			<u>\$ 412,301</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 642,397	\$ 642,397	\$ 628,049	\$ (14,348)
Miscellaneous	-	-	132	132
Total Revenues	<u>\$ 642,397</u>	<u>\$ 642,397</u>	<u>\$ 628,181</u>	<u>\$ (14,216)</u>
EXPENDITURES				
Culture and recreation	\$ 656,733	\$ 656,733	\$ 650,543	\$ 6,190
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (14,336)</u>	<u>\$ (14,336)</u>	<u>\$ (22,362)</u>	<u>\$ (8,026)</u>
OTHER FINANCING RESOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 4,094	\$ 4,094
Transfers out	-	-	-	-
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,094</u>	<u>\$ 4,094</u>
Net Change in Fund Balance			\$ (18,268)	
Fund Balance - Beginning			<u>18,268</u>	
Fund Balance - Ending			\$ -	
Adjustments to GAAP			<u>-</u>	
Fund Balance - GAAP			<u>\$ -</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 59,168	\$ 59,168	\$ 57,962	\$ (1,206)
EXPENDITURES				
Culture and recreation	\$ 59,168	\$ 59,168	\$ 59,095	\$ 73
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,133)</u>	<u>\$ (2,339)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 389	\$ 389
Transfers out	-	-	-	-
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 389</u>	<u>\$ 389</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (744)</u>	<u>\$ (1,950)</u>
Fund Balance - Beginning			<u>744</u>	
Fund Balance - Ending			\$ -	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balances - GAAP			<u>\$ -</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 400,000	\$ 400,000	\$ 400,997	\$ 997
Use of money and property	150	150	33	(117)
Miscellaneous	-	-	-	-
Total Revenues	<u>\$ 400,150</u>	<u>\$ 400,150</u>	<u>\$ 401,030</u>	<u>\$ 880</u>
EXPENDITURES				
General government				
Appropriations	\$ 436,451	\$ 436,451	\$ 394,000	\$ 42,451
Net Change in Fund Balances	<u>\$ (36,301)</u>	<u>\$ (36,301)</u>	<u>\$ 7,030</u>	<u>\$ (41,571)</u>
Fund Balance - Beginning			<u>35,468</u>	
Fund Balance - Ending			\$ 42,498	
Adjustments to GAAP				
Encumbrances			-	
Fund Balance - GAAP			<u>\$ 42,498</u>	

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

For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,160	\$ 1,160	\$ 1,106	\$ (54)
Use of money and property	100	100	53	(47)
Total Revenues	<u>\$ 1,260</u>	<u>\$ 1,260</u>	<u>\$ 1,159</u>	<u>\$ (101)</u>
EXPENDITURES				
Planning and development				
Contractual services	\$ 68,507	\$ 68,507	\$ 33,878	\$ 34,629
Net Change in Fund Balance	<u>\$ (67,247)</u>	<u>\$ (67,247)</u>	<u>\$ (32,719)</u>	<u>\$ 34,528</u>
Fund Balance - Beginning			<u>68,966</u>	
Fund Balance - Ending			\$ 36,247	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u>\$ 36,247</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 63,348	\$ (11,652)
Use of money and property	100	100	29	(71)
Total Revenues	<u>\$ 75,100</u>	<u>\$ 75,100</u>	<u>\$ 63,377</u>	<u>\$ (11,723)</u>
EXPENDITURES				
Health and environment Appropriations	\$ 80,900	\$ 84,000	\$ 83,150	\$ 850
Net Change in Fund Balance	<u>\$ (5,800)</u>	<u>\$ (8,900)</u>	<u>\$ (19,773)</u>	<u>\$ (12,573)</u>
Fund Balance - Beginning			<u>50,604</u>	
Fund Balance - ending			\$ 30,831	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u>\$ 30,831</u>	

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 63,348	\$ (11,652)
Miscellaneous	50,943	50,943	-	(50,943)
Use of money and property	150	150	191	41
Donations	-	-	1,500	1,500
Total Revenues	<u>\$ 126,093</u>	<u>\$ 126,093</u>	<u>\$ 65,039</u>	<u>\$ (61,054)</u>
EXPENDITURES				
General government				
Capital outlay	\$ 188,486	\$ 188,486	\$ 14,458	\$ 174,028
Net Change in Fund Balance	<u>\$ (62,393)</u>	<u>\$ (62,393)</u>	<u>\$ 50,581</u>	<u>\$ (235,082)</u>
Fund Balance - Beginning			<u>\$ 197,920</u>	
Fund Balance - Ending			\$ 248,501	
Adjustments to GAAP				
Encumbrances			<u>4,858</u>	
Fund Balance - GAAP			<u>\$ 253,359</u>	

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 681,516	\$ 681,516	\$ 720,617	\$ 39,101
Use of money and property	200	200	196	(4)
Miscellaneous	-	-	6,207	6,207
Total Revenues	<u>\$ 681,716</u>	<u>\$ 681,716</u>	<u>\$ 727,020</u>	<u>\$ 45,304</u>
EXPENDITURES				
Highway and streets				
Personal services	\$ 382,337	\$ 382,337	\$ 369,996	\$ 12,341
Contractual	17,850	17,850	9,350	8,500
Commodities	216,100	216,100	143,488	72,612
Other charges	34,000	34,000	78,335	(44,335)
Capital outlay	-	-	-	-
Debt Service				
Interest expense	76,747	76,747	-	76,747
Total Expenditures	<u>\$ 727,034</u>	<u>\$ 727,034</u>	<u>\$ 601,169</u>	<u>\$ 125,865</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (45,318)</u>	<u>\$ (45,318)</u>	<u>\$ 125,851</u>	<u>\$ 171,169</u>
OTHER FINANCING RESOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 6,968	\$ 6,968
Transfers out	-	-	(71,937)	11,510
Total Other Financing Resources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (64,969)</u>	<u>\$ 18,478</u>
Net Change in Fund Balance	<u>\$ (45,318)</u>	<u>\$ (45,318)</u>	<u>\$ 60,882</u>	<u>\$ 189,647</u>
Fund Balance - Beginning			<u>164,689</u>	
Fund Balances - Ending			<u>\$ 225,571</u>	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u>\$ 225,571</u>	

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 286	\$ (89,714)
Use of money and property	50	50	18	(32)
Total Revenues	<u>\$ 90,050</u>	<u>\$ 90,050</u>	<u>\$ 304</u>	<u>\$ (89,746)</u>
EXPENDITURES				
Law enforcement				
Contractual	\$ 17,500	\$ 17,500	\$ 5,412	\$ 12,088
Commodities	35,000	35,000	29,547	5,453
Other charges	500	500	-	500
Capital outlay	7,000	7,000	-	7,000
Total Expenditures	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 34,959</u>	<u>\$ 25,041</u>
Net Change in Fund Balance	<u><u>\$ 30,050</u></u>	<u><u>\$ 30,050</u></u>	<u><u>\$ (34,655)</u></u>	<u><u>\$ (64,705)</u></u>
Fund Balance - Beginning			<u>43,629</u>	
Fund Balance - Ending			\$ 8,974	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u><u>\$ 8,974</u></u>	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
DEBT SERVICE FUND
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 3,073,898	\$ 3,073,898	\$ 3,009,020	\$ (64,878)
Special assessments	46,141	46,141	46,141	-
Use of money and property	3,000	3,000	851	(2,149)
Miscellaneous	-	-	134,305	134,305
Total Revenues	<u>\$ 3,123,039</u>	<u>\$ 3,123,039</u>	<u>\$ 3,190,317</u>	<u>\$ 67,278</u>
EXPENDITURES				
Debt service				
Principal	\$ 3,572,454	\$ 3,572,454	\$ 3,525,000	\$ 47,454
Interest and other charges	1,061,394	1,061,394	868,613	192,781
Total Expenditures	<u>\$ 4,633,848</u>	<u>\$ 4,633,848</u>	<u>\$ 4,393,613</u>	<u>\$ 240,235</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (1,510,809)</u>	<u>\$ (1,510,809)</u>	<u>\$ (1,203,296)</u>	<u>\$ 307,513</u>
OTHER FINANCING RESOURCES (USES)				
Transfers in	\$ 1,239,945	\$ 1,239,945	\$ 1,739,113	\$ 499,168
Transfers out	-	-	-	-
Total Other Financing Sources	<u>\$ 1,239,945</u>	<u>\$ 1,239,945</u>	<u>\$ 1,739,113</u>	<u>\$ 499,168</u>
Net Change in Fund Balance	<u>\$ (270,864)</u>	<u>\$ (270,864)</u>	\$ 535,817	<u>\$ 806,681</u>
Fund Balance - Beginning			<u>160,421</u>	
Fund Balance - Ending			<u>\$ 696,238</u>	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u>\$ 696,238</u>	

**CITY OF EMPORIA, KANSAS
INTERNAL SERVICE FUNDS**

December 31, 2012

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 POSITION
INTERNAL SERVICE FUNDS
December 31, 2012

	Workers'	Employee	Total
	Compensation	Health Care	
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,206,124	\$ 191,717	\$ 1,397,841
TOTAL ASSETS	\$ 1,206,124	\$ 191,717	\$ 1,397,841
LIABILITIES			
Liabilities			
Unpaid claims	\$ 37,422	\$ 320	\$ 37,742
TOTAL LIABILITIES	\$ 37,422	\$ 320	\$ 37,742
NET POSITION			
Unrestricted	\$ 1,168,702	\$ 191,397	\$ 1,360,099
Total Net Position	\$ 1,168,702	\$ 191,397	\$ 1,360,099
TOTAL NET POSITION	\$ 1,206,124	\$ 191,717	\$ 1,397,841

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2012

	<u>Workers'</u> <u>Compensation</u>	<u>Employee</u> <u>Health Care</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 386,761	\$ -	\$ 386,761
Miscellaneous	32,356	583,826	616,182
Total Operating Revenues	<u>\$ 419,117</u>	<u>\$ 583,826</u>	<u>\$ 1,002,943</u>
OPERATING EXPENSES			
Cost of services	\$ 102,390	\$ 191,221	\$ 293,611
Other	-	3,641	3,641
Total Operating Expenses	<u>\$ 102,390</u>	<u>\$ 194,862</u>	<u>\$ 297,252</u>
Operating income (loss)	<u>\$ 316,727</u>	<u>\$ 388,964</u>	<u>\$ 705,691</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	<u>\$ 2,370</u>	<u>\$ 1,129</u>	<u>\$ 3,499</u>
Transfers from (to) other funds			
Transfers out	<u>\$ -</u>	<u>\$ (277,251)</u>	<u>\$ (277,251)</u>
Change in Net Position	\$ 319,097	\$ 112,842	\$ 431,939
Net Position - Beginning	<u>849,605</u>	<u>78,555</u>	<u>928,160</u>
Net Position - Ending	<u><u>\$ 1,168,702</u></u>	<u><u>\$ 191,397</u></u>	<u><u>\$ 1,360,099</u></u>

**CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

For the Year Ended December 31, 2012

	<u>Workers'</u> <u>Compensation</u>	<u>Employee</u> <u>Health Care</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from participants	\$ 386,761	\$ -	\$ 386,761
Cash received from reimbursements	32,356	583,826	616,182
Cash paid for services	(111,294)	-	(111,294)
Cash payments to suppliers	-	(194,862)	(194,862)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 307,823</u>	<u>\$ 388,964</u>	<u>\$ 696,787</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) other funds	<u>\$ -</u>	<u>\$ (277,251)</u>	<u>\$ (277,251)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	\$ 2,370	\$ 1,129	\$ 3,499
Net Cash Provided by (Used in) Investing Activities	<u>\$ 2,370</u>	<u>\$ 1,129</u>	<u>\$ 3,499</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 310,193	\$ 112,842	\$ 423,035
Cash and cash equivalents, beginning of year	<u>895,931</u>	<u>78,875</u>	<u>974,806</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,206,124</u></u>	<u><u>\$ 191,717</u></u>	<u><u>\$ 1,397,841</u></u>

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH
PROVIDED BY (USED IN) OPERATING ACTIVITIES**

Operating income (loss)	\$ 316,727	\$ 388,964	\$ 705,691
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	(8,904)	-	(8,904)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 307,823</u>	<u>\$ 388,964</u>	<u>\$ 696,787</u>

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

December 31, 2012

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.

Freemont 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 POSITION
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST
December 31, 2012

	Private Purpose Trust				Total
	Tree	Fremont Park	Las Casitas Park	Economic Development	
ASSETS					
Cash and investments	\$ 1,668	\$ 89	\$ 413	\$ 1,068,226	\$ 1,070,396
Accrued interest receivable	-	-	-	93	93
Notes receivable	-	-	-	53,226	53,226
TOTAL ASSETS	\$ 1,668	\$ 89	\$ 413	\$ 1,121,545	\$ 1,123,715
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
NET POSITION					
Held in trust for various purposes	\$ 1,668	\$ 89	\$ 413	\$ 1,121,545	\$ 1,123,715

CITY OF EMPORIA, KANSAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - AGENCY FUND
December 31, 2012

	<u>Fire Insurance Proceeds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 15,896</u>
TOTAL ASSETS	<u><u>\$ 15,896</u></u>
LIABILITIES	
Accounts payable	<u>\$ 15,896</u>
TOTAL LIABILITIES	<u><u>\$ 15,896</u></u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST
For the Year Ended December 31, 2012

	Private Purpose Trust				Total
	Tree	Fremont Park	Las Casitas Park	Economic Development	
ADDITIONS					
Interest income	\$ 1	\$ -	\$ -	\$ 3,030	\$ 3,031
Total Additions	\$ 1	\$ -	\$ -	\$ 3,030	\$ 3,031
DEDUCTIONS					
Change in net position	\$ 1	\$ -	\$ -	\$ 3,030	\$ 3,031
NET POSITION - BEGINNING OF YEAR	1,667	89	413	1,118,515	1,120,684
NET POSITION - END OF YEAR	\$ 1,668	\$ 89	\$ 413	\$ 1,121,545	\$ 1,123,715

CITY OF EMPORIA, KANSAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended December 31, 2012

	<u>Balance - January 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance - December 31, 2012</u>
Cash and cash equivalents	\$ 9,754	\$ 6,143	\$ 1	\$ 15,896
TOTAL ASSETS	<u>\$ 9,754</u>	<u>\$ 6,143</u>	<u>\$ 1</u>	<u>\$ 15,896</u>
Accounts payable	\$ 9,754	\$ 6,143	\$ 1	\$ 15,896
TOTAL LIABILITIES	<u>\$ 9,754</u>	<u>\$ 6,143</u>	<u>\$ 1</u>	<u>\$ 15,896</u>

STATISTICAL SECTION

CITY OF EMPORIA, KANSAS
STATISTICAL SECTION
(UNAUDITED)
December 31, 2012

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

CITY OF EMPORIA, KANSAS
NET POSITION BY COMPONENT
LAST NINE 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 Position	<u>\$ 93,603,255</u>	<u>\$ 87,255,088</u>	<u>\$ 84,475,236</u>
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 Position	<u>\$ 23,328,349</u>	<u>\$ 22,014,003</u>	<u>\$ 22,519,634</u>
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 Position	<u>\$ 116,931,604</u>	<u>\$ 109,269,091</u>	<u>\$ 106,994,870</u>

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	2012
\$ 66,616,597	\$ 66,752,347	\$ 55,981,334	\$ 51,512,139	\$ 49,963,992	\$ 46,489,682
227,184	467,128	443,006	210,861	8,865,752	8,649,753
9,091,918	8,942,071	6,981,419	8,029,041	1,959,948	1,830,380
<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>	<u>\$ 56,969,815</u>
\$ 19,415,639	\$ 18,842,735	\$ 18,327,412	\$ 18,844,682	\$ 19,544,388	\$ 18,844,645
4,310,519	5,324,738	6,371,697	7,321,467	6,907,985	7,573,049
<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>	<u>\$ 26,417,694</u>
\$ 86,032,236	\$ 80,595,082	\$ 74,308,746	\$ 70,356,821	\$ 69,508,380	\$ 65,334,327
227,184	467,127	443,006	210,861	8,865,752	8,649,753
13,402,437	14,266,809	13,353,116	15,535,354	8,867,933	9,403,429
<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>	<u>\$ 83,387,509</u>

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

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 3,667,468	\$ 3,661,655	\$ 4,646,991	\$ 6,205,113
Public safety	7,920,078	8,735,530	7,995,365	8,680,772
Highways and streets	8,147,882	8,174,128	8,099,622	8,218,813
Culture and recreation	2,693,563	2,779,900	2,315,915	2,774,693
Health and environment	66,672	65,539	61,205	72,475
Building maintenance	1,006,234	940,398	893,474	939,756
Planning and development	1,485,859	1,385,571	1,264,408	4,447,332
Airport operations	518,685	538,347	384,315	634,334
Appropriation	-	-	-	-
Capital outlay	-	-	-	-
Bond issuance costs	-	-	-	-
Interest on long-term debt	1,097,258	1,067,693	1,100,521	1,014,796
Total Governmental Activities Expense	\$ 26,603,699	\$ 27,348,761	\$ 26,761,816	\$ 32,988,084
Business-Type Activities:				
Solid waste disposal	\$ 2,434,993	\$ 2,561,538	\$ 2,200,552	\$ 2,629,336
Sewer utility	2,224,003	3,077,282	2,929,858	2,959,294
Water utility	3,503,268	3,491,982	3,580,339	3,564,058
Total Business-Type Activities Expense	\$ 8,162,264	\$ 9,130,802	\$ 8,710,749	\$ 9,152,688
Total Primary Government Expenses:	\$ 34,765,963	\$ 36,479,563	\$ 35,472,565	\$ 42,140,772
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 1,532,652	\$ 1,732,685	\$ 3,281,319	\$ 2,006,903
Public safety	2,050,555	1,418,612	949,660	1,889,173
Highways and streets	8,406	-	-	69,299
Culture and recreation	447,778	381,834	-	460,230
Building maintenance	2,546	7,609	-	-
Airport operations	158,728	195,286	-	291,138
Operating grants and contributions	2,098,470	2,478,260	2,551,256	2,275,621
Capital grants and contributions	-	-	-	-
Total Governmental Activities Program Revenues	\$ 6,299,135	\$ 6,214,286	\$ 6,782,235	\$ 6,992,364
Business-Type Activities:				
Charges for services:				
Solid waste disposal	\$ 2,579,219	\$ 2,637,269	\$ 3,021,910	\$ 3,060,494
Sewer utility	3,191,405	3,176,925	3,245,787	3,682,590
Water utility	4,204,835	4,162,141	4,535,342	4,592,153
Capital grants and contributions	-	164,214	205,002	-
Total Business-Type Activities Program Revenues	\$ 9,975,459	\$ 10,140,549	\$ 11,008,041	\$ 11,335,237
Total Primary Government Program Revenues:	\$ 16,274,594	\$ 16,354,835	\$ 17,790,276	\$ 18,327,601
Net (expense)/revenue				
Governmental activities	\$ (20,304,564)	\$ (21,134,475)	\$(19,979,581)	\$(25,995,720)
Business-type activities	1,813,195	1,009,747	2,297,292	2,182,549
Total Primary Government Net Expense	\$ (18,491,369)	\$ (20,124,728)	\$ (17,682,289)	\$ (23,813,171)

Fiscal Year				
2008	2009	2010	2011	2012
\$ 4,580,920	\$ 4,149,676	\$ 4,046,255	\$ 3,779,829	\$ 4,387,457
9,318,358	10,037,060	10,058,340	10,267,119	9,208,224
8,122,190	8,601,094	8,432,872	7,656,949	7,443,498
2,772,761	2,942,303	2,829,141	2,822,262	2,909,189
72,475	89,901	85,400	105,500	197,099
1,114,909	1,213,665	1,204,027	1,374,742	1,320,425
1,503,737	1,191,179	1,393,341	656,439	608,747
688,806	414,202	516,378	584,990	617,829
-	-	58,543	86,583	81,010
-	-	257,491	-	-
-	-	39,003	46,235	17,853
1,924,572	1,777,794	950,408	1,006,166	830,402
<u>\$ 30,098,728</u>	<u>\$ 30,416,874</u>	<u>\$ 29,871,199</u>	<u>\$ 28,386,814</u>	<u>\$ 27,621,733</u>
\$ 2,712,201	\$ 2,764,437	\$ 2,570,915	\$ 2,979,111	\$ 3,020,758
2,969,314	3,233,827	3,111,908	3,233,859	3,511,678
<u>3,255,744</u>	<u>3,357,695</u>	<u>3,657,273</u>	<u>4,327,855</u>	<u>4,495,878</u>
<u>\$ 8,937,259</u>	<u>\$ 9,355,959</u>	<u>\$ 9,340,096</u>	<u>\$ 10,540,825</u>	<u>\$ 11,028,314</u>
<u>\$ 39,035,987</u>	<u>\$ 39,772,833</u>	<u>\$ 39,211,295</u>	<u>\$ 38,927,639</u>	<u>\$ 38,650,047</u>
\$ 2,182,061	\$ 2,534,303	\$ -	\$ 1,767,827	\$ 1,133,029
2,687,503	1,143,799	3,346,050	2,342,449	1,240,326
-	-	-	208,007	-
586,483	-	773,188	127,222	581,032
-	-	-	10,465	-
373,230	-	-	353,204	454,203
2,369,355	2,035,167	1,757,275	731,493	476,479
258,611	4,645	112,716	760,984	-
<u>\$ 8,457,243</u>	<u>\$ 5,717,914</u>	<u>\$ 5,989,229</u>	<u>\$ 6,301,651</u>	<u>\$ 3,885,069</u>
\$ 3,140,333	\$ 3,487,385	\$ 3,879,922	\$ 3,984,198	\$ 3,907,206
3,880,277	3,962,051	3,850,725	3,838,061	3,721,099
3,870,716	4,258,991	5,236,720	5,318,217	5,331,334
-	-	-	-	-
<u>\$ 10,891,326</u>	<u>\$ 11,708,427</u>	<u>\$ 12,967,367</u>	<u>\$ 13,140,476</u>	<u>\$ 12,959,639</u>
<u>\$ 19,348,569</u>	<u>\$ 17,426,341</u>	<u>\$ 18,956,596</u>	<u>\$ 19,442,127</u>	<u>\$ 16,844,708</u>
\$(21,641,485)	\$(24,698,960)	\$(23,697,122)	\$(22,846,147)	\$(23,736,664)
1,954,067	2,352,468	3,627,271	3,360,635	1,931,325
<u>\$(19,687,418)</u>	<u>\$(22,346,492)</u>	<u>\$(20,069,851)</u>	<u>\$(19,485,512)</u>	<u>\$(21,805,339)</u>

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

	Fiscal Year			
	2004	2005	2006	2007
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes, levied for general purposes *	\$ 3,653,280	\$ 3,876,443	\$ 3,940,447	\$ 3,918,248
Property taxes, levied for debt service	2,374,040	1,980,352	2,279,791	2,399,191
Franchise taxes	992,036	1,038,088	1,372,059	1,891,288
Sales taxes	3,854,759	3,997,182	4,032,795	4,104,469
Gasoline taxes	753,158	776,892	765,606	774,019
Investment earnings	170,491	231,223	433,320	713,477
Miscellaneous	152,533	268,970	472,137	1,811,021
Transfers	2,040,880	2,566,496	1,950,840	1,971,420
Total Governmental Activities	<u>\$ 13,991,177</u>	<u>\$ 14,735,646</u>	<u>\$ 15,246,995</u>	<u>\$ 17,583,133</u>
Business-Type Activities:				
Investment earnings	\$ 92,389	\$ 50,789	\$ 64,197	\$ 496,647
Miscellaneous	178,208	191,614	107,922	248,217
Transfers	(2,040,880)	(2,566,496)	(1,950,840)	(1,971,420)
Total Business-Type Activities	<u>\$ (1,770,283)</u>	<u>\$ (2,324,093)</u>	<u>\$ (1,778,721)</u>	<u>\$ (1,226,556)</u>
Total Primary Government	<u>\$ 12,220,894</u>	<u>\$ 12,411,553</u>	<u>\$ 13,468,274</u>	<u>\$ 16,356,577</u>
Change in Net Position				
Governmental activities	\$ (6,313,387)	\$ (6,398,829)	\$ (4,732,586)	\$ (8,412,587)
Business-type activities	42,912	(1,314,346)	518,571	955,993
Total Primary Government	<u>\$ (6,270,475)</u>	<u>\$ (7,713,175)</u>	<u>\$ (4,214,015)</u>	<u>\$ (7,456,594)</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				
2008	2009	2010	2011	2012
\$ 7,608,716	\$ 4,332,379	\$ 4,526,733	\$ 4,451,177	\$ 4,021,932
2,588,050	2,637,470	2,739,128	2,773,776	3,009,020
2,023,685	2,028,528	2,175,501	2,233,692	2,211,034
716,102	4,789,449	6,263,665	6,658,352	6,442,595
760,128	668,649	764,278	649,585	646,213
414,246	205,596	154,506	141,480	153,676
898,272	275,803	552,592	994,852	1,211,917
1,858,133	2,005,299	3,051,850	3,425,288	2,220,400
<u>\$ 16,867,332</u>	<u>\$ 16,943,173</u>	<u>\$ 20,228,253</u>	<u>\$ 21,328,202</u>	<u>\$ 19,916,787</u>
\$ 159,667	\$ 30,019	\$ 14,286	\$ 7,348	\$ 5,187
185,714	154,448	877,331	343,531	249,209
(1,858,133)	(2,005,299)	(3,051,850)	(3,425,288)	(2,220,400)
<u>\$ (1,512,752)</u>	<u>\$ (1,820,832)</u>	<u>\$ (2,160,233)</u>	<u>\$ (3,074,409)</u>	<u>\$ (1,966,004)</u>
<u>\$ 15,354,580</u>	<u>\$ 15,122,341</u>	<u>\$ 18,068,020</u>	<u>\$ 18,253,793</u>	<u>\$ 17,950,783</u>
\$ (4,774,153)	\$ (7,755,787)	\$ (3,468,870)	\$ (1,517,945)	\$ (3,819,877)
441,315	531,636	1,467,038	286,226	(34,679)
<u>\$ (4,332,838)</u>	<u>\$ (7,224,151)</u>	<u>\$ (2,001,832)</u>	<u>\$ (1,231,719)</u>	<u>\$ (3,854,556)</u>

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

Fiscal Year	Property Tax - 1	Sales Tax	Franchise Tax	Motor Vehicle Tax	Total
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
2012	6,152,090	6,442,595	2,211,034	769,244	15,574,963

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.

Note 1 - Total includes deduction for Local Ad Valorem Tax Reduction of \$44,168.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund					
Pre-GASB 54 *					
Reserved	\$ 831	\$ -	\$ -	\$ 53,991	\$ 81,152
Unreserved	385,191	883,809	906,267	1,346,381	2,234,807
Post-GASB 54 *					
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total General Fund	<u>\$ 386,022</u>	<u>\$ 883,809</u>	<u>\$ 906,267</u>	<u>\$ 1,400,372</u>	<u>\$ 2,315,959</u>
All Other Governmental Funds					
Pre-GASB 54 *					
Reserved	\$ 8,935	\$ -	\$ -	\$ -	\$ 115,753
Unreserved - Reported in:					
Special revenue funds	1,989,329	1,164,245	1,329,900	1,919,585	1,453,126
Debt service funds	176,533	385,615	99,442	249,058	227,184
Capital projects funds	(148,050)	459,924	1,949,760	5,427,142	6,467,716
Post-GASB 54 *					
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 2,026,747</u>	<u>\$ 2,009,784</u>	<u>\$ 3,379,102</u>	<u>\$ 7,595,785</u>	<u>\$ 8,263,779</u>

The City implemented GASB 54, Fund Balance 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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ -	\$ 46,433	\$ 37,900	\$ -	\$ -
3,038,285	2,633,634	4,096,582	-	-
-	-	-	2,688,478	3,001,385
-	-	-	1,632,647	1,108,698
<u>\$ 3,038,285</u>	<u>\$ 2,680,067</u>	<u>\$ 4,134,482</u>	<u>\$ 4,321,125</u>	<u>\$ 4,110,083</u>

\$ -	\$ 232,543	\$ 296,680	\$ -	\$ -
1,143,544	822,672	1,375,903	-	-
467,128	443,006	210,861	-	-
5,332,192	2,884,947	2,170,952	-	-
-	-	-	2,337,849	2,427,983
-	-	-	3,839,425	3,220,385
-	-	-	-	-
-	-	-	-	-
<u>\$ 6,942,864</u>	<u>\$ 4,383,168</u>	<u>\$ 4,054,396</u>	<u>\$ 6,177,274</u>	<u>\$ 5,648,368</u>

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues					
Taxes	\$ 10,429,929	\$ 11,545,148	\$ 11,610,647	\$ 12,324,809	\$ 13,018,554
Charges for services	1,215,208	1,664,767	1,380,037	1,744,253	1,725,796
Special assessments	140,766	82,125	58,310	65,889	68,661
Intergovernmental	2,650,278	2,092,293	2,472,129	2,442,244	2,091,977
Licenses and permits	223,767	222,834	236,014	287,456	310,062
Fines and fees	609,956	846,047	704,566	663,204	701,957
Use of money and property	139,577	152,792	182,814	359,238	639,281
Contributions	13,665	6,177	6,131	825	183,644
Miscellaneous	152,258	149,850	268,970	472,137	1,811,021
Total Revenues	<u>\$ 15,575,404</u>	<u>\$ 16,762,033</u>	<u>\$ 16,919,618</u>	<u>\$ 18,360,055</u>	<u>\$ 20,550,953</u>
Expenditures					
General governmental	\$ 2,002,363	\$ 1,697,194	\$ 1,723,621	\$ 1,892,612	\$ 1,986,354
Public safety	7,244,197	7,633,408	8,444,565	7,523,946	8,414,431
Highways and streets	1,265,207	1,575,987	1,587,864	1,357,344	1,479,746
Culture and recreation	1,862,663	2,021,225	2,098,537	2,054,308	2,233,824
Health and environment	66,180	66,672	65,539	61,205	72,475
Building maintenance	790,025	903,207	839,482	827,882	939,756
Planning and development	1,088,645	1,485,858	1,385,571	1,164,397	4,447,332
Airport operations	290,382	345,189	364,066	384,316	463,628
Appropriations	-	-	-	-	-
Capital outlay	4,630,990	1,873,304	1,583,078	2,250,940	4,166,044
Bond issuance costs	-	-	-	-	-
Debt service					
Principal	1,244,835	1,469,713	2,001,186	1,848,559	1,948,203
Interest and other charges	1,026,653	1,075,217	1,073,492	1,078,698	1,086,649
Total Expenditures	<u>\$ 21,512,140</u>	<u>\$ 20,146,974</u>	<u>\$ 21,167,001</u>	<u>\$ 20,444,207</u>	<u>\$ 27,238,442</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ (5,936,736)</u>	<u>\$ (3,384,941)</u>	<u>\$ (4,247,383)</u>	<u>\$ (2,084,152)</u>	<u>\$ (6,687,489)</u>
Other Financing Sources (Uses)					
Transfers in	\$ 3,252,994	\$ 3,518,373	\$ 3,841,246	\$ 3,860,551	\$ 3,510,358
Transfers out	(1,158,057)	(1,477,493)	(1,274,750)	(1,909,711)	(1,538,938)
Payment to refund bonds	(110,000)	(1,185,000)	-	-	(3,720,000)
Payment to escrow agent	-	-	-	-	(156,988)
Bond premium	-	-	-	-	103,588
Bond issuances costs	-	-	-	-	-
Sale of bonds	1,631,800	3,465,000	3,022,000	4,820,000	10,200,000
Total Other Financing Sources (Uses)	<u>\$ 3,616,737</u>	<u>\$ 4,320,880</u>	<u>\$ 5,588,496</u>	<u>\$ 6,770,840</u>	<u>\$ 8,398,020</u>
Net Change in Fund Balance:	<u>\$ (2,319,999)</u>	<u>\$ 935,939</u>	<u>\$ 1,341,113</u>	<u>\$ 4,686,688</u>	<u>\$ 1,710,531</u>
Debt service as a percentage of non-capital expenditures	13.46%	13.93%	15.70%	16.09%	13.15%

2008	2009	2010	2011	2012
\$ 13,630,703	\$ 14,365,740	\$ 16,469,305	\$ 16,720,440	\$ 16,284,653
2,602,820	2,534,303	2,933,242	2,650,519	1,079,812
65,978	90,735	46,141	46,142	46,141
2,508,944	2,035,167	1,711,134	1,553,271	1,641,667
219,877	325,369	192,138	232,105	158,756
918,706	818,430	581,050	545,244	589,334
382,330	205,596	151,412	138,446	150,177
296,791	4,645	112,716	222,672	28,739
390,107	275,803	552,592	813,070	595,735
<u>\$ 21,016,256</u>	<u>\$ 20,655,788</u>	<u>\$ 22,749,730</u>	<u>\$ 22,921,909</u>	<u>\$ 20,575,014</u>
\$ 2,309,225	\$ 3,242,791	\$ 3,012,853	\$ 3,712,908	\$ 3,644,674
9,044,346	9,728,384	9,774,290	9,887,398	8,638,708
1,473,524	1,902,728	1,770,603	1,031,166	932,739
2,287,583	2,477,137	2,341,315	2,522,506	2,504,164
72,475	89,901	85,400	105,500	197,099
1,114,909	1,213,665	1,204,027	1,361,933	1,194,393
1,694,637	1,191,179	1,393,341	656,439	595,823
517,569	401,438	448,770	517,009	548,013
-	58,820	58,543	86,583	81,010
2,140,096	1,761,441	4,292,416	444,203	1,110,759
-	26,585	39,917	79,086	5,773
7,330,674	4,131,434	3,105,474	3,818,800	3,525,000
1,520,013	1,304,501	1,090,228	977,084	868,613
<u>\$ 29,505,051</u>	<u>\$ 27,530,004</u>	<u>\$ 28,617,177</u>	<u>\$ 25,200,615</u>	<u>\$ 23,846,768</u>
<u>\$ (8,488,795)</u>	<u>\$ (6,874,216)</u>	<u>\$ (5,867,447)</u>	<u>\$ (2,278,706)</u>	<u>\$ (3,271,754)</u>
\$ 3,585,034	\$ 5,893,119	\$ 7,549,523	\$ 9,112,902	\$ 7,265,046
(1,194,828)	(3,887,820)	(4,005,818)	(5,108,296)	(4,767,395)
-	-	-	-	-
-	-	-	(2,936,865)	-
-	-	-	340,484	-
-	-	-	-	-
5,500,000	1,945,000	3,449,385	3,180,000	34,155
<u>\$ 7,890,206</u>	<u>\$ 3,950,299</u>	<u>\$ 6,993,090</u>	<u>\$ 4,588,225</u>	<u>\$ 2,531,806</u>
<u>\$ (598,589)</u>	<u>\$ (2,923,917)</u>	<u>\$ 1,125,643</u>	<u>\$ 2,309,519</u>	<u>\$ (739,948)</u>
32.34%	21.10%	16.74%	19.40%	19.18%

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

Fiscal Year Ended December 31,	Real Property		Personal Property	
	Residential Property - 1	Commercial Property - 1	Motor Vehicles - 2	Other - 1
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
2012	76,301,740	52,872,743	18,695,592	147,657

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>
\$ 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%
23,559,970	124,457,762	41.560	876,067,600	14.20%

**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
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
2012	24.477	17.082	41.559	63.972	-	63.972

Fiscal Year Ended December 31,	USD 253			Total Direct & Overlapping Rates
	Operating Mileage	Debt Service Mileage	Total USD Mileage	
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
2012	50.404	10.033	60.437	165.968

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	2012			2003		
	Taxpayer Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Westar Energy (Electric Div)	\$ 4,249,866	1	2.970%	\$ 2,528,192	1	1.875%
Hills Pet Nutrition	2,252,064	2	1.577%	-		0.000%
Kansas Gas Service	1,789,848	3	1.254%	722,676	7	0.536%
Emporia ROS/Walmart	1,701,925	4	1.192%	1,326,124	4	0.983%
Tyson Fresh Meats	1,670,504	5	1.170%	-		0.000%
Iowa Beef	1,347,850	6	0.944%	2,498,476	2	1.853%
Emporia Partners	1,236,642	7	0.866%	-		0.000%
Camoplast Rockland, LTD	1,208,960	8	0.847%	-		0.000%
Interstate Brands	1,106,125	9	0.775%	972,316	5	0.721%
Southwestern Bell	1,095,934	10	0.768%	1,613,328	3	1.196%
Deuce Holdings	-		0.000%	-		0.000%
Bunge North America	-		0.000%	875,552.00	6	0.649%
Didde Corporation (2)	-		0.000%	-		0.000%
Hopkins Manufacturing (2)	-		0.000%	-		0.000%
Fling Hills Mall LLC	-		0.000%	717,676.00	9	0.532%
Modine Manufacturing (2)	-		0.000%	699,652.00	10	0.519%
Emporia Wholesale Coffee Co	-		0.000%	721,152.00	8	0.535%
Total	<u>\$ 17,659,718</u>		<u>12.363%</u>	<u>\$ 12,675,144</u>		<u>9.399%</u>

Total Assessed Value \$ -

(1) County Clerk's Budget Information for 2012
(2) 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**

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2012	5,947,380	5,697,522	96.960%	136,198	5,833,720	98.089%

Data from City of Emporia Treasurer

**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>
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	-	-
2012	19,710,000	-	-	-

Note 1 - See the Schedule of Demographic and Economic Statistics at 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		Total Primary Government	Percentage of Personal Income	Per Capital - 1
General Obligation Bonds	Notes Payable			
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
12,895,000	-	32,605,000	7.97%	1,984

CITY OF EMPORIA, KANSAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2012

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	\$ 30,000,000	87.197%	\$ 26,159,100
Lyon County, Kansas - Overlapping	12,356,000	63.085%	<u>7,794,783</u>
Subtotal, Overlapping Debt			\$ 33,953,883
City of Emporia - Direct Debt			<u>19,710,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 53,663,883</u></u>
Population			24,891
Overlapping debt per capita			\$ 1,364
Direct and overlapping debt per capita			\$ 2,156

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

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit *	\$ 40,427,640	\$ 39,993,450	\$ 41,694,150	\$ 44,225,583
Total net debt applicable to limit	<u>23,698,628</u>	<u>23,929,279</u>	<u>25,679,525</u>	<u>23,707,435</u>
Legal Debt Margin	<u>\$ 16,729,012</u>	<u>\$ 16,064,171</u>	<u>\$ 16,014,625</u>	<u>\$ 20,518,148</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	58.62%	59.83%	61.59%	53.61%

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

Source: Assessed Valuation from Lyon County Appraiser

	2007	2008	2009	2010	2011	2012
	\$ 44,855,183	\$ 44,639,313	\$ 46,155,021	\$ 44,855,183	\$ 42,716,032	\$ 42,830,893
	26,924,470	30,345,709	28,011,269	26,924,470	23,074,579	19,013,762
	<u>\$ 17,930,713</u>	<u>\$ 14,293,604</u>	<u>\$ 18,143,752</u>	<u>\$ 17,930,713</u>	<u>\$ 19,641,453</u>	<u>\$ 23,817,131</u>
	60.03%	67.98%	60.69%	60.03%	54.02%	44.39%

Legal Debt margin Calculation for the Fiscal Year 2012

	2012
Assessed Value	<u>\$ 142,769,643</u>
Debt Limit Ratio	30%
December 31, 2012 Debt Limit	\$ 42,830,893
Outstanding Debt Subject to Debt Limit	* <u>19,013,762</u>
Debt Authority Remaining December 31, 2012	<u>\$ 23,817,131</u>
December 31, 2012 GO Bonds Outstanding	\$ 19,710,000
Less: amount set aside for repayment of general obligation debt	<u>(696,238)</u>
Total Outstanding Debt Subject to Debt Limit December 31, 2012	* <u>\$ 19,013,762</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
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
2012	19,710,000	12,895,000	733,388	31,871,612	3.64%	1,280

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 for property value data.

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

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

Fiscal Year Ended December 31,	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	
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%
2012	24,891	409,034	16,433	29.0	12.1	7,123	7.1%

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, 2012 and Ten Years Ago

Taxpayer	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Tyson Fresh Meats	934	1	3.76%	2,621	1	10.27%
Emporia State University	805	2	3.16%	1,629	2	6.39%
USD #253	787	3	3.24%	1,361	3	5.33%
Wonder-Hostess	543	4	2.18%	760	4	2.98%
Newman Regional Health	399	5	1.60%	544	5	2.13%
Simmons Pet Food	275	6	1.11%	-		0.00%
Lyon County	258	7	1.04%	290	11	1.14%
City of Emporia, Kansas	243	8	0.98%	295	10	1.16%
Hopkins Manufacturing	232	9	0.00%	300	9	1.18%
Wal-Mart Super Center	183	10	0.00%	375	6	1.16%
Menu Foods Midwest	-		0.00%	357	8	1.18%
Detroit Diesel Remanufacturing	-		0.00%	179	12	0.70%
Modine Manufacturing(1)	-		0.00%	144	13	0.56%
Birch Telecom	-		0.00%	366	7	1.43%
Total	4,659		17.07%	9,221		35.61%

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	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government	32	32	32	37	35	34	33	34	34	34
Public Safety										
Officers	45	48	45	48	44	46	47	47	49	49
Civilians	21	24	21	23	23	23	23	25	24	24
Fire										
Firefighters and Officers	46	48	46	48	48	48	49	49	49	49
Civilians	1	1	1	1	1	1	1	1	1	1
Highways and Streets										
Engineering	5	7	5	7	8	5	5	5	5	7
Maintenance	16	11	11	11	9	7	7	8	8	9
Sanitation	28	30	28	31	30	30	31	32	33	33
Culture and Recreation	29	30	34	28	30	19	20	20	21	22
Water	19	17	19	18	17	21	21	21	20	22
Sewer	13	12	13	12	12	13	13	13	13	13
Total	255	260	255	264	257	247	250	255	257	263

(1) Data received from the Human Resources Department

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical arrests (1)	1,961	2,008	1,952	1,859	1,823	1,306	890	996	1,290	1,141
Parking violations (1)	5,840	7,289	6,308	6,355	6,609	7,130	9,044	7,253	5,249	5,285
Traffic violations (1)	4,991	5,075	4,788	4,969	4,879	3,725	3,010	2,309	2,237	3,231
Fire										
Number of calls answered (2)	1,445	1,396	1,448	1,333	1,435	1,267	3,154	3,065	3,047	3,481
Inspections (2)	1,045	1,614	1,067	980	1,023	1,127	1,338	1,287	1,272	1,157
Highways and Streets										
Street resurfacing (miles) (3)	4.81	4.79	4.80	4.82	4.81	3.53	3.60	8.56	3.08	3.77
Potholes repaired (4)	80	78	95	100	150	201	304	399	427	451
Sanitation										
Refuse collected (tons/day) (5)	90.96	96.04	96.67	94.21	92.11	87.62	81.46	80.00	79.78	78.73
Recyclables collected (tons/day) (5)	6.98	6.21	6.04	6.71	6.57	5.61	6.45	5.03	4.76	5.40
Water										
New connections (6)	173	173	173	173	169	177	36	16	27	25
Water main breaks (6)	84	61	57	63	72	69	35	49	47	52
Average daily consumption (thousands of gallons) (7)	9,218	8,737	8,765	9,472	8,460	6,629	6,292	6,334	5,524	6,464
Wastewater										
Average daily treatment capacity (thousands of gallons) (8)	2,003	2,192	2,002	2,200	3,190	2,400	2,357	2,400	2,700	2,300

(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

**CITY OF EMPORIA, KANSAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (1)	22	22	24	23	23	23	23	23	30	30
Fire Stations	2	2	2	2	2	2	2	2	2	2
Sanitation										
Collection Trucks (2)	11	11	11	11	11	11	11	10	10	10
Highways and Streets										
Street (miles) (3)	167	167	167	167	167	168	168	168	168	168
Traffic signals (4)	71	72	74	75	76	77	78	80	81	81
Culture and Recreation										
Parks acreage (5)	357.28	357.28	325.16	325.16	325.16	325.16	325.16	325.16	325.16	325.16
Parks (5)	20	20	20	18	18	18	18	18	18	-
Swimming pools	2	2	2	2	2	2	2	2	2	18
Tennis courts	6	6	6	6	6	6	6	6	6	2
Community centers	1	1	1	1	1	1	1	1	1	6 1
Water										
Water main (miles) (3)	173.00	173.00	173.00	173.00	178.60	179.20	180.63	180.63	180.63	180.63
Fire hydrants (6)	897	897	899	902	916	918	920	908	911	912
Maximum daily capacity thousands of gallons (7)	14,874	12,654	13,502	14,115	13,116	9,217	9,355	9,220	12,204	11,732
Sewer										
Sanitary sewers (miles) (3)	138.00	138.00	138.00	138.00	138.50	138.70	139.10	139.10	139.10	139.98
Storm sewers (miles) (3)	56.00	56.00	56.00	56.00	56.50	56.60	67.50	67.50	67.69	67.69
Maximum daily treatment capacity (thousands of gallons) (8)	6,129	6,129	6,130	6,130	7,640	7,520	7,520	7,400	7,200	7,000

(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 received from the water department

(8) Data received from the wastewater department

SINGLE AUDIT SECTION



June 24, 2013

Mayor and City Commissioners
City of Emporia, Kansas

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial 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, 2012 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2013.

Internal Control over Financial Reporting

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

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

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

June 24, 2013
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*.

PURPOSES OF THIS REPORT

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

Vaney & Associates, CPAs

Certified Public Accountants
Manhattan, Kansas



June 24, 2013

Honorable Mayor and City Commissioners
City of Emporia

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

COMPLIANCE

We have audited the compliance of the City of Emporia, Kansas (the City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

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

June 24, 2013
Honorable Mayor and City Commissioners
City of Emporia

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Vaney & Associates, CPAs

Certified Public Accountants
Manhattan, Kansas

CITY OF EMPORIA, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing and Urban Development		
Passed through the Kansas Housing Resources Corp.		
HOME Investments Partnership Program	14.239	\$ 105,000
Emergency Shelter Grants Program	14.231	22,451
Total U.S. Department of Housing and Urban Development		\$ 127,451
U.S. Department of Justice		
Violence Against Women Office		
ARRA OVWA Technical Assistance Initiative	16.526	\$ 127,084
Office of Community Oriented Policing Services		
Public Safety Partnerships	16.710	60,185
Total U.S. Department of Justice		\$ 187,269
U.S. Department of the Commerce		
Passed through the Kansas Department of Commerce		
Housing Rehabilitation		\$ 10,454
U.S. Department of Energy		
Passed through the Kansas Corporation Commission		
Energy Manager Grant	81.128	\$ 56,521
U.S. Department of Homeland Security		
Passed through the Kansas Adjutant General		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	\$ 3,179
Emergency Preparedness	97.042	2,805
Total U.S. Department of Homeland Security		\$ 5,984
U.S. Department of Transportation		
Passed through the Kansas Department of Transportation		
Safe Routes to School	20.105	\$ 250,000
State Planning and Research	20.515	3,311
Total U.S. Department of Transportation		\$ 253,311
TOTAL		\$ 640,990

See notes to schedule of expenditures of federal awards.

CITY OF EMPORIA, KANSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2012

Note 1: General

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards of the City of Emporia, Kansas (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements.

Note 2: Basis of Accounting

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

CITY OF EMPORIA, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2012

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Name of Federal program	<u>CFDA Number</u>
OVWA Technical Assistance Initiative	16.526
Safe Routes to School	20.205

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

No matters were reported

Section III - Federal Award Findings and Questioned Costs

No matters were reported

CITY OF EMPORIA, KANSAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2012

None.