

CITY OF MANHATTAN, KANSAS

Comprehensive Annual Financial Report

**Year Ended
December 31, 2008**

Prepared by:

Department of Finance

CITY OF MANHATTAN, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2008

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July 31, 2009



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

RE: 2008 Comprehensive Annual Financial Report

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

We are pleased to submit the Comprehensive Annual Financial Report of the City of Manhattan, Kansas (the City) for the fiscal year ended December 31, 2008.

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

The City's financial statements have been audited by Varney & Associates, CPAs, LLC, an independent firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering unqualified opinions that the City's financial statements for the fiscal year ended December 31, 2008, are presented fairly in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the City of Manhattan

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

The City is in Pottawatomie and Riley Counties, Kansas, and is located at the confluence of the Blue and Kansas Rivers in Northeast Kansas approximately 116 miles west of Kansas City (56 miles west of Topeka, the Kansas State Capital). The City encompasses approximately 18 square miles and has a current estimated population of 52,098 persons (includes Kansas State University which was annexed on July 3, 1994).

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

The City is also legally responsible for 80% of the operational budget for the Riley County Police Department, a City/Riley County consolidated law enforcement agency. The City also contributes to the operational budget of the Riley County Health Department. However, these legally separate entities do not meet the criteria for inclusion as component units in the City's financial statements.

Expenditures are authorized in the annual appropriated budget approved by the City Commission, as required by state statute. Activities of the General Fund, Special Revenue Funds, Debt Service Fund, and Enterprise Funds are included in the annual appropriated budget. A six-year Capital Improvement Plan is also adopted by the City Commission, and the first year of that plan is included in the City Budget. Expenditures cannot exceed the budgeted amount for each fund. Budgetary control is maintained through the use of an encumbrance system. As purchase orders are issued, corresponding

amounts of appropriations are reserved, by the use of encumbrances for later payment, so that appropriations may not be overspent. Kansas statutes also require unencumbered cash be on hand before an obligation can be incurred. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted. For the General Fund and the Riley County Police Department Fund these comparisons are presented as part of the basic financial statements. For the remaining governmental funds, these comparisons are presented in the governmental fund subsection of this report.

Factors Affecting Financial Condition

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

Municipal Services and Utilities

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

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

Transportation Facilities

Riley County is traversed by Interstate 70, U.S. Highway #24, and Kansas Highways #13, #18, and #177, all leading to Manhattan, Kansas. Seven motor freight lines serve the City. Rail service is provided by Union Pacific Railroad. In addition, air transportation services are provided to and from Kansas City and Denver by Great Lakes Aviation. The area is also served by an aircraft charter service and three taxi companies.

Kansas State University

Kansas State University, formerly Kansas State Agricultural College, has over 100 years of distinguished service as one of the leading examples of the successful system of land-grant universities developed throughout the United States. Its campus contains over 315 acres and beyond the campus are more than 4,000 acres of university land used for experimental work in agriculture. Kansas State University is fully accredited by the North Central Accrediting Association and by various professional accrediting agencies. The University had an enrollment of 23,520 in the fall of 2008.

Military-Activity - Fort Riley

Founded in 1853, Fort Riley is a military installation 15 miles west of Manhattan. Originally known as Camp Center, Fort Riley is a permanent post and has long been one

of the nation's largest military installations. Today the installation covers approximately 101,000 acres with a military strength of approximately 15,962 soldiers. In addition to the military personnel at Fort Riley, 8,567 civil service employees work at the installation. Annually, Fort Riley provides training assistance to thousands of Reserve Component soldiers, including the Army National Guard, U.S. Army Reserves, Navy Reserves, Marine Reserves, Reserve Officer Training Corps, Air Guard, and individuals conducting individual training or attending schools. Fort Riley has also been tasked with serving as the National Training Center for transition teams heading to Iraq.

Recently, the Base Realignment and Closure and the Global Repositioning process has identified significant growth to come for Fort Riley over the next several years, which in turn, is creating notable growth in the Manhattan community and surrounding areas. Fort Riley is expected to grow to nearly 19,000 soldiers and a total population of approximately 70,000, including off post dependents, civilian employees, contract employees, and retirees.

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

Impact of Fort Riley

The following is the Economic Impact Summary for Fort Riley for the year ended September 30, 2007 (most recent federal fiscal year available):

Economic Impact of Fort Riley on the State of Kansas

Direct Economic Impact on Kansas	\$1,433,615,067
Payroll (Annually)	\$1,019,335,679
Purchases (Annually)	\$414,279,388

Medical and Health Facilities

The City's two local hospitals, St. Mary's Hospital, built in 1960, and Riley County owned Memorial Hospital, which was built in 1954, have consolidated into one entity, Mercy Regional Health Center, which employs approximately 950 persons. Mercy recently completed a \$40 million expansion that essentially doubled its space. There are four nursing homes located within the City, as well as three assisted living facilities. There are currently over 90 medical doctors practicing in the City. A Surgical Center has been constructed to provide surgical and post-surgical services to the region. Mercy Regional Health Center has recently completed a major expansion of its facility and the renovation of the old hospital wing. The City also has two major retirement facilities, Meadowlark Hills Retirement Community and St Joseph Village, which provide assisted care as well as independent living.

Recreational Facilities

Tuttle Creek Reservoir, one of the largest bodies of water in Kansas, which is located two miles north of the City of Manhattan, and Milford Reservoir which is located approximately 20 miles west of Manhattan, provide substantial area income from resort and recreational activities.

Employment and Labor Force

The City’s economic character is affected largely by two institutions, Kansas State University and Fort Riley. Approximately 3,000 of the City’s workers commute to surrounding areas for jobs while over 7,000 workers commute from Pottawatomie and Geary counties to the City of Manhattan.

In spite of a low official unemployment rate, Manhattan has an abundant supply of above-average, trainable labor available. This is due to the dependents and students of Kansas State University and the dependents of Fort Riley, which are not counted in the official labor force statistics. Also, being the major community in a rural area, the draw is from a 40-mile radius. All of this contributes to a work ethic creating high productivity and a compatible labor climate. A few of the major employers in the Manhattan area are Kansas State University, Unified School District No. 383, Auth-Florence Manufacturing, and GTM Sportswear.

In total, the civilian labor force of Riley County according to the Kansas Department of Labor, Labor Market Information Services, is 40,055 as of December of 2008. Of this number, 38,839, or 97.0%, are employed. The area civilian labor force is primarily employed in the governmental sector. Kansas State University currently employs approximately 6,355 people, and Fort Riley has a complement of approximately 15,962 military and approximately 8,567 civilian employees.

Work Force - Riley County, Kansas As of December 31, 2008

Civilian Work Force	40,055
Unemployed	1,216
Employed	38,839
Estimated % Unemployed	3.0%

Major Employers in the Manhattan Area:

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Fort Riley Military Base	Military training	15,962
Fort Riley Military Base	Civilian employees	8,567
Kansas State University	Higher education	6,355
U.S.D. No. 383 - Manhattan Schools	Education	1,500
Mercy Health Center	Health care	950
Alorica	Customer service call center	595
Auth-Florence Manufacturing	Mailbox manufacturing	537
Wal-Mart	Discount department store	530

GTM Sportswear	Sportswear retailer/manufacturer	500
Alltel	Cellular call center	400
City of Manhattan	Government services	320
Meadowlark Hills Retirement Community	Geriatric care	300
Big Lakes Developmental Center	Services for developmentally disabled	250

Economic Condition and Outlook

As discussed above, the major influences on the Manhattan economy are Fort Riley and Kansas State University.

In addition, the City has been successful in using public funds, Industrial Revenue Bonds (IRBs), and limited or partial tax abatements to attract businesses and create economic development opportunities. Economic development activity is expected to continue with the funds received from the voter-approved county sales tax. Some of the most recent success stories include:

- National Bio and Agro-Defense Facility (NBAF). The United States Department of Homeland Security’s Science and Technology Directorate has selected the City as the site of a state-of-the-art, high security laboratory facility to study foreign animal and zoonotic diseases that may impact livestock. There is currently no laboratory facility in the United States with the capabilities for BSL-4 research on large livestock. The facility design will begin in 2009 and construction is scheduled to begin in 2010. It is expected that NBAF will be operational by 2015. NBAF will replace the current facilities at the Plum Island Animal Disease Center (PIADC) in New York. Kansas’ national leadership in animal health research and industry has made it the preferred location for the \$451 million federal scientific laboratory that will accelerate animal disease research to protect the American food supply and agricultural economy.
- National Institute for Strategic Technology Acquisition and Commercialization (NISTAC). NISTAC serves as a technology business incubator. Since inception, it has made significant contributions towards the development of new technical business in the Manhattan area. In addition, it is poised to be very successful with commercialization of University technologies and spin offs and maintains an impressive patent portfolio. With the City’s construction of a new 30,000 square foot, \$7 million facility in the K-State Research Park complete, NISTAC is leasing this facility and focusing on Bioscience ventures and University partnerships.
- Flint Hills Beverage. Flint Hills Beverage is a distributor for Anheuser-Busch products throughout the region. In 2005, the City issued IRBs in the amount of \$2.8 million to finance the construction and equipping of a 35,000 square foot manufacturing facility in the City’s Corporate Technology Park.
- Florence Corporation of Kansas. This company produces mailbox products for central distribution. In 2003, the company constructed a \$10 million, 196,000 square foot manufacturing facility in the Corporate Technology Park. The company recently received a significant sole-source contract with the U.S. Postal Service.
- Manko Window Systems. Manko Window Systems, a commercial-grade window manufacturer, has completed several expansions of its Manhattan facility. The most recent expansion will allow for addition of a blast-resistant and hurricane-resistant

window line. In 2005, the City issued IRBs in the amount of \$2.5 million to finance building additions, including 45,000 square feet of additional manufacturing space and 10,000 square feet of new office space, as well as, over \$1 million in new equipment.

- NanoScale Materials, Inc. NanoScale is one of the first graduates of the Kansas Entrepreneurial Center and completed the first building in the new K-State Research Park. NanoScale researches and produces reactive nanoparticles used in civilian and military products.
- Mercy Regional Health Center. The Mercy Regional Health Center Board has completed a major expansion and new addition to its facility, providing approximately double the space. The City, through the Manhattan Economic Development Fund, provided \$1 million to the expansion of the Health Center. The City has also issued IRBs in the amount of \$38 million for the expansion. The construction of the expanded space was completed in 2003 and the renovation of the old hospital wing was recently completed.
- Meadowlark Hills Retirement Community. Meadowlark Hills Retirement Community began expansion of its facility in 1999. The City has previously issued \$27 million in IRBs for Meadowlark Hills. Meadowlark Hills is currently planning a four-phase expansion to take place between early spring 2007 and 2009. The City has committed to issuing up to \$55 million in IRBs to refinance existing debt and to finance the latest expansion. The City has provided an additional \$750,000 in incentives in the form of conventional and forgivable loans.
- St. Joseph Village. Construction is complete on the first phase of this retirement and assisted living facility. The City issued over \$11 million in IRBs for this project.
- Manhattan Holdings, LLC. The City contracted with Manhattan Holdings Inc. for the purpose of creating a seed and venture capital firm. The Kansas State University Foundation and Kansas Technology Enterprise Corporation (KTEC) are also partners in this endeavor.
- Alltel (Western Wireless Corporation). Alltel, formerly Western Wireless Corporation, constructed a 58,000 square-foot customer service center in the Corporate Technology Park, west of the Regional Airport in 1999. The company invested between \$7.5 and \$12 million in the community with the purchase of land, construction, furniture, cabling, computer equipment, training, and other start-up costs.
- GTM Sportswear. Located in the Pottawatomie County portion of Manhattan, GTM Sportswear sells custom embroidered and screen-printed sportswear and related goods. GTM is in the process of enlarging its current manufacturing facility in several phases over the next 10 years from its previous size of 65,000 square feet to an ultimate footprint of approximately 200,000 square feet. The City has committed to issuing up to \$28 million in IRBs for GTM and also providing incentives in the form of \$800,000 in forgivable loans and approximately \$2.4 million in tax abatements.
- Covan World-Wide Moving, Inc. Covan has constructed a new facility in the City's Corporate Technology Park. The City issued \$2 million in IRBs to pay the costs of acquiring, construction and equipping this warehouse distribution center facility.
- Collegiate Marketing Services, Inc. Collegiate Marketing Services (CMS) specializes in the development and management of retail, online, catalog and

gameday merchandise sales for major collegiate athletic departments. CMS will be returning its headquarters to Manhattan, which will bring employee density to the downtown area, as well as reuse existing infrastructure and rehabilitate two of the largest buildings in the downtown area. The City has provided \$500,000 in incentives in the form of conventional and forgivable loans.

Manhattan has experienced steady growth over the years. In 2008, the value of the property tax base grew about 12%. Total sales tax revenues in 2008 were \$15,895,779, which represents a 2.6% increase from 2007. The population has grown over 11% from five years ago. On July 3, 1994, the City annexed Kansas State University. This annexation of students living on campus added approximately 4,200 individuals to the City's population. The 2008 estimated population for Manhattan is 52,098 persons.

Current Major Initiatives/Planned Activities

In 2009 the City plans to continue or initiate many projects which will further improve and expand the City's infrastructure and facilitate the maintenance and growth of the City. The City has increased its focus on building up reserves not only to help facilitate anticipated growth, but also to help mitigate the impact of any potential revenue shortfalls. Below is a listing of recent initiatives.

- Residential Annexations. In 2008 the City annexed 106 acres of land which included Northwing Addition and Lee Mill Heights Addition, Unit 6.
- Community Development Improvements. The City continued administration of the Housing Rehabilitation Program by completing seven rehabilitation projects and five emergency repair projects. The City also completed the administration of the grant to fund the Flint Hills Regional Growth Coordination Plan from the Office of Economic Adjustment. The City also completed the nomination of Houston and Pierre Streets Historic District under the Multiple Property Submission Cover document.
- Public Works Improvements. The City continued work on infrastructure projects and coordination for Downtown Redevelopment, including the design of Moro Street and 3rd Street at Leavenworth and Pierre Streets and the construction of North 4th Street. The City also began the design process for various street improvement projects, including left turn lanes at Juliette and Bluemont Avenues, a westbound right turn lane at Claflin Road and K-113, and the intersection of US-24 and Marlatt Avenue. The City also completed construction on various KDOT projects, including US-24 and Mall entrance and Sunset Avenue and Claflin Road.
- Utility Improvements. The City made preparations to bid out the construction of the Water Treatment Plant and Wellfield Improvements Project. In addition, construction was completed on a portion of the new and parallel water lines project, while design got underway on another portion. The City also partnered with Pottawatomie County on the Blue Township Sanitary Service Study and the design of its connection to the City's wastewater treatment plant.
- Park Improvements. The City facilitated the donation of approximately 40 acres and the purchase of 44 acres of park land. The design of the City Park Pavilion project was completed in 2008 and construction got underway. Planning for a new hyena exhibit at Sunset Zoo in partnership with Kansas State University got

underway in 2008, as well as for a new gibbon exhibit being funded in large part by a Memorial Trust.

- Fire Department Improvements. The City started the design process for two new fire stations in 2008. The City also completed installation of the department's new live burn/training facility in 2008.
- Airport Improvements. The City completed the conversion/renovation of the former National Guard Armory building into a snow removal equipment storage facility in 2008, adding 6900 square feet of storage space. A grant from the FAA funded 95% of this project. A long-term office lease for the building was also negotiated allowing for more than \$140,000 in improvements to the building. Also in 2008, a portion of the land acquisition needed for the shifting of Runway 3/21 was completed. A grant from the FAA is to fund 95% of this project. Updating of the Airport Master Plan also continued in 2008.
- Downtown Redevelopment. The North Project Area, being developed by Dial Realty of Omaha, Nebraska, will be known as Manhattan Market Place and will feature 250,000 square feet of retail space and restaurants and 195 living units. Private investment is expected to be \$57 million with \$16.3 million in TIF projects and \$3.8 million in TDD projects. In 2007 Dial Realty completed the zoning process for the North Project Area, which will allow for the development of the majority of the retail/commercial property located there. In 2006, the City received approval for \$50 million in Sales Tax and Revenue (STAR) Bonds for the South Project Downtown Redevelopment. The South Project will feature a City owned and operated Flint Hills Discovery Center to enhance tourism locally and statewide, as well as a new 30,000 square foot Conference Center in conjunction with a new 120 room Hilton Gardens hotel. A public 400 stall parking structure will be built by the City. This new entertainment area will also feature a twelve screen movie theater, , a public park and mixed use retail and living units. Total investment by developer, Dial Realty, for this South Project is nearly \$39 million with the City contributing and additional \$32 million. Of this \$32 million, \$9.5 million will be used to pay for the Conference Center, \$8.8 million for the Discovery Center, \$3.3 million for the parking garage, and approximately \$10.4 million for site preparation and infrastructure improvements. STAR Bonds will cover another \$50 million in Discovery Center land acquisition and infrastructure costs. In 2007 the City adopted the South Project Area Redevelopment Plan and the South Project Area Final Development Agreement. The City also secured property within the South Project Area, which will allow for the development of the Flint Hills Discovery Center, the conference center, the hotel, the parking garage, and commercial and residential space.
- Other Accomplishments. In 2008 Manhattan and the surrounding area received designation as a Metropolitan Statistical Area from the Office of Management and Budget. The City also continued to work with area municipalities, counties, schools and other organizations to create a regional planning approach to Fort Riley growth. Also in 2008, the City responded to ice storm and tornado events with a comprehensive city-wide cleanup effort, which included coordination and communication with local, state and federal agencies and private firms.

Cash Management

The City maintains a cash management plan which charts cash flows. This plan is used to determine the amount and term of each investment. Also, the City Commission has approved an investment policy and the City has received limited expanded powers from the State Investment Board. The investment portfolio at December 31, 2008, shows a total book balance for deposits, cash on hand, and investments of \$42,087,504. \$29,000,000, or 68.90% was in certificates of deposit; \$9,750,611, or 23.17% in demand and cash accounts, and the balance of \$3,336,893, or 7.93%, in investments with escrow agents and trustees. The average interest rate on all investments at December 31, 2008, was 2.00%. The City earned investment income of \$1,258,707 on all investments for the year ending December 31, 2008.

The City's investment policy is to minimize credit and market risks while maintaining a competitive interest rate on its investments. Accordingly, 100% of City deposits were insured either by federal depository insurance, letters of credit, or by collateral held under a joint custody receipt. Investments in Federal treasuries and agencies, when applicable, are held in the City's safekeeping account at Landmark National Bank, the City's agent.

Risk Management

The City continued in 2008 to partially self-fund both its workers' compensation insurance program and the health insurance program for its employees. By use of third-party administrators in both funds, the City provides loss control services to all of its departments. In addition, the City has provided for aggregate stop loss control in both funds beyond the deductible through the purchase of additional outside supplied insurance. The City of Manhattan has a proactive safety program which has resulted in the reduction in the number and dollar amount of workers' compensation claims over the last several years.

The City also contracts for general and professional liability, vehicle, property, crime, and inland marine insurance.

Awards and Acknowledgments

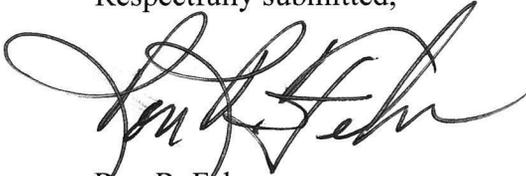
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Manhattan for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2007. This was the 11th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its budget document for fiscal year 2009. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

Preparation of this report would not have been possible without the professional, efficient, and dedicated services of the staff of the Finance Department. Special thanks should be extended to Elizabeth Peterson, City Controller and Rina Neal, Operations Officer. Credit should also be given to the City Commission and the City Manager's Office for providing the direction and support necessary to maintain the highest standards of professionalism in conducting the financial operations of the City. Thanks should also be extended to Varney & Associates, CPAs, LLC, for the cooperation and professional assistance provided during the audit of the City's 2008 financial records.

Respectfully submitted,



Ron R. Fehr
City Manager



Bernie Hayen
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Manhattan
Kansas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

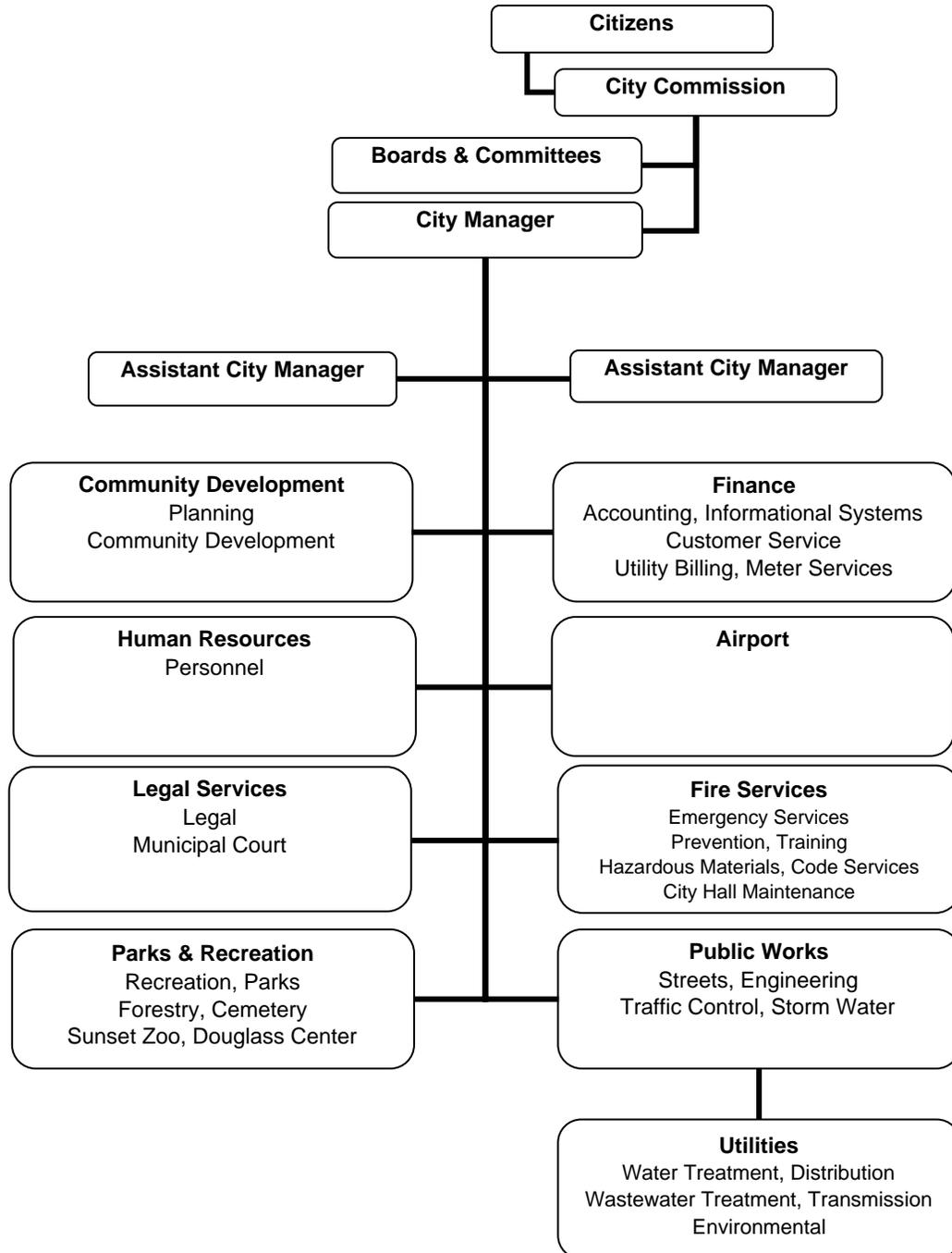
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

CITY OF MANHATTAN, KANSAS ORGANIZATIONAL STRUCTURE



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

CITY OF MANHATTAN, KANSAS

List of Principal Officials

ELECTED OFFICIALS

Mayor	Bob Strawn
City Commissioner, Mayor Pro-Tem	Bruce Snead
City Commissioner	James E. Sherow
City Commissioner	Loren J. Pepperd
City Commissioner	Jayne Morris-Hardeman

APPOINTED OFFICIALS

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



July 15, 2009

The Honorable Mayor and City Commission
City of Manhattan, Kansas

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manhattan, Kansas (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Manhattan Housing Authority, one of the discretely presented component units. These financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Manhattan Housing authority, is based on the report of the other auditors.

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

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 15, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in accessing the results of our audit.

July 15, 2009
City of Manhattan, Kansas
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The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Varney & Associates, CPAs, LLC

Certified Public Accountants

Management's Discussion and Analysis

This section of the City of Manhattan's annual financial report presents our discussion and analysis of the City's financial performance during the year that ended on December 31, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section, for a well-rounded picture of the City's financial condition.

Financial Highlights

- The assets of the City of Manhattan exceeded its liabilities at the close of 2008 by \$179,865,986. Of this amount, \$5,890,175 may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$23,790,749 over the course of this year's operations. The net assets of our governmental activities increased by \$22,026,757 (28.4 percent) and the net assets of our business-type activities increased by \$1,763,992 (2.2 percent).
- As of the end of 2008, the City of Manhattan's governmental funds reported combined ending fund balances of \$28,914,791, an increase of \$5,310,435 in comparison with the prior year. Approximately 87.0 percent of this total amount, \$25,154,734, is available for spending at the City's discretion.
- At the end of 2008, unreserved fund balance for the general fund was \$5,670,740, or 28.1 percent of total general fund expenditures.
- The City's total debt increased by \$17,819,733 during 2008. More than \$10,000,000 of the increase resulted from the issuance of Special Obligation Bonds-Series 2007B, the proceeds of which were used to refund Special Obligation Bonds-Series 2007A and to finance the remaining land acquisition in the south project area of the downtown redevelopment project. General obligation bonds outstanding increased by more than \$14,200,000 in 2008. Bonds in the amount of \$19,745,000 were issued in 2008, while only \$5,500,000 were retired. This increase was offset by a decrease of nearly \$7,700,000 in temporary notes outstanding at the end of 2008 as compared to 2007. A large number of special assessment projects were in progress at the end of 2007. These projects were completed and bonded in 2008. A smaller number of special assessment projects commenced during 2008 as compared to 2007, as residential development activity dropped off during 2008.

Overview of the Financial Statements

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

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

The statement of net assets presents information on all of the City of Manhattan's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or

decreases in net assets may serve as a useful indicator of whether the financial position of the City of Manhattan is improving or deteriorating.

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

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

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

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

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

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

The City of Manhattan maintains 59 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Riley County Police

Department fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other 55 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

Government-wide Financial Analysis.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Manhattan, assets exceeded liabilities by \$179,865,986 at the close of 2008.

A large portion of the City of Manhattan's net assets (40.6 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Manhattan uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Manhattan's investment in its capital assets is reported net of

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

CITY OF MANHATTAN'S NET ASSETS

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 137,930,067	\$ 117,677,697	\$ 8,886,160	\$ 11,282,458	\$ 146,816,227	\$ 128,960,155
Capital assets	113,864,887	100,114,355	80,150,994	75,649,466	194,015,881	175,763,821
Total assets	251,794,954	217,792,052	89,037,154	86,931,924	340,832,108	304,723,976
Long-term liabilities outstanding	131,633,251	114,405,055	7,937,596	7,346,059	139,570,847	121,751,114
Other liabilities	20,655,641	25,907,692	739,634	989,933	21,395,275	26,897,625
Total liabilities	152,288,892	140,312,747	8,677,230	8,335,992	160,966,122	148,648,739
Net assets:						
Invested in capital assets, net of related debt	503,672	(149,237)	72,497,433	68,575,348	73,001,105	68,426,111
Restricted	100,974,706	79,516,619	-	-	100,974,706	79,516,619
Unrestricted	(1,972,316)	(1,888,077)	7,862,491	10,020,584	5,890,175	8,132,507
Total net assets	\$ 99,506,062	\$ 77,479,305	\$ 80,359,924	\$ 78,595,932	\$ 179,865,986	\$ 156,075,237

An additional portion of the City's net assets (56.1 percent) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$5,890,175) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2008, the City is able to report positive balances in all three categories of net assets for the government as a whole. However, a negative balance is being reported for unrestricted net assets for the governmental activities. Significant debt was issued in 2007 which was not related to capital asset additions. This debt remained outstanding at the end of 2008.

The City's net assets increased by \$23,790,749 during 2008. This is approximately \$16,354,000 more than the increase for 2007.

Governmental activities. Governmental activities increased the City's net assets by \$22,026,757 accounting for 92.6 percent of the total growth in net assets. Key elements of this increase are as follows:

CITY OF MANHATTAN'S CHANGES IN NET ASSETS

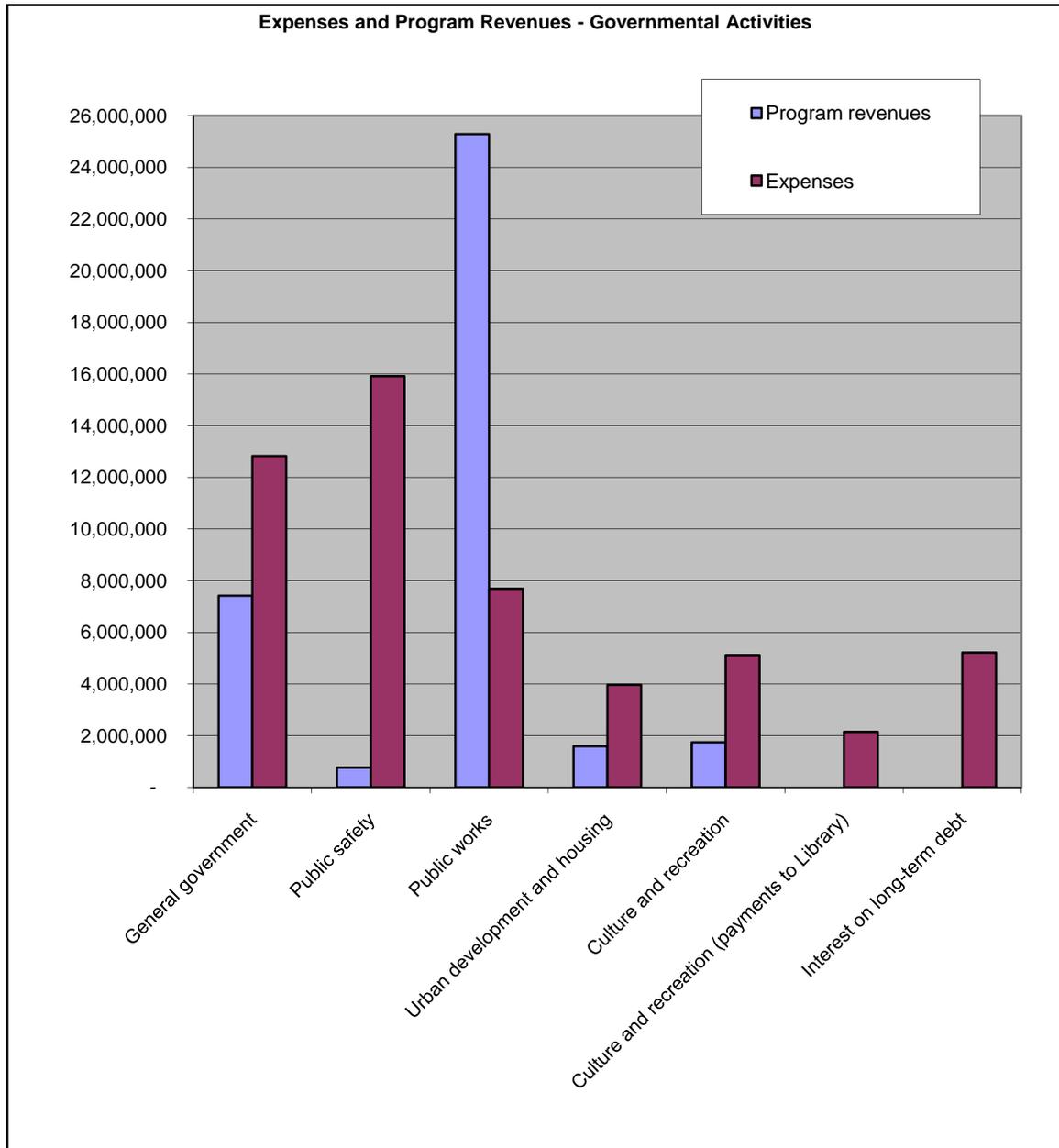
	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 7,370,405	\$ 6,624,346	\$ 10,873,051	\$ 10,446,339	\$ 18,243,456	\$ 17,070,685
Operating grants and contributions	3,554,445	3,482,457	-	-	3,554,445	3,482,457
Capital grants and contributions	25,874,349	17,655,503	6,699	-	25,881,048	17,655,503
General revenues:						
Property taxes	14,670,472	13,456,361	-	-	14,670,472	13,456,361
Other taxes	19,762,841	18,658,622	-	-	19,762,841	18,658,622
Other	6,648,091	3,352,894	455,859	885,291	7,103,950	4,238,185
Total revenues	77,880,603	63,230,183	11,335,609	11,331,630	89,216,212	74,561,813
Expenses:						
General government	12,829,036	11,364,213	-	-	12,829,036	11,364,213
Public safety	15,917,237	14,676,580	-	-	15,917,237	14,676,580
Public works	7,689,400	7,079,426	-	-	7,689,400	7,079,426
Urban development and housing	3,966,578	12,242,830	-	-	3,966,578	12,242,830
Culture and recreation	5,118,870	4,666,046	-	-	5,118,870	4,666,046
Culture and recreation (payments to Library)	2,147,807	1,900,410	-	-	2,147,807	1,900,410
Interest on long-term debt	5,215,511	4,134,577	-	-	5,215,511	4,134,577
Water	-	-	6,573,170	5,850,953	6,573,170	5,850,953
Wastewater	-	-	5,138,975	4,773,432	5,138,975	4,773,432
Storm water management	-	-	828,879	436,351	828,879	436,351
Total expenses	52,884,439	56,064,082	12,541,024	11,060,736	65,425,463	67,124,818
Increase in net assets	24,996,164	7,166,101	(1,205,415)	270,894	23,790,749	7,436,995
Transfers	(2,969,407)	(9,601,446)	2,969,407	9,601,446	-	-
Increase in net assets	22,026,757	(2,435,345)	1,763,992	9,872,340	23,790,749	7,436,995
Net assets - 01/01	77,479,305	84,405,446	78,595,932	68,723,592	156,075,237	153,129,038
Prior period adjustment	-	(4,490,796)	-	-	-	(4,490,796)
Net assets - 01/01 (restated)	77,479,305	79,914,650	78,595,932	68,723,592	156,075,237	148,638,242
Net assets - 12/31	\$ 99,506,062	\$ 77,479,305	\$ 80,359,924	\$ 78,595,932	\$ 179,865,986	\$ 156,075,237

- Capital grants for governmental activities increased by \$8,218,846 from 2007 to 2008. Most of this increase is due to an increase in special assessments revenue. As previously discussed, a large number of special assessment projects which were in progress at the end of 2007 were completed and bonded in 2008.

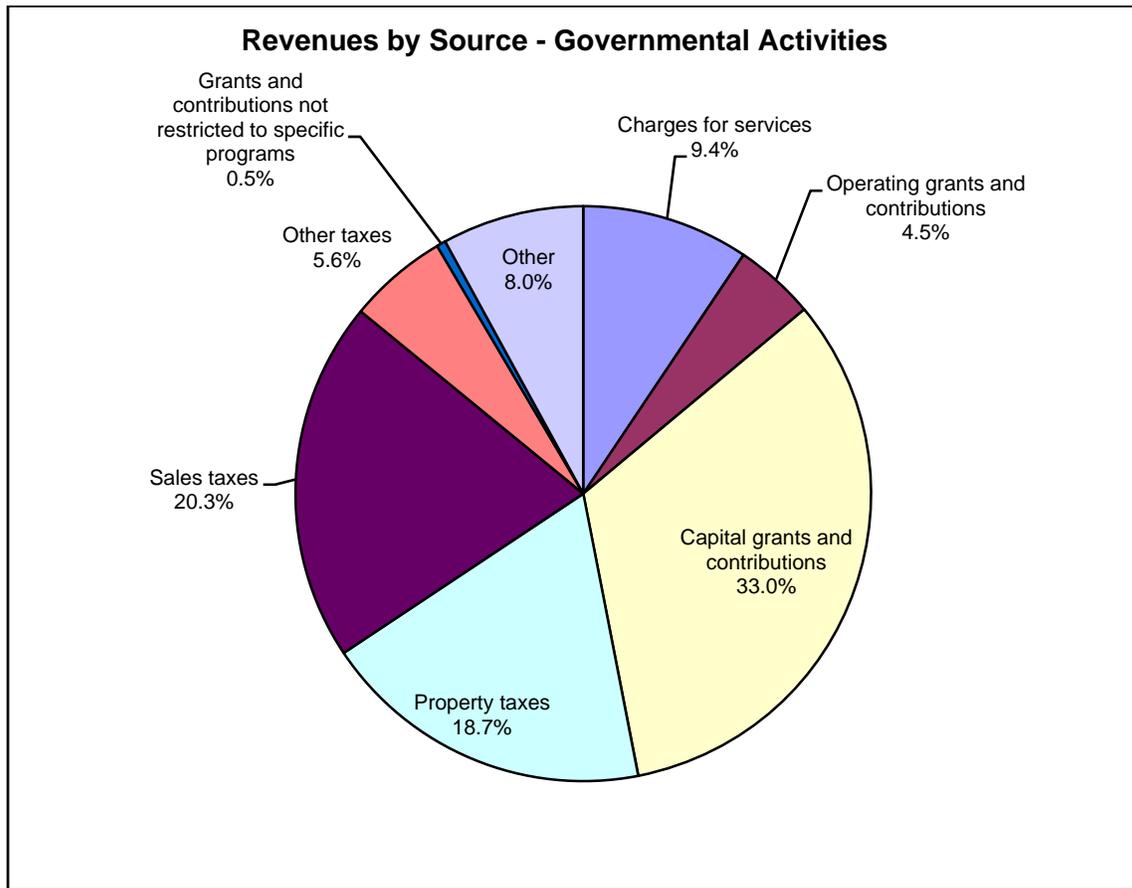
- Charges for services for governmental activities increased by \$746,059 from 2007 to 2008. Much of this increase is due to an increase from 2007 to 2008 in the internal engineering fees that were charged to completed special assessment projects. As previously discussed, a large number of special assessment projects which were in progress at the end of 2007 were completed in 2008. Also contributing to the increase was an increase in municipal court fines and fees. These revenues have continued to increase over the last few years with the assumption of the prosecution of certain misdemeanors by the City.
- Property taxes increased by \$1,214,111 from 2007 to 2008. This is consistent with the increase in taxes levied from 2007 to 2008.
- Other taxes increased by \$1,104,219 during 2008. Nearly half of this increase was due to an increase in sales tax revenues. Local retailers, in general, had increased sales in 2008 as compared to 2007. An increase in franchise tax revenues also accounted for nearly half the increase. A franchise tax rate increase went into effect midway through 2007 for the City's electrical service provider, the full effect of which was realized in 2008. In addition, energy prices (electricity and natural gas) reached all-time highs during 2008.
- Other general revenues increased by \$3,295,197 from 2007 to 2008. Much of this increase was due to the City's sharing in the profit from the sale of the Manhattan Town Center Mall during 2008. The City owns the land on which the mall is located. The ground lease agreement contains provisions for the City to share in the profit when the mall is sold. Also contributing to the increase were insurance proceeds received during 2008 as a result of hail storm damage sustained by City property in June 2008.

Total expenses decreased by \$3,179,643 from 2007 to 2008. Expenses for the urban development and housing function decreased by \$8,276,252 (67.6 percent). The most significant portion of this decrease was due to expenses incurred in 2007 related to the north project area of the downtown redevelopment project which were paid from proceeds of Special Obligation Bonds, Series 2006. The City does not have ownership of the assets acquired or constructed with these bond proceeds. Therefore, these expenses were treated as current expenses rather than capital asset acquisitions in 2007. Similar expenses were not incurred in 2008. This decrease was offset by increases in the other functions. Expenses for the general government function increased by \$1,464,823 (12.9 percent). Approximately one-third of this increase can be attributed to increases in personnel costs. Salary costs increased as a result of across-the-board cost-of-living and merit increases, as well as the addition of new positions and promotions/reclassifications. In addition, the City's share of employee health insurance premiums increased by more than \$270,000 from 2007. Nearly \$447,000 of the increase can be attributed to the loss on a building sold in 2008. No similar loss occurred in 2007. Nearly \$318,000 of the increase is the result of recording the liability for the unfunded portion of postemployment benefits other than pensions in 2008. No similar amount was recorded in 2007, as the City did not implement the related accounting standard until 2008. Expenses for the public safety function increased by \$1,240,657 (8.5 percent). Most of this increase can be attributed to an increase in the budget for the Riley County Police Department (RCPD). Police protection is provided to the City by the RCPD under a statutory arrangement whereby the City is responsible for 80 percent of RCPD's budget. Interest on long-term debt increased \$1,080,934 (26.1 percent). This is consistent with the increase in debt for the governmental activities from 2007 to 2008.

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

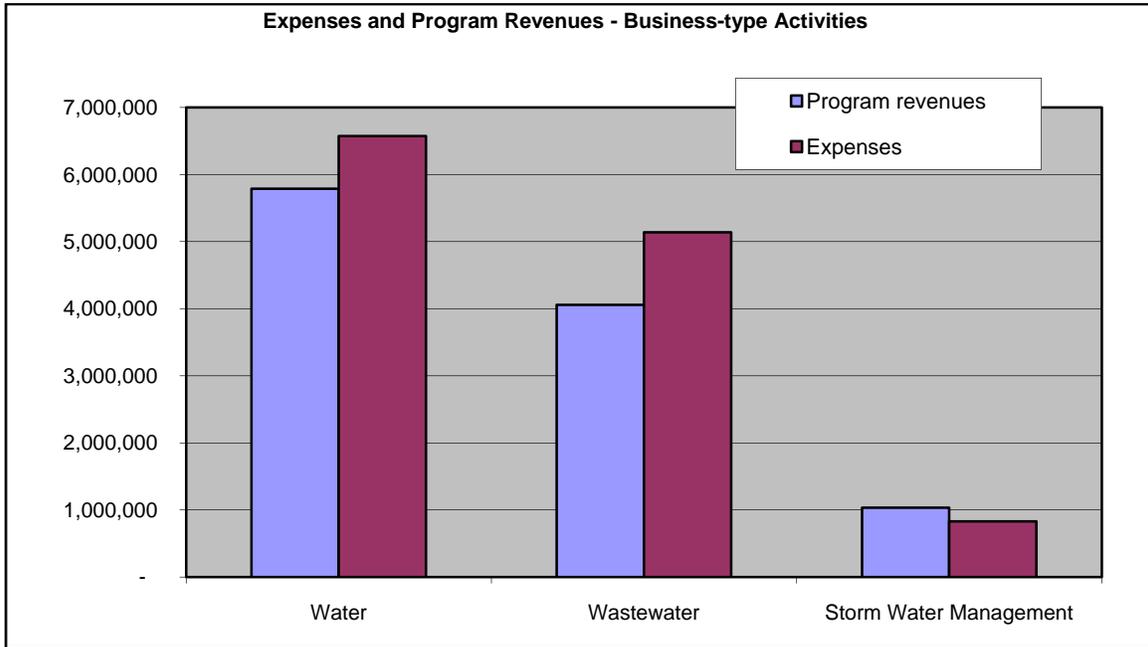


The following graph shows the composition of 2008 revenues for the governmental activities.

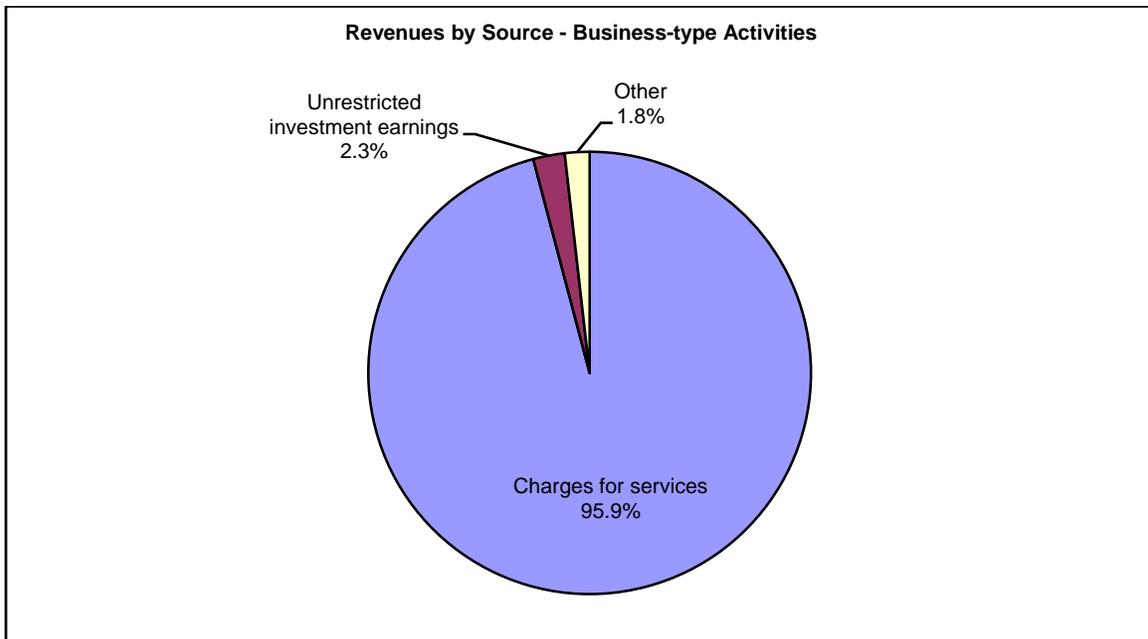


Business-type activities. Business-type activities increased the City's net assets by \$1,763,992 accounting for 7.4 percent of the total growth in the City's net assets in 2008. This is \$8,108,348 less than the increase for 2007. Much of this decrease was due to a decrease in capital contributions received by the enterprise funds in 2008 as compared to 2007. Capital contributions received in 2008 totaled only \$2,975,039, while these contributions totaled \$9,626,140 in 2007. The vast majority of these contributions resulted from capital assets that were acquired by the enterprise funds through contributions from the governmental funds. As previously discussed, significant infrastructure and construction in progress was added in 2007 as a result of a significant increase in residential development activity. Lesser amounts were added in 2008 as a result of the drop off in residential development activity in 2008. Investment income decreased nearly \$408,000 from 2007 to 2008. This was due to a decline in interest rates, as well declining cash balances in 2008. Depreciation expense increased by more than \$327,000 from 2007 to 2008. This is as a result of more than \$10 million in infrastructure being placed in service in 2008. Contractual services expense increased by more than \$947,000 from 2007 to 2008. This increase was due in large part to payments made in 2008 to the Department of the Army, Corps of Engineers, for the City's share of the cost of studies performed on the levee unit and the Eureka Valley. Increases in natural gas and electricity expense from 2007 to 2008 also contributed to this increase. Increases in energy costs have a more significant impact on the water and wastewater operations than on other City operations due to the sheer magnitude of energy required to operate the water and wastewater treatment plants. Also contributing to the increase were expenses incurred in 2008 for lime disposal services. Similar expenses were not incurred in 2007.

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



The following graph shows the composition of 2008 revenues for the business-type activities.



Financial Analysis of the City's Funds

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

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

As of the end of 2008, the City of Manhattan's governmental funds reported combined ending fund balances of \$28,914,791 an increase of \$5,310,435 in comparison with the prior year. Approximately 87.0 percent of this total amount (\$25,154,734) constitutes unreserved fund balance, which is available for spending at the City's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$411,999), 2) to offset investments in joint ventures and loans receivable, which are not currently spendable resources (\$2,939,762) or 3) to pay for the perpetual care of one of the municipal cemeteries (\$408,296).

The general fund is the chief operating fund of the City of Manhattan. At the end of 2008, unreserved fund balance of the general fund was \$5,670,740, while total fund balance was \$5,848,869. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 28.1 percent of total general fund expenditures, while total fund balance represents 29.0 percent of that same amount.

The fund balance of the City's general fund increased by \$1,886,757 during 2008. A decrease of \$1,929,825 was shown in 2007. Key elements of this are as follows:

- Taxes increased by just over \$1,120,000 in 2008. Sales tax revenues increased by just over \$394,000 in 2008, which is attributable primarily to a general increase in sales for local retailers. Franchise taxes increased by nearly \$487,000 in 2008, which, as previously discussed, resulted from a franchise tax rate increase for the City's electrical service provider and increases in energy prices (electricity and natural gas) during 2008. Property taxes increased by nearly \$244,000 from 2007 to 2008. This is consistent with the increase in taxes levied from 2007 to 2008.
- Licenses and permits decreased by just over \$94,000 in 2008. Almost all of this decrease is due to a decrease in building permit fees. This is consistent with drop off in residential development activity in 2008.
- Intergovernmental revenues increased by nearly \$269,000 from 2007 to 2008. Most of this increase is due to reimbursements received from the Federal Emergency Management Agency (FEMA) for expenditures related to cleanup efforts following a tornado in the City in June 2008.
- Charges for services increased by more than \$484,000. Much of this increase is due to an increase from 2007 to 2008 in the internal engineering fees that were charged to completed special assessment projects. As previously discussed, a large number of special assessment projects which were in progress at the end of 2007 were completed in 2008.
- Investment income decreased more than \$389,000 from 2007 to 2008, resulting primarily from a decline in interest rates in 2008.

- Insurance recoveries of nearly \$1,498,000 were received during 2008 as a result of hail storm damage sustained by City property in June 2008. Most of these funds had not yet been spent on repairing the storm damage at the end of 2008. Transfers in increased by just over \$704,000 from 2007 to 2008. Transfers from the sales tax fund increased by \$472,000. Also contributing to the increase were transfers made from the FEMA ice storm grant fund to reimburse the general fund for expenditures made from the general fund for the ice storm cleanup effort.
- Expenditures increased by just over \$1,746,000 in 2008. All functions had some increase in expenditures in 2008 due to an increase in salary costs. As previously discussed, salary costs increased as a result of across-the-board cost-of-living and merit increases, as well as the addition of new positions and promotions/reclassifications. General government expenditures increased by more than \$571,000. Much of this increase can be attributed to increases in personnel costs. In addition to an increase in salary costs, the City's share of employee health insurance premiums increased by more than \$270,000 from 2007 to 2008. Public works expenditures increased by just over \$412,000. In addition to an increase in salary costs, also contributing to the increase were increases in fuel costs and the cost of asphalt (a petroleum-based product). Culture and recreation expenditures increased by just nearly \$426,000. In addition to an increase in salary costs, also contributing to the increase were increases in energy costs, including fuel for vehicles and natural gas and electricity. In addition, lease purchase payments for parks division equipment were made from the parks division budget in 2008, while these payments were made from the debt service fund in 2007.
- Transfers out decreased by just over \$1,861,000 from 2007 to 2008. Most of this decrease is due to the fact that a transfer of \$1,550,000 was made to the capital improvement reserve Fund in 2007, while no such transfer was made in 2008.

The Riley County Police Department fund provides for expenditures made to the Riley County Police Department (RCPD). Police protection is provided to the City by the RCPD under a statutory arrangement whereby the City is responsible for 80 percent of RCPD's budget. This fund has a total fund balance of \$-0-, all of which is unreserved.

The debt service fund has total fund balance of \$5,766,501. The net increase in fund balance during the current year was \$2,139,314. Debt service expenditures outpaced revenues by nearly \$2,788,000. However, this deficit was offset by transfers in from other funds and the proceeds from general obligation refunding bonds. Most of the proceeds from the general obligation refunding bonds were still on hand at the end of 2008. The deficit of revenues over debt service expenditures in 2008 was only \$51,724 higher than in 2007.

The capital projects fund is used to account for the acquisition and construction of major facilities which are financed predominately through the issuance of general obligation bonds. This fund has a total fund balance of \$(2,353,806), all of which is unreserved. This fund balance decreased by just over \$1,560,000 during the current year, while it decreased by \$1,881,422 in 2007. As a large portion of capital outlay expenditures are funded with the proceeds of liabilities, it is not unusual for this fund to have a negative fund balance.

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

Unrestricted net assets of the water fund at the end of 2008 amounted to \$5,292,422, those for the wastewater fund amounted to \$2,142,909 and those for the storm water management fund amounted to \$427,160. The total growth (reduction) in net assets for each fund was \$(499,292), \$521,733, and \$1,741,551, respectively. A key element of these changes is as follows:

- Capital contributions are typically a significant revenue source for all of the enterprise funds. Capital contributions result primarily from the fact that a large portion of the infrastructure assets for these funds are financed from the proceeds of general obligation bonds which are repaid from governmental funds rather than these enterprise funds. During the current year, they produced \$5,026, \$1,517,335 and \$1,452,678 in revenue, respectively, as compared to \$3,255,779, \$5,215,972 and \$1,154,389 in 2007. The overall decline of \$6,651,101 is consistent with the drop off in residential development activity in 2008.

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

General Fund Budgetary Highlights

Revenues exceeded budgetary estimates in all categories, except licenses and permits and investment income. However, the negative variances in these categories were not significant. The most significant variance from budget was in tax revenues, which exceeded the budgeted amount by just over \$1,311,000. Most of this variance was in sales tax revenues. As previously discussed, local retailers, in general, enjoyed increased sales during 2008 to a degree which was not anticipated when the 2008 budget was being prepared. Franchise taxes also accounted for some of the variance. Energy prices continued to increase in 2008, resulting in an increase in franchise tax revenues to a level that was not anticipated when the 2008 budget was being prepared. Charges for services revenue exceeded the budgeted amount by nearly \$871,000. Most of this variance was due to the internal engineering fees that were charged to completed special assessment projects. As previously discussed, a large number of special assessment projects which were in progress at the end of 2007 were completed in 2008. At the time the 2008 budget was being prepared, the magnitude of projects which would be completed in 2008 was not anticipated. Total expenditures were less than budgetary estimates by only \$388,194, or 1.9 percent of total budgeted expenditures. The variances between budgeted expenditures and actual expenditures in the individual functional areas were also not significant.

Capital Asset and Debt Administration

Capital assets. The City of Manhattan's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to \$194,015,881 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, park and pool facilities, streets, storm sewers, bridges, and water and sewer lines. The total increase in the City's investment in capital assets was 10.4 percent (a 13.7 percent increase for governmental activities and a 6.0 percent increase for business-type activities).

Major capital asset events during 2008 included the following:

- Land acquisition in south project area of the downtown redevelopment project was completed during 2008. Land was acquired at a cost of nearly \$10.5 million.
- Numerous street projects were continued and completed during 2008. Projects completed during 2008 totaled nearly \$11.4 million. However, construction in progress at the end of 2008 had declined nearly \$3.0 million from the previous year. As previously discussed, there was a drop off in residential development activity in 2008.
- Numerous water, wastewater and storm water management projects were continued and completed during 2008. Projects completed during the year totaled more than \$10.7 million. However, construction in progress at the end of 2008 had declined nearly \$3.4 million from

the previous year. As previously discussed, there was a drop off in residential development activity in 2008.

CITY OF MANHATTAN'S CAPITAL ASSETS
(Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 22,468,038	\$ 11,053,750	\$ 497,022	\$ 497,022	\$ 22,965,060	\$ 11,550,772
Buildings and improvements	27,586,146	30,400,061	7,294,309	7,605,378	34,880,455	38,005,439
Contents and equipment	2,515,005	2,629,001	539,881	575,161	3,054,886	3,204,162
Vehicles	1,747,953	1,914,317	386,312	364,342	2,134,265	2,278,659
Infrastructure	46,879,202	39,186,149	64,168,622	55,984,729	111,047,824	95,170,878
Construction in progress	12,668,543	14,931,077	7,264,848	10,622,834	19,933,391	25,553,911
Total	\$ 113,864,887	\$ 100,114,355	\$ 80,150,994	\$ 75,649,466	\$ 194,015,881	\$ 175,763,821

Additional information on the City's capital assets can be found in note 3.D on pages 69-71 of this report.

Long-term debt. At the end of 2008, the City had total bonded debt outstanding of \$106,437,298. Of this amount, \$20,335,537 comprises debt backed by the full faith and credit of the City and \$59,404,463 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. The remainder of the City's bonded debt represents bonds secured solely by specific revenue sources (i.e., special obligation bonds).

CITY OF MANHATTAN'S OUTSTANDING DEBT
General Obligation and Special Obligation Bonds

	Governmental activities		Business-type activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 17,930,537	\$ 16,956,756	\$ 2,405,000	\$ 2,325,000	\$ 20,335,537	\$ 19,281,756
General obligation bonds (special assessment debt with governmental commitment)	59,404,463	46,213,244	-	-	59,404,463	46,213,244
Sales tax revenue bonds	-	555,000	-	-	-	555,000
Special obligation bonds	26,697,298	16,112,084	-	-	26,697,298	16,112,084
Total	\$ 104,032,298	\$ 79,837,084	\$ 2,405,000	\$ 2,325,000	\$ 106,437,298	\$ 82,162,084

The City's total debt increased by \$17,819,733 (14.6 percent) during 2008. More than \$10,000,000 of the increase resulted from the issuance of Special Obligation Bonds-Series 2007B, the proceeds of which were used to refund Special Obligation Bonds-Series 2007A and to finance the remaining land acquisition in the south project area of the downtown redevelopment project. General obligation bonds outstanding increased by more than \$14,200,000 in 2008. Bonds in the amount of \$19,745,000 were issued in 2008, while only \$5,500,000 were retired. This increase was offset by a decrease of nearly \$7,700,000 in temporary notes outstanding at the end of 2008 as compared to 2007. A large number of special assessment projects were in progress at the end of 2007. These projects were completed and bonded in 2008. A smaller number of special assessment projects commenced during 2008 as compared to 2007, as residential development activity dropped off in 2008.

The City maintains a "AA+" rating from Fitch Ratings and a "Aa3" rating from Moody's for its general obligation bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 30 percent of its total assessed valuation. The current debt limitation for the City is \$135,179,174, which is significantly in excess of the City's outstanding general obligation bonds.

Additional information on the City's long-term debt can be found in note 3.H on pages 73-80 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Manhattan at the end of 2008 was 3.0 percent. This compares very favorably to the state's average unemployment rate of 4.9 percent and the national average rate of 7.2 percent.
- Inflationary trends in the region compare favorably to national indices.

Highlights of the City's 2009 budget are as follows:

- The mill levy rate was increased from 2008 by 2.585 mills to 34.268 mills. With the exception of 2008, the rate is still the lowest it has been in more than 20 years.
- Capital improvements anticipated for 2009 and beyond are incorporated into the proposed 2009-2014 Capital Improvements Program. The plan totals \$180,087,679 and includes the following for 2009:
 - Construction of Runway 21 ERSA improvements at the airport.
 - Construction costs for two new fire stations.
 - Renovation of the bear exhibit at Sunset Zoo.
 - Several intersection upgrade projects related to growth and safety, including 17th Street and Kimball Avenue, Juliette and Bluemont Avenues, K-113 and Claflin Road, US-24 and Marlatt Avenue, and K-18 and Davis Drive/Miller Parkway.
 - Miller Ranch and Northview sanitary sewer improvements.
 - Phase 1 of water treatment plant and wellfield improvements.

Requests for Information

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

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CITY OF MANHATTAN, KANSAS
STATEMENT OF NET ASSETS

December 31, 2008

ASSETS	Primary Government		Total
	Governmental Activities	Business-type Activities	
Cash and cash equivalents	\$ 31,170,088	\$ 7,524,146	\$ 38,694,234
Cash with refunding escrow agent	2,450,880	-	2,450,880
Cash with leasing escrow agent	622,452	-	622,452
Investment in joint venture	702,389	-	702,389
Receivables:			
Accounts (net of allowance for uncollectibles)	691,874	960,027	1,651,901
Intergovernmental	33,312	-	33,312
Franchise tax	410,732	-	410,732
Sales tax	2,659,826	-	2,659,826
Transient guest tax	254,164	-	254,164
Property tax	14,734,675	-	14,734,675
Economic development loans	2,160,556	-	2,160,556
Other loans	135,000	-	135,000
Notes:			
Current	-	26,244	26,244
Noncurrent	-	83,232	83,232
Inventories	23,072	71,849	94,921
Prepaid expenses	-	-	-
Restricted assets:			
Cash and investments			
Construction accounts	-	220,662	220,662
Other	-	-	-
Special assessments:			
Current	5,998,605	-	5,998,605
Noncurrent	75,882,442	-	75,882,442
Capital assets:			
Land	22,468,038	497,022	22,965,060
Infrastructure, net of accumulated depreciation	46,879,202	64,168,622	111,047,824
Other capital assets, net of accumulated depreciation	31,849,104	8,220,502	40,069,606
Construction in progress	12,668,543	7,264,848	19,933,391
Total capital assets	<u>113,864,887</u>	<u>80,150,994</u>	<u>194,015,881</u>
 TOTAL ASSETS	 <u>\$ 251,794,954</u>	 <u>\$ 89,037,154</u>	 <u>\$ 340,832,108</u>

(Continued)

Component Units	
Manhattan Public Library	Manhattan Housing Authority
\$ 836,725	\$ 681,437
-	-
-	-
-	-
-	72,788
-	-
-	-
-	-
2,314,825	-
-	-
-	-
-	-
-	9,449
-	5,226
-	-
-	-
-	-
-	-
-	-
353,058	1,286,939
22,396	124,775
<u>375,454</u>	<u>1,411,714</u>
<u>\$ 3,527,004</u>	<u>\$ 2,180,614</u>

CITY OF MANHATTAN, KANSAS
STATEMENT OF NET ASSETS (CONTINUED)
December 31, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 3,444,891	\$ 564,293	\$ 4,009,184
Estimated insurance claims payable	873,594	-	873,594
Sales tax payable	-	6,967	6,967
Accrued interest payable	902,446	67,590	970,036
Accrued payroll	610,006	100,784	710,790
Security deposits	-	-	-
Unearned revenue	14,824,704	-	14,824,704
Long-term liabilities:			
Due within one year	33,724,202	950,343	34,674,545
Due in more than one year	97,909,049	6,987,253	104,896,302
TOTAL LIABILITIES	152,288,892	8,677,230	160,966,122
NET ASSETS			
Invested in capital assets, net of related debt	503,672	72,497,433	73,001,105
Restricted for:			
Culture and recreation	1,014,950	-	1,014,950
Public safety	693,758	-	693,758
Public works	-	-	-
Urban development and housing	10,588,532	-	10,588,532
Debt service	87,870,773	-	87,870,773
Perpetual care:			
Nonexpendable	408,296	-	408,296
Other purposes	398,397	-	398,397
Unrestricted	(1,972,316)	7,862,491	5,890,175
TOTAL NET ASSETS	\$ 99,506,062	\$ 80,359,924	\$ 179,865,986

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

Component Units

Manhattan Public Library	Manhattan Housing Authority
\$ 49,376	\$ 51,330
-	-
-	-
-	-
-	27,550
-	30,857
-	2,596
-	4,213
60,363	50,110
<u>109,739</u>	<u>166,656</u>
375,454	1,411,714
-	-
-	-
-	-
-	178,564
-	-
-	-
-	-
3,041,811	423,680
<u>\$ 3,417,265</u>	<u>\$ 2,013,958</u>

CITY OF MANHATTAN, KANSAS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

FUNCTIONS/PROGRAMS	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities			
General government	\$ 12,829,036	\$ 4,958,815	\$ 716,794
Public safety	15,917,237	565,892	200,654
Public works	7,689,400	754,083	1,632,368
Urban development and housing	3,966,578	108,026	296,556
Culture and recreation	5,118,870	983,589	708,073
Culture and recreation (payments to Library)	2,147,807	-	-
Interest on long-term debt	5,215,511	-	-
Total governmental activities	52,884,439	7,370,405	3,554,445
Business-type activities			
Water	6,573,170	5,789,434	-
Wastewater	5,138,975	4,049,883	-
Storm water management	828,879	1,033,734	-
Total business-type activities	12,541,024	10,873,051	-
Total primary government	\$ 65,425,463	\$ 18,243,456	\$ 3,554,445
Component units			
Manhattan Public Library	\$ 2,535,363	\$ 73,185	\$ -
Manhattan Housing Authority	2,349,734	717,639	1,848,262
Total component units	\$ 4,885,097	\$ 790,824	\$ 1,848,262

General revenues:

Taxes:

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Franchise taxes

 Sales taxes

 Transient guest taxes

Payments from the City of Manhattan

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Transfers-internal activities

 Total general revenues and transfers

 Change in net assets

Net assets-beginning

Prior period adjustment

Net assets-beginning (restated)

Net assets-ending

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Primary Government			Manhattan Public Library	Manhattan Housing Authority
	Governmental Activities	Business-type Activities	Total		
\$ 1,740,637	\$ (5,412,790)		\$ (5,412,790)		
-	(15,150,691)		(15,150,691)		
22,897,080	17,594,131		17,594,131		
1,187,249	(2,374,747)		(2,374,747)		
49,383	(3,377,825)		(3,377,825)		
-	(2,147,807)		(2,147,807)		
-	(5,215,511)		(5,215,511)		
<u>25,874,349</u>	<u>(16,085,240)</u>		<u>(16,085,240)</u>		
-	-	\$ (783,736)	(783,736)		
6,699	-	(1,082,393)	(1,082,393)		
-	-	204,855	204,855		
<u>6,699</u>	<u>-</u>	<u>(1,661,274)</u>	<u>(1,661,274)</u>		
<u>\$ 25,881,048</u>	<u>(16,085,240)</u>	<u>(1,661,274)</u>	<u>(17,746,514)</u>		
\$ -				\$ (2,462,178)	\$ -
31,440				-	247,607
<u>\$ 31,440</u>				<u>(2,462,178)</u>	<u>247,607</u>
	14,155,988	-	14,155,988	-	-
	514,484	-	514,484	-	-
	2,964,974	-	2,964,974	-	-
	15,895,779	-	15,895,779	-	-
	902,088	-	902,088	-	-
	-	-	-	2,147,807	-
	401,352	-	401,352	295,359	-
	1,042,391	260,900	1,303,291	47,634	8,009
	5,204,348	194,959	5,399,307	-	-
	(2,969,407)	2,969,407	-	-	-
	<u>38,111,997</u>	<u>3,425,266</u>	<u>41,537,263</u>	<u>2,490,800</u>	<u>8,009</u>
	<u>22,026,757</u>	<u>1,763,992</u>	<u>23,790,749</u>	<u>28,622</u>	<u>255,616</u>
	<u>77,479,305</u>	<u>78,595,932</u>	<u>156,075,237</u>	<u>3,388,643</u>	<u>1,752,372</u>
	-	-	-	-	5,970
	<u>77,479,305</u>	<u>78,595,932</u>	<u>156,075,237</u>	<u>3,388,643</u>	<u>1,758,342</u>
	<u>\$ 99,506,062</u>	<u>\$ 80,359,924</u>	<u>\$ 179,865,986</u>	<u>\$ 3,417,265</u>	<u>\$ 2,013,958</u>

CITY OF MANHATTAN, KANSAS
BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2008

ASSETS	General	Riley County Police Department	Debt Service
	General	Police Department	Debt Service
Cash and cash equivalents	\$ 5,361,665	\$ -	\$ 3,328,748
Cash with refunding escrow agent	-	-	2,450,880
Cash with leasing escrow agent	-	-	-
Investment in joint venture	-	-	-
Receivables			
Accounts	1,165,436	-	-
Intergovernmental	-	-	-
Franchise tax	410,732	-	-
Sales tax	1,274,375	-	-
Transient guest tax	-	-	-
Property tax	1,198,432	10,563,876	585,136
Interfund	19,733	-	-
Economic development loans	-	-	-
Other loans	135,000	-	-
Special assessments			
Current	-	-	5,998,605
Noncurrent	-	-	75,882,442
	\$ 9,565,373	\$ 10,563,876	\$ 88,245,811
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	750,051	-	13,127
Accrued payroll	603,505	-	-
Interfund payable	-	-	-
Temporary notes payable	-	-	-
Deferred revenue	2,362,948	10,563,876	82,466,183
TOTAL LIABILITIES	3,716,504	10,563,876	82,479,310
Fund Balances			
Reserved for:			
Encumbrances	43,129	-	-
Investment in joint venture	-	-	-
Loans receivable	135,000	-	-
Perpetual care	-	-	-
Unreserved, reported in:			
General fund	5,670,740	-	-
Special revenue funds	-	-	-
Debt service funds	-	-	5,766,501
Capital projects fund	-	-	-
TOTAL FUND BALANCES	5,848,869	-	5,766,501
TOTAL LIABILITIES AND FUND BALANCES	\$ 9,565,373	\$ 10,563,876	\$ 88,245,811

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

Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 3,994,389	\$ 15,766,576	\$ 28,451,378
-	-	2,450,880
622,452	-	622,452
-	702,389	702,389
-	1,172	1,166,608
-	33,312	33,312
-	-	410,732
-	1,385,451	2,659,826
-	254,164	254,164
-	2,387,231	14,734,675
-	-	19,733
-	2,160,556	2,160,556
-	-	135,000
-	-	5,998,605
-	-	75,882,442
<u>\$ 4,616,841</u>	<u>\$ 22,690,851</u>	<u>\$ 135,682,752</u>
2,060,618	555,498	3,379,294
-	6,501	610,006
-	19,733	19,733
4,820,000	-	4,820,000
90,029	2,455,892	97,938,928
<u>6,970,647</u>	<u>3,037,624</u>	<u>106,767,961</u>
-	368,870	411,999
-	644,206	644,206
-	2,160,556	2,295,556
-	408,296	408,296
-	-	5,670,740
-	14,945,628	14,945,628
-	1,125,671	6,892,172
(2,353,806)	-	(2,353,806)
<u>(2,353,806)</u>	<u>19,653,227</u>	<u>28,914,791</u>
<u>\$ 4,616,841</u>	<u>\$ 22,690,851</u>	<u>\$ 135,682,752</u>

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

December 31, 2008

Fund balances of governmental funds \$ 28,914,791

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

Certain receivables, net of an allowance for doubtful accounts, are not available to pay current period expenditures and therefore are deferred in the funds. 742,109

Capital assets net of depreciation are not financial resources and therefore have not been included in the funds. 113,862,919

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

General Obligation Bonds Payable	(77,335,000)	
Special Obligation Bonds Payable	(26,697,298)	
Temporary Notes Payable	(15,095,000)	
Transportation Revolving Fund Loan Payable	(4,199,610)	
Capital Leases Payable	(1,231,605)	
Compensated absences	<u>(1,937,123)</u>	(126,495,636)

Accrued interest payable on long-term debt has not been reported in the governmental funds. (902,446)

Other long-term assets related to special assessments are not available to pay current period expenditures and therefore are deferred in the funds. 81,881,047

In the statement of net assets, a long-term liability is recorded for the unfunded portion of postemployment benefits other than pensions, while in the governmental funds, liabilities that do not require satisfaction with current resources are not recorded. (317,615)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 1,820,893

Net assets of governmental activities \$ 99,506,062

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

CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended December 31, 2008

REVENUES	<u>General</u>
Taxes	\$ 11,805,192
Special assessments	-
Licenses and permits	620,719
Intergovernmental revenues	670,484
Charges for services	3,798,302
Fines and forfeitures	1,775,516
Investment income	397,078
Miscellaneous revenues	579,492
Total Revenues	<u>19,646,783</u>
EXPENDITURES	
Current	
General government	7,238,985
Public safety	4,668,854
Public works	2,810,519
Urban development and housing	502,943
Culture/recreation	4,361,924
Culture/recreation-payments to Library	-
Capital outlay	571,539
Debt service	
Principal	-
Bond issuance costs	-
Interest and fiscal charges	-
Refunding costs	-
Total Expenditures	<u>20,154,764</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 <u>(507,981)</u>
OTHER FINANCING SOURCES (USES)	
General obligation bonds issued	-
Discount on general obligation bonds	-
Refunding general obligation bonds issued	-
Temporary notes issued	-
Capital leases	-
Transfers in	1,577,293
Transfers out	(680,384)
Insurance recoveries	1,497,829
Special obligation bonds issued	-
Refunding special obligation bonds issued	-
Total Other Financing Sources (Uses)	<u>2,394,738</u>
 NET CHANGE IN FUND BALANCES	 1,886,757
 FUND BALANCE - BEGINNING OF YEAR	 <u>3,962,112</u>
 FUND BALANCE - END OF YEAR	 <u>\$ 5,848,869</u>

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

Riley County Police Department	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 9,971,357	\$ 514,485	\$ -	\$ 13,329,531	\$ 35,620,565
-	4,852,225	622,965	-	5,475,190
-	-	-	-	620,719
-	-	-	4,919,614	5,590,098
-	-	-	332,878	4,131,180
-	-	-	-	1,775,516
-	26,610	2,113	528,554	954,355
-	396,144	5,021,851	585,551	6,583,038
<u>9,971,357</u>	<u>5,789,464</u>	<u>5,646,929</u>	<u>19,696,128</u>	<u>60,750,661</u>
-	117,955	223,572	1,938,688	9,519,200
10,102,584	-	-	682,420	15,453,858
-	-	-	1,414,895	4,225,414
-	-	644,921	2,795,590	3,943,454
-	-	-	222,255	4,584,179
-	-	-	2,147,807	2,147,807
-	-	21,907,933	2,455,728	24,935,200
-	5,147,384	16,195,000	5,630,000	26,972,384
-	117,532	-	229,462	346,994
-	3,129,473	585,737	1,230,667	4,945,877
-	65,117	-	-	65,117
<u>10,102,584</u>	<u>8,577,461</u>	<u>39,557,163</u>	<u>18,747,512</u>	<u>97,139,484</u>
<u>(131,227)</u>	<u>(2,787,997)</u>	<u>(33,910,234)</u>	<u>948,616</u>	<u>(36,388,823)</u>
-	-	16,555,000	-	16,555,000
-	-	(280,170)	-	(280,170)
-	2,495,000	-	-	2,495,000
-	-	4,975,000	175,000	5,150,000
-	-	622,452	-	622,452
117,481	2,436,217	757,334	2,681,010	7,569,335
-	(3,906)	-	(6,886,112)	(7,570,402)
-	-	-	-	1,497,829
-	-	9,720,304	1,078,924	10,799,228
-	-	-	4,860,986	4,860,986
<u>117,481</u>	<u>4,927,311</u>	<u>32,349,920</u>	<u>1,909,808</u>	<u>41,699,258</u>
<u>(13,746)</u>	<u>2,139,314</u>	<u>(1,560,314)</u>	<u>2,858,424</u>	<u>5,310,435</u>
<u>13,746</u>	<u>3,627,187</u>	<u>(793,492)</u>	<u>16,794,803</u>	<u>23,604,356</u>
<u>\$ -</u>	<u>\$ 5,766,501</u>	<u>\$ (2,353,806)</u>	<u>\$ 19,653,227</u>	<u>\$ 28,914,791</u>

CITY OF MANHATTAN, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2008

Net change in fund balances - total governmental funds \$ 5,310,435

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

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

Expenditures for capital assets	24,809,936	
Less current year depreciation	<u>(5,519,105)</u>	19,290,831

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals, trade-ins, etc.) is to decrease net assets. (2,569,991)

Capital asset transfers are not recorded in the governmental funds because there has been no flow of current financial resources. (2,968,340)

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

Long-term debt proceeds	(40,482,666)	
Principal payments	<u>27,224,829</u>	(13,257,837)

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

Compensated absences	(217,744)	
Other postemployment benefits other than pensions	(317,615)	
Accrued interest on bonds	<u>(269,634)</u>	(804,993)

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

Receivables	48,211	
Special assessments	<u>16,741,724</u>	16,789,935

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues of the internal service funds are reported with governmental activities. 236,717

Change in net assets of governmental activities \$ 22,026,757

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

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CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GENERAL FUND
For The Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 10,494,086	\$ 10,494,086	\$ 11,805,192	\$ 1,311,106
Licenses and permits	714,574	714,574	620,719	(93,855)
Intergovernmental revenues	383,000	383,000	670,484	287,484
Charges for services	2,927,549	2,927,549	3,798,302	870,753
Fines and forfeitures	1,486,850	1,486,850	1,775,516	288,666
Investment income	437,616	437,616	397,078	(40,538)
Miscellaneous revenues	475,500	475,500	579,492	103,992
Total Revenues	16,919,175	16,919,175	19,646,783	2,727,608
EXPENDITURES				
Current				
General government				
Administration	695,198	695,198	670,517	24,681
Finance	1,009,450	1,009,450	993,252	16,198
Airport	584,923	584,923	588,441	(3,518)
Human Resources	412,984	412,984	393,592	19,392
Animal Shelter	469,014	469,014	445,829	23,185
Legal Services	721,675	721,675	696,051	25,624
General Services	3,055,834	3,055,834	2,842,744	213,090
Outside Services	513,580	513,580	604,468	(90,888)
Public safety				
Fire Department				
Administration	199,550	199,550	189,080	10,470
Operations	3,448,131	3,448,131	3,464,662	(16,531)
Technical Services	718,427	718,427	668,109	50,318
Municipal Building Maintenance	353,975	353,975	350,350	3,625
Public works				
Administration	184,864	184,864	212,412	(27,548)
Street	1,418,729	1,418,729	1,542,086	(123,357)
Engineering	722,988	722,988	691,215	31,773
Traffic Control	390,733	390,733	361,906	28,827
Urban development and housing	568,643	568,643	502,943	65,700
Culture/recreation				
Administration	152,988	152,988	148,771	4,217
Douglass Center	211,313	211,313	209,147	2,166
City Parks	1,912,475	1,912,475	1,883,961	28,514
Swimming Pools	275,945	275,945	237,246	38,699
Sunset Zoo	772,609	772,609	783,319	(10,710)
Recreation	1,199,027	1,199,027	1,099,480	99,547
Discovery Center	72,820	72,820	-	72,820
Capital Outlay	469,950	469,950	568,050	(98,100)
Total Expenditures	20,535,825	20,535,825	20,147,631	388,194
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(3,616,650)	(3,616,650)	(500,848)	3,115,802

(Continued)

CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) ·
GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,581,900	\$ 1,581,900	\$ 1,577,293	\$ (4,607)
Transfers out	(265,250)	(265,250)	(680,384)	(415,134)
Insurance recoveries	-	-	1,497,829	1,497,829
Total Other Financing Sources (Uses)	<u>1,316,650</u>	<u>1,316,650</u>	<u>2,394,738</u>	<u>1,078,088</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,300,000)</u>	<u>\$ (2,300,000)</u>	1,893,890	<u>\$ 4,193,890</u>
FUND BALANCE-BEGINNING OF YEAR			<u>3,911,850</u>	
FUND BALANCE - END OF YEAR			5,805,740	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>43,129</u>	
FUND BALANCE - GAAP BASIS			<u>\$ 5,848,869</u>	

CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
RILEY COUNTY POLICE DEPARTMENT FUND
For The Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 9,978,820	\$ 9,978,820	\$ 9,971,357	\$ (7,463)
Total Revenues	<u>9,978,820</u>	<u>9,978,820</u>	<u>9,971,357</u>	<u>(7,463)</u>
EXPENDITURES				
Current				
Public safety	10,102,584	10,102,584	10,102,584	-
Total Expenditures	<u>10,102,584</u>	<u>10,102,584</u>	<u>10,102,584</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(123,764)</u>	<u>(123,764)</u>	<u>(131,227)</u>	<u>(7,463)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 117,481	\$ 117,481
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>117,481</u>	<u>117,481</u>
NET CHANGE IN FUND BALANCES	<u>\$ (123,764)</u>	<u>\$ (123,764)</u>	<u>(13,746)</u>	<u>\$ 110,018</u>
FUND BALANCE-BEGINNING OF YEAR			13,746	
FUND BALANCE - END OF YEAR			-	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE - GAAP BASIS			<u>\$ -</u>	

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

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

December 31, 2008

ASSETS	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
Current Assets			
Cash and cash equivalents	\$ 5,245,706	\$ 1,938,368	\$ 340,072
Accounts receivable (net of allowance for uncollectibles)	432,751	416,032	111,244
Current portion of note receivable	26,244	-	-
Inventories	64,609	7,240	-
Total Current Assets	5,769,310	2,361,640	451,316
Noncurrent Assets			
Restricted cash and cash equivalents	-	220,662	-
Note receivable	83,232	-	-
Capital assets:			
Land	281,430	215,592	-
Buildings and improvements	6,133,766	8,211,557	19,335
Equipment, contents and vehicles	756,103	1,697,718	42,050
Infrastructure	35,468,151	61,771,238	9,301,479
Construction in progress	2,210,442	3,498,099	1,556,307
Less accumulated depreciation	(16,000,796)	(33,899,675)	(1,111,802)
Total capital assets (net of accumulated depreciation)	28,849,096	41,494,529	9,807,369
Total Noncurrent Assets	28,932,328	41,715,191	9,807,369
 TOTAL ASSETS	 \$ 34,701,638	 \$ 44,076,831	 \$ 10,258,685

(Continued)

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

<u>Funds</u>	<u>Governmental Activities- Internal Service Funds</u>
<u>Total</u>	
\$ 7,524,146	\$ 2,718,710
960,027	16,334
26,244	-
71,849	23,072
<u>8,582,266</u>	<u>2,758,116</u>
220,662	-
83,232	-
497,022	-
14,364,658	-
2,495,871	19,673
106,540,868	-
7,264,848	-
<u>(51,012,273)</u>	<u>(17,705)</u>
80,150,994	1,968
<u>80,454,888</u>	<u>1,968</u>
<u>\$ 89,037,154</u>	<u>\$ 2,760,084</u>

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

December 31, 2008

	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 356,285	\$ 192,695	\$ 15,313
Accrued payroll	57,589	41,409	1,786
Estimated insurance claims payable	-	-	-
Sales tax payable	6,967	-	-
Accrued interest	5,128	56,799	5,663
Compensated absences	84,515	93,549	878
Current portion of state revolving loan	-	431,401	-
Current portion of general obligation bonds payable	90,000	100,000	150,000
Total Current Liabilities	600,484	915,853	173,640
Noncurrent Liabilities			
Compensated absences	49,636	54,941	516
State revolving loan	-	4,817,160	-
General obligation bonds payable	720,000	580,000	765,000
Total Noncurrent Liabilities	769,636	5,452,101	765,516
Total Liabilities	1,370,120	6,367,954	939,156
NET ASSETS			
Invested in capital assets, net of related debt	28,039,096	35,565,968	8,892,369
Unrestricted	5,292,422	2,142,909	427,160
TOTAL NET ASSETS	\$ 33,331,518	\$ 37,708,877	\$ 9,319,529

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

<u>Funds</u>	Governmental Activities- Internal Service Funds
<u>Total</u>	
\$ 564,293	\$ 65,597
100,784	-
-	873,594
6,967	-
67,590	-
178,942	-
431,401	-
340,000	-
<u>1,689,977</u>	<u>939,191</u>
105,093	-
4,817,160	-
2,065,000	-
<u>6,987,253</u>	<u>-</u>
<u>8,677,230</u>	<u>939,191</u>
72,497,433	1,968
7,862,491	1,818,925
<u>\$ 80,359,924</u>	<u>\$ 1,820,893</u>

CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
For The Year Ended December 31, 2008

	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
OPERATING REVENUES			
Service charges	\$ 5,789,434	\$ 4,049,883	\$ 1,033,734
Rent income	120,711	-	-
Miscellaneous revenue	10,052	54,396	9,800
Total Operating Revenues	<u>5,920,197</u>	<u>4,104,279</u>	<u>1,043,534</u>
OPERATING EXPENSES			
Personnel services	1,542,162	1,345,526	45,794
Commodities	1,166,929	257,125	2,577
Contractual services	2,722,788	1,717,929	481,902
Depreciation	1,117,425	1,636,505	238,609
Total Operating Expenses	<u>6,549,304</u>	<u>4,957,085</u>	<u>768,882</u>
OPERATING INCOME (LOSS)	<u>(629,107)</u>	<u>(852,806)</u>	<u>274,652</u>
NON-OPERATING REVENUE (EXPENSE)			
Investment income	155,005	86,434	19,461
Interest and fiscal charges	(20,992)	(181,890)	(48,670)
Loss on disposal of capital assets	(2,874)	-	(11,327)
Total Non-Operating Revenue (Expense)	<u>131,139</u>	<u>(95,456)</u>	<u>(40,536)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(497,968)</u>	<u>(948,262)</u>	<u>234,116</u>
Capital contributions	5,026	1,517,335	1,452,678
Transfers in	-	-	57,000
Transfers (out)	(6,350)	(47,340)	(2,243)
CHANGE IN NET ASSETS	<u>(499,292)</u>	<u>521,733</u>	<u>1,741,551</u>
TOTAL NET ASSETS - BEGINNING	<u>33,830,810</u>	<u>37,187,144</u>	<u>7,577,978</u>
TOTAL NET ASSETS - ENDING	<u><u>\$ 33,331,518</u></u>	<u><u>\$ 37,708,877</u></u>	<u><u>\$ 9,319,529</u></u>

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

<u>Funds</u>	<u>Governmental Activities- Internal Service Funds</u>
<u>Total</u>	
\$ 10,873,051	\$ 3,966,588
120,711	-
74,248	-
<u>11,068,010</u>	<u>3,966,588</u>
2,933,482	-
1,426,631	29,861
4,922,619	3,802,644
2,992,539	1,968
<u>12,275,271</u>	<u>3,834,473</u>
<u>(1,207,261)</u>	<u>132,115</u>
260,900	104,602
(251,552)	-
(14,201)	-
<u>(4,853)</u>	<u>104,602</u>
(1,212,114)	236,717
2,975,039	-
57,000	-
(55,933)	-
<u>1,763,992</u>	<u>236,717</u>
<u>78,595,932</u>	<u>1,584,176</u>
<u>\$ 80,359,924</u>	<u>\$ 1,820,893</u>

CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2008

	Business-type Activities-	
	Major	
	Water	Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 5,824,595	\$ 4,070,287
Payments to suppliers	(2,987,168)	(1,332,436)
Payments to employees	(1,539,942)	(1,328,836)
Payments for interfund services used	(1,132,500)	(707,500)
Miscellaneous revenue	10,052	54,396
Net Cash Provided (Used) by Operating Activities	175,037	755,911
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Transfers (out)	(6,350)	(47,340)
Net Cash Provided (Used) by Non-Capital Financing Activities	(6,350)	(47,340)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	695,000	947,313
Acquisition and construction of capital assets	(2,424,687)	(2,108,542)
Interest payments on long-term debt	(16,879)	(180,477)
Principal payments on long-term debt	(30,000)	(547,870)
Net Cash (Used) by Capital and Related Financing Activities	(1,776,566)	(1,889,576)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	155,005	86,434
Net Cash Provided by Investing Activities	155,005	86,434
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,452,874)	(1,094,571)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	6,698,580	3,253,601
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,245,706	\$ 2,159,030
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (629,107)	\$ (852,806)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,117,425	1,636,505
(Increase) decrease in accounts receivable	(111,593)	20,404
(Increase) decrease in note receivable	26,043	-
(Increase) decrease in inventory	(38,158)	(960)
Increase (decrease) in accounts payable and accrued expenses	(189,573)	(47,232)
Total Adjustments	804,144	1,608,717
Net Cash Provided (Used) by Operating Activities	\$ 175,037	\$ 755,911
Noncash investing, capital, and financing activities:		
Capital assets acquired through contributions from governmental funds	\$ 5,026	\$ 1,510,636
Capital assets donated by outside parties	-	6,699

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

Enterprise Funds		Governmental
Non-Major		Activities-
Storm Water		Internal
Management	Total	Service
		Funds
\$ 1,025,739	\$ 10,920,621	\$ 4,101,220
(489,774)	(4,809,378)	(3,512,968)
(44,487)	(2,913,265)	-
-	(1,840,000)	-
9,800	74,248	-
<u>501,278</u>	<u>1,432,226</u>	<u>588,252</u>
57,000	57,000	-
(2,243)	(55,933)	-
<u>54,757</u>	<u>1,067</u>	<u>-</u>
-	1,642,313	-
-	(4,533,229)	-
(51,608)	(248,964)	-
(485,000)	(1,062,870)	-
<u>(536,608)</u>	<u>(4,202,750)</u>	<u>-</u>
19,461	260,900	104,602
<u>19,461</u>	<u>260,900</u>	<u>104,602</u>
38,888	(2,508,557)	692,854
301,184	10,253,365	2,025,856
<u>\$ 340,072</u>	<u>\$ 7,744,808</u>	<u>\$ 2,718,710</u>
<u>\$ 274,652</u>	<u>\$ (1,207,261)</u>	<u>\$ 132,115</u>
238,609	2,992,539	1,968
(7,995)	(99,184)	134,632
-	26,043	-
-	(39,118)	(1,041)
<u>(3,988)</u>	<u>(240,793)</u>	<u>320,578</u>
<u>226,626</u>	<u>2,639,487</u>	<u>456,137</u>
<u>\$ 501,278</u>	<u>\$ 1,432,226</u>	<u>\$ 588,252</u>
\$ 1,452,678	\$ 2,968,340	\$ -
-	6,699	-

CITY OF MANHATTAN, KANSAS
STATEMENT OF FIDUCIARY NET ASSETS-FIDUCIARY FUNDS
December 31, 2008

	Private- purpose Trust
ASSETS	
Cash and cash equivalents	<u>\$ 99,276</u>
TOTAL ASSETS	<u><u>\$ 99,276</u></u>
LIABILITIES	
Current Liabilities	
Accounts payable	<u>\$ -</u>
TOTAL LIABILITIES	<u><u>-</u></u>
NET ASSETS	
Held in trust for various purposes	<u><u>\$ 99,276</u></u>

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

CITY OF MANHATTAN, KANSAS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS-
FIDUCIARY FUNDS

For The Year Ended December 31, 2008

	<u>Private- purpose Trust</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 3,796
Total additions	<u>3,796</u>
 DEDUCTIONS	
Maintenance	<u>1,978</u>
Total deductions	<u>1,978</u>
Change in net assets	1,818
 NET ASSETS - BEGINNING	 <u>97,458</u>
 NET ASSETS - ENDING	 <u><u>\$ 99,276</u></u>

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

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CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 1: Summary of Significant Accounting Policies:

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

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

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

A. Financial Reporting Entity

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

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

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

Manhattan Public Library

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

Manhattan Housing Authority

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Joint Venture

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

Manhattan Holdings, LLC

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

The City of Manhattan appoints three members to the ten member Board of Members. Interest in the Joint Venture is proportionate to the amount of Class A units of Stock purchased by each entity. Each participant receives a pro-rata share of the Joint Venture's annual net income, if any, or remit a pro-rata share of any operating loss. The initial and December 31, 2008 percent interest and investments in the venture of each participant is as follows:

<u>Entity</u>	<u>Initial Percent Interest</u>	<u>Initial Investment</u>	<u>12/31/08 Percent Interest</u>	<u>12/31/08 Share of Contributed Capital</u>
KTEC Holdings	57.90%	\$550,000	33.334%	\$ 600,000
City of Manhattan	21.05%	\$200,000	33.333%	\$ 600,000
KSU Foundation	<u>21.05%</u>	<u>\$200,000</u>	<u>33.333%</u>	<u>\$ 600,000</u>
Total	<u>100%</u>	<u>\$950,000</u>	<u>100%</u>	<u>\$1,800,000</u>

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

The City's net investment is recorded in the Economic Development Special Revenue Fund, which provided the funds for the initial and subsequent investments. The City's equity interest as of December 31, 2008 was \$644,206, which includes \$181,863 for the City's share of the joint venture's net income from 1997 to 2008 less a distribution of \$137,657 in 2001. The City's share of the joint venture's income is reported in investment income in these financial statements.

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

Cash, Cash Equivalents and Investments

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Cash, Cash Equivalents and Investments (Continued)

If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2008, investment earnings allocated to the various funds were \$1,187,148.

Receivables and Payables

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

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

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

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

Inventories

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

Capital Assets

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

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets (Continued)

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

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

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

Vacation and Sick Pay

The City's policy regarding vacation pay permits employees to accumulate vacation leave not to exceed two (2) times their annual rate (maximum hours depending on the rate are 192, 264, 312, 384 or 432) unless approved by the City Manager, as of December 31 of each year. The accumulated vacation is governed by agreements with the International Association of Fire Fighters (IAFF) for union employees, and the City's Personnel Rules and Regulations for non-union employees. Policy prohibits payment for vacation time in lieu of time off. At December 31, 2008, the City estimates the accumulated unpaid vacation amount to be \$1,017,632 for governmental funds and \$162,482 for proprietary funds.

There is no limit to the amount of sick leave that may be accumulated. However, there are limits to the amount of accumulated sick leave that will be paid on the date of employment termination. Shift employees who belong to the IAFF with from one to nineteen years of service with the City will receive payment for 1/3 of accumulated sick leave up to a maximum of 480 hours. Shift employees who belong to the IAFF with twenty or more years of service with the City will receive payment for 1/2 of accumulated sick leave up to a maximum of 720 hours. Other City employees with from one to nineteen years of service with the City will receive payment for 1/3 of accumulated sick pay up to a maximum of 320 hours. Other City employees with twenty or more years of service with the City will receive payment for 1/2 of accumulated sick pay up to a maximum of 480 hours. At December 31, 2008, the City estimates the accumulated unpaid sick pay amount to be \$919,491 for governmental funds and \$121,553 for proprietary funds. These amounts include only accumulated sick leave that would be paid on the date of employment termination.

The total liability for compensated absences for vacation and sick leave for governmental funds is \$1,937,123. This liability is recorded in the governmental activities column of the government-wide financial statements but not the governmental fund financial statements. The total liability for compensated absences for vacation and sick leave for proprietary funds is \$284,035. This liability is recorded in both the business-type activities column of the government-wide financial statements and the proprietary fund financial statements.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Long-term Liabilities

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

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

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

Special Assessments

Kansas Statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments received prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service Fund. Accordingly, special assessments receivable are accounted for within the Debt Service Fund. Special assessments may be levied over various periods, but are generally levied over 20 years. The annual installments are due and payable with the annual ad valorem property taxes. Special assessments receivable are offset with a corresponding amount of deferred revenue in the governmental fund financial statements, but not in the government-wide financial statements. Special assessments in the amount of \$346,709 were delinquent at December 31, 2008.

Equity Classifications/Fund Equity

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

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, and Net Assets or Equity (Continued)

Interfund Receivable/Liability

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

Interfund Transfers

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

Estimates

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

Pending Governmental Accounting Standards Board Statements

At December 31, 2008, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", was issued in June 2007. This statement establishes standards for when and whether intangible assets should be considered capital assets for financial reporting purposes. It requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets. The provisions of this statement are effective for periods beginning after June 15, 2009.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 2: Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

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

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

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time.

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

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

The following enterprise funds also have legally adopted annual budgets:

Water
Wastewater
Storm Water Management

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

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

A. Budgets and Budgetary Accounting (Continued)

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

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

	Major Governmental Funds		
	General Fund	Riley County Police Department	Debt Service
Revenues - Budgetary basis	\$ 19,646,783	\$ 9,971,357	\$ 5,789,464
Canceled encumbrances	-	-	-
Revenues - GAAP basis	\$ 19,646,783	\$ 9,971,357	\$ 5,789,464
Expenditures - budgetary basis	\$ 20,147,631	\$ 10,102,584	\$ 8,577,461
Encumbrances, beginning of year	50,262	-	-
Encumbrances, end of year	(43,129)	-	-
Canceled encumbrances	-	-	-
Expenditures - GAAP basis	\$ 20,154,764	\$ 10,102,584	\$ 8,577,461
Fund balances - budgetary basis	\$ 5,805,740	\$ -	\$ 5,766,501
Encumbrances, end of year	43,129	-	-
Fund balance - GAAP basis	\$ 5,848,869	\$ -	\$ 5,766,501

For the year ended December 31, 2008, expenditures and transfers out exceeded budgeted expenditures and transfers out in the General Fund by \$26,940. These overexpenditures were funded by insurance recoveries and intergovernmental reimbursements for storm damage.

B. Property Taxes

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

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

C. Deficit Fund Equity

The Capital Projects Fund had a deficit fund balance of \$2,353,806 as of December 31, 2008. This deficit is attributable to the funding of significant capital outlay expenditures in 2008 with the proceeds of liabilities. The Yes! Grant-2008 Special Revenue Fund had a deficit balance of \$1,894 as of December 31, 2008. A transfer from the Special Sunset Zoo Special Revenue Fund was made in 2009 to cover this deficit.

Note 3: Detailed Notes on All Funds

A. Cash and Investments

At December 31, 2008, the City's investment balances were:

	Reported Amount/ Fair Value
Investment Type:	
Cash with refunding escrow agent	\$ 2,450,880
Cash with leasing escrow agent	622,452
Cash with special obligation bond trustees	263,561
Total Investments	3,336,893
Deposits	38,743,316
Cash on Hand	7,295
Total Deposits	38,750,611
TOTAL DEPOSITS AND INVESTMENTS	\$ 42,087,504

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

Cash and Cash Equivalents	\$38,694,234
Cash with refunding escrow agent	2,450,880
Cash with leasing escrow agent	622,452
Restricted Construction Accounts	220,662
Add Fiduciary Funds cash and cash equivalents:	
Private-purpose Trusts	99,276
TOTAL DEPOSITS AND INVESTMENTS	\$42,087,504

Interest rate risk – The City's exposure to declines in fair values is limited by the fact that, in accordance with Kansas statutes, no investments are purchased with maturities in excess of two years.

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

A. Cash and Investments (Continued)

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

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

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

Manhattan Public Library component unit cash and cash equivalents of \$836,725 are stated at cost which approximates fair value. Manhattan Housing Authority component unit cash and cash equivalents of \$681,437 are stated at cost which approximates fair value. As these entities are governed by the same Kansas statutes as the City, their exposure to the various investment-related risks is similar to that of the City.

B. Receivables

Accounts receivable for the governmental activities are reported net of an allowance for uncollectible accounts in the amount of \$491,068.

Accounts receivable for the Enterprise Funds are reported net of allowances for uncollectible accounts. The allowances at December 31, 2008, are as follows:

Water Fund	\$31,763
Wastewater Fund	<u>35,806</u>
Total	<u>\$67,569</u>

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

C. Economic Development Loans

Economic Development Loans receivable, aggregating \$2,160,556 at December 31, 2008, consist of loans to six companies in Manhattan as part of an economic development incentive program which included grants and tax abatements. The loans were funded from the Economic Development Fund. New loans made during 2008 totaled \$325,000. Loans are secured by either property and/or life insurance policies on key personnel of the company, and therefore an allowance for uncollectibles has not been recorded.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

Primary Government

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 11,053,750	\$ 11,414,288	\$ -	\$ 22,468,038
Construction in progress	14,931,077	12,668,543	14,931,077	12,668,543
TOTAL	<u>25,984,827</u>	<u>24,082,831</u>	<u>14,931,077</u>	<u>35,136,581</u>
Capital assets being depreciated:				
Buildings and improvements	49,125,946	1,205,567	2,840,367	47,491,146
Contents and equipment	6,367,619	275,240	26,190	6,616,669
Vehicles	6,452,438	291,451	248,370	6,495,519
Infrastructure	68,703,169	10,917,584	-	79,620,753
TOTAL	<u>130,649,172</u>	<u>12,689,842</u>	<u>3,114,927</u>	<u>140,224,087</u>
Less accumulated depreciation:				
Buildings and improvements	18,725,885	1,462,149	283,034	19,905,000
Contents and equipment	3,738,618	386,186	23,140	4,101,664
Vehicles	4,538,121	432,419	222,974	4,747,566
Infrastructure	29,517,020	3,224,531	-	32,741,551
TOTAL	<u>56,519,644</u>	<u>5,505,285</u>	<u>529,148</u>	<u>61,495,781</u>
Total capital assets being depreciated, net	<u>74,129,528</u>	<u>7,184,557</u>	<u>2,585,779</u>	<u>78,728,306</u>
Governmental activities capital assets, net	<u>\$ 100,114,355</u>	<u>\$ 31,267,388</u>	<u>\$ 17,516,856</u>	<u>\$ 113,864,887</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 497,022	\$ -	\$ -	\$ 497,022
Construction in progress	10,622,834	7,264,848	10,622,834	7,264,848
TOTAL	<u>11,119,856</u>	<u>7,264,848</u>	<u>10,622,834</u>	<u>7,761,870</u>
Capital assets being depreciated:				
Buildings and improvements	14,358,591	6,067	-	14,364,658
Contents and equipment	1,218,906	78,336	18,878	1,278,364
Vehicles	1,181,324	141,403	105,220	1,217,507
Infrastructure	95,900,420	10,640,448	-	106,540,868
TOTAL	<u>112,659,241</u>	<u>10,866,254</u>	<u>124,098</u>	<u>123,401,397</u>
Less accumulated depreciation:				
Buildings and improvements	6,753,213	317,136	-	7,070,349
Contents and equipment	643,745	102,289	7,551	738,483
Vehicles	816,982	116,559	102,346	831,195
Infrastructure	39,915,691	2,456,555	-	42,372,246
TOTAL	<u>48,129,631</u>	<u>2,992,539</u>	<u>109,897</u>	<u>51,012,273</u>
Total capital assets being depreciated, net	<u>64,529,610</u>	<u>7,873,715</u>	<u>14,201</u>	<u>72,389,124</u>
Business-type activities capital assets, net	<u>\$ 75,649,466</u>	<u>\$ 15,138,563</u>	<u>\$ 10,637,035</u>	<u>\$ 80,150,994</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

Discretely Presented Component Units

Manhattan Public Library

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 22,396	\$ -	\$ 22,396
Capital assets being depreciated:				
Contents and equipment	1,359,636	83,495	-	1,443,131
TOTAL	<u>1,359,636</u>	<u>83,495</u>	<u>-</u>	<u>1,443,131</u>
Less accumulated depreciation	<u>998,588</u>	<u>91,485</u>	<u>-</u>	<u>1,090,073</u>
Total capital assets being depreciated, net	<u>361,048</u>	<u>(7,990)</u>	<u>-</u>	<u>353,058</u>
Library capital assets, net	<u>\$ 361,048</u>	<u>\$ 14,406</u>	<u>\$ -</u>	<u>\$ 375,454</u>

Manhattan Housing Authority

Capital assets not being depreciated:				
Construction in progress	\$ 241,527	\$ 18,173	\$ 134,925	\$ 124,775
Capital assets being depreciated:				
Buildings and improvements	7,221,417	134,925	-	7,356,342
Contents and equipment	209,434	19,238	56,675	171,997
TOTAL	<u>7,430,851</u>	<u>154,163</u>	<u>56,675</u>	<u>7,528,339</u>
Less accumulated depreciation	<u>6,087,337</u>	<u>210,738</u>	<u>56,675</u>	<u>6,241,400</u>
Total capital assets being depreciated, net	<u>1,343,514</u>	<u>(56,575)</u>	<u>-</u>	<u>1,286,939</u>
Housing Authority capital assets, net	<u>\$ 1,585,041</u>	<u>\$ (38,402)</u>	<u>\$ 134,925</u>	<u>\$ 1,411,714</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets (Continued)

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

Governmental activities:

General government	\$ 1,111,704
Public safety	370,742
Public works	3,530,946
Urban development and housing	24,485
Culture/Recreation	<u>467,408</u>
Total depreciation expense for governmental activities	<u>\$5,505,285</u>

Business-type activities:

Water	\$ 1,117,425
Wastewater	1,636,505
Storm Water Management	<u>238,609</u>
Total depreciation expense for business-type activities	<u>\$2,992,539</u>

E. Capital Projects

At December 31, 2008 the City had contractual commitments for the construction of various projects:

	Expenditures to Date	Amount Authorized
City Park playground	\$ 245,215	\$ 320,000
City Park pavilion	145,882	1,950,000
Sunrise Cemetery road expansion	15,345	180,000
Discovery Center (design)	147,450	211,772
Airport runway improvements	451,225	513,916
Fire stations (design)	48,710	515,000
Storm water improvements	1,556,307	3,453,721
Sanitary sewer improvements	3,498,099	6,980,702
Street improvements	11,391,274	25,856,488
Water improvements	<u>2,210,442</u>	<u>6,674,357</u>
Total	<u>\$ 19,709,949</u>	<u>\$ 46,655,956</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

F. Interfund Receivable/Liability

Individual fund receivable/payable balances at December 31, 2008, are as follows.

	Receivable	Payable
Major Funds:		
General Fund	\$ 19,733	\$ -
Non-major Governmental Funds	-	19,733
Total	\$ 19,733	\$ 19,733

The amounts payable to the general fund relate to amounts drawn by other funds in excess of their respective shares of pooled cash while awaiting reimbursements from outside entities.

G. Interfund Transfers

A summary of 2008 interfund transfers is as follows:

	Transfer In	Transfer Out
Major Funds:		
Governmental Funds:		
General	\$ 1,577,293	\$ 680,384
Riley County Police Department	117,481	-
Debt Service	2,436,217	3,906
Capital Projects	757,334	-
Proprietary Funds:		
Water	-	6,350
Non-major Governmental Funds	2,681,010	6,886,112
Non-major Proprietary Funds	57,000	49,583
TOTAL TRANSFERS	\$ 7,626,335	\$ 7,626,335

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

On the government-wide statement of activities, capital asset transfers of \$2,968,340 were made from the governmental activities to the business-type activities.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt

The following is a summary of the debt transactions of the City for the year ended December 31, 2008:

	<u>Balance</u> <u>January 1, 2008</u>	<u>Issued</u>	<u>Retired/ Refunded</u>	<u>Balance</u> <u>December 31, 2008</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General obligation bonds	\$ 63,170,000	\$ 19,050,000	\$ (4,885,000)	\$ 77,335,000	\$ 7,870,000
Special obligation bonds-					
Series 2006	11,037,084	160,214	-	11,197,298	-
Special obligation bonds-					
Series 2007A	5,075,000	-	(5,075,000)	-	-
Special obligation bonds-					
Series 2008A	-	15,500,000		15,500,000	15,500,000
Temporary notes	27,595,000	9,970,000	(17,650,000)	19,915,000	8,420,000
Transportation Development District					
Sales Tax Revenue Bonds	555,000	-	(555,000)	-	-
Transportation Revolving					
Fund Loan	4,391,994	-	(192,384)	4,199,610	199,541
Capital leases	861,598	622,452	(252,445)	1,231,605	316,211
Other postemployment benefits	-	317,615	-	317,615	198,063
Compensated absences	1,719,379	1,350,443	(1,132,699)	1,937,123	1,220,387
Total for governmental activities	<u>\$ 114,405,055</u>	<u>\$ 46,970,724</u>	<u>\$ (29,742,528)</u>	<u>\$ 131,633,251</u>	<u>\$ 33,724,202</u>
Business-type Activities:					
General obligation bonds	\$ 2,325,000	\$ 695,000	\$ (615,000)	\$ 2,405,000	\$ 340,000
State revolving loan	4,749,118	947,313	(447,870)	5,248,561	431,401
Compensated absences	271,941	191,244	(179,150)	284,035	178,942
Total for business-type activities	<u>\$ 7,346,059</u>	<u>\$ 1,833,557</u>	<u>\$ (1,242,020)</u>	<u>\$ 7,937,596</u>	<u>\$ 950,343</u>

Of the \$77,335,000 in general obligation bond debt shown above, \$59,404,463 is special assessment debt with government commitment.

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

General Obligation Bonds and Temporary Notes

General obligation bonds currently outstanding consist of the following:

General Obligation Bonds	Type of Bond	Original Issue Amount	Date of Issue	Remaining Principal Annual Installments		Interest Rate	Maturity Date	Balance December 31, 2008
				Lowest	Highest			
1995 Series 198	Serial	\$ 404,200	11/1/95	\$ 25,000	\$ 35,000	5.05% to 5.3%	11/1/15	\$ 195,000
1996 Series 201	Serial	607,000	11/1/96	50,000	55,000	5.1% to 5.4%	11/1/11	160,000
1997 Series 202	Serial/Term	1,202,000	5/1/97	35,000	100,000	5.0% to 5.15%	11/1/17	380,000
1997 Refunding Series 203	Serial	5,020,000	7/1/97	35,000	235,000	5.0% to 5.4%	11/1/14	900,000
1998 Series 205	Serial	4,730,000	6/1/98	60,000	400,000	4.45% to 5.0%	11/1/19	2,230,000
1998 Series 206	Serial/Term	1,256,000	12/1/98	55,000	255,000	3.85% to 4.5%	11/1/19	790,000
1999 Series 209	Serial	560,000	6/1/99	25,000	40,000	4.6% to 5.5%	11/1/19	365,000
1999 Series 210	Serial/Term	314,000	12/1/99	15,000	110,000	5.1% to 5.6%	11/1/19	210,000
2000 Series 211	Serial/Term	1,150,000	6/1/00	40,000	255,000	5.1% to 5.625%	11/1/20	690,000
2000 Series 212	Serial	3,655,000	12/1/00	160,000	160,000	4.65% to 5.35%	11/1/20	160,000
2000 Series 213	Serial	340,000	12/1/00	15,000	25,000	4.75% to 5.45%	11/1/20	240,000
2001 Series 214	Serial/Term	3,810,000	6/1/01	135,000	385,000	4.375% to 5.0%	11/1/20	2,275,000
2001 Refunding Series 215	Serial	4,955,000	9/1/01	110,000	170,000	3.75% to 4.0%	11/1/10	280,000
2001 Series 216	Serial	2,970,000	12/1/01	130,000	220,000	3.55% to 4.85%	11/1/21	2,180,000
2002 Series 2002A	Serial	10,765,000	6/1/02	325,000	760,000	3.7% to 4.9%	11/1/21	6,555,000
2002 Series 2002B	Serial/Term	1,390,000	11/15/02	35,000	145,000	3.0% to 4.75%	11/1/22	840,000
2003 Series 2003A	Serial	3,600,000	6/1/03	45,000	315,000	2.1% to 4.0%	11/1/22	2,030,000
2003 Refunding Series 2003C	Serial	3,415,000	9/1/03	140,000	300,000	2.75% to 4.3%	11/1/16	2,015,000
2003 Series 2003D	Serial	2,850,000	12/1/03	120,000	170,000	2.5% to 4.5%	11/1/23	2,180,000
2004 Series 2004A	Serial/Term	1,130,000	6/1/04	50,000	315,000	3.0% to 4.9%	11/1/23	950,000
2004 Series 2004B	Serial/Term	950,000	12/1/04	40,000	305,000	2.4% to 4.25%	11/1/24	805,000
2005 Series 2005A	Serial	1,795,000	6/1/05	75,000	130,000	3.1% to 4.2%	11/1/24	1,580,000
2005 Series 2005B	Serial/Term	1,010,000	12/1/05	40,000	330,000	3.3% to 4.15%	11/1/25	900,000
2005 Refunding Series 2005C	Serial	6,150,000	12/1/05	450,000	535,000	3.5% to 3.85%	11/1/19	5,415,000
2006 Series 2006A	Serial/Term	1,540,000	6/1/06	55,000	185,000	4.0% to 4.65%	11/1/26	1,435,000
2006 Series 2006B	Serial	7,460,000	12/1/06	310,000	445,000	4.0% to 4.25%	11/1/26	6,795,000
2007 Series 2007A	Serial	6,790,000	6/1/07	245,000	495,000	4.0% to 4.25%	11/1/27	6,670,000
2007 Series 2007B	Serial	5,645,000	6/1/07	470,000	705,000	5.125% to 5.25%	11/1/17	5,200,000
2007 Series 2007C	Serial/Term	3,275,000	12/1/07	115,000	460,000	4.0% to 4.5%	11/1/27	3,155,000
2008 Series 2008A	Serial	15,385,000	6/1/08	630,000	995,000	4.0% to 4.125%	11/1/28	15,385,000
2008 Refunding Series 2008B	Serial	2,495,000	6/1/08	190,000	270,000	3.5% to 3.75%	11/1/20	2,495,000
2008 Series 2008C	Serial/Term	1,865,000	12/1/08	120,000	255,000	3.25% to 5.0%	11/1/28	1,865,000
								\$ 77,325,000
Series 212, Crossover Refunded	Serial	3,655,000	12/1/00			4.75% to 5.35%	11/1/09*	2,415,000
								\$ 79,740,000
Less amount to be paid by Enterprise Funds								(2,405,000)
Total General Obligation Bonds Payable-Governmental Activities								\$ 77,335,000

*Represents call/crossover date

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

The annual requirements to amortize governmental activities general obligation bonds outstanding as of December 31, 2008, are as follows:

Years Ending December 31,	Principal	Interest	Total
2009	\$ 7,870,000	\$ 3,234,682	\$ 11,104,682
2010	5,510,000	2,901,075	8,411,075
2011	5,500,000	2,680,501	8,180,501
2012	5,425,000	2,457,898	7,882,898
2013	5,060,000	2,238,555	7,298,555
2014-2018	22,035,000	8,242,707	30,277,707
2019-2023	16,035,000	3,932,445	19,967,445
2024-2028	9,900,000	1,133,323	11,033,323
TOTALS	\$ 77,335,000	\$ 26,821,186	\$ 104,156,186

General obligation bonds in the amount of \$2,405,000 are included as liabilities of the Water, Wastewater, and Storm Water Management Funds because the City intends to retire them through the operations of these funds. The annual requirements to amortize business-type activities general obligation bonds outstanding as of December 31, 2008, are as follows:

Years Ending December 31,	Principal	Interest	Total
2009	\$ 340,000	\$ 92,334	\$ 432,334
2010	365,000	79,517	444,517
2011	360,000	65,496	425,496
2012	320,000	51,428	371,428
2013	240,000	39,133	279,133
2014-2018	780,000	76,687	856,687
TOTALS	\$2,405,000	\$404,595	\$2,809,595

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

Temporary notes currently outstanding consist of the following:

Series	Maturity Date	Rate	12/31/08 Balance
2006-01	12/15/2009	3.5%	\$ 55,000
2006-03	06/15/2010	3.85%	30,000
2007-01	12/15/2010	3.63%	1,300,000
2007-02	06/15/2009	3.6%	1,460,000
2007-02	06/15/2011	3.65%	1,005,000
2007-03	06/15/2009	3.65%	2,210,000
2007-03	06/15/2011	3.75%	130,000
2007-04	12/15/2009	3.4%	3,620,000
2007-04	12/15/2011	3.4%	3,750,000
2008-01	12/15/2009	2.15%	1,075,000
2008-01	12/15/2011	2.6%	475,000
2008-02	6/15/2011	2.2%	2,025,000
2008-02	6/15/2012	2.7%	985,000
2008-03	12/15/2010	2.6%	795,000
2008-03	12/15/2012	3.0%	<u>1,000,000</u>
Total			<u><u>\$19,915,000</u></u>

\$5,766,501 is available in the Debt Service Fund to service the general obligation and special assessment bonds. Future tax revenues will pay off the remaining general long-term debt.

Bond proceeds and temporary notes issued have been reported in the Capital Projects Fund, except for \$175,000 of temporary note proceeds which have been reported in the Airport Federal Grant No. 35 Fund (a Special Revenue Fund). Temporary notes paid have also been reported in the Capital Projects Fund.

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. All temporary notes issued by the City have initial maturities of at least two years. Therefore, they are considered long-term debt and have been included in long-term liabilities on the statement of net assets. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds or other available funds or refinanced with temporary notes. Temporary notes in the amount of \$3,600,000 outstanding December 31, 2008, were retired with a bond issue dated June 1, 2009, and other available funds. Temporary notes in the amount of \$11,495,000 will mature in 2010, 2011 and 2012.

At December 31, 2008 there were temporary notes in the amount of \$4,820,000 maturing in 2008 for which the legal steps and the ability to consummate refinancing have not been met. Therefore, this balance is reported as a fund liability in the Capital Projects Fund at December 31, 2008. The coupon rates on the notes range from 2.15 to 3.6 percent.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

Debt Service Limit

The December 31, 2008 debt limit is \$135,179,174. There was \$59,027,855 in outstanding long and short-term G.O. debt applicable to the debt limit as of December 31, 2008. Sewer, water, storm water and refunding G.O. bonds are exempt from the state-imposed debt limit.

Transportation Development District Sales Tax Revenue Bonds

In 2003, the City issued Transportation Development District Sales Tax Revenue bonds in the amount of \$2,365,000. The proceeds were used to finance some of the street improvements needed for the development of a new Wal-Mart SuperCenter in the City. An excise/sales tax has been imposed on purchases made within the transportation development district, which includes the Wal-Mart SuperCenter only. The excise/sales tax collected will be used to retire the bonds. The bonds are considered a special obligation to the City secured by a pledge of the excise/sales tax revenues. The bonds are not a general obligation of the City, nor do they go against the City's debt limit.

The bonds are subject to special mandatory redemption provisions starting August 1, 2004, and on any interest payment date thereafter. Since August 1, 2004, the full amount of the bonds has been redeemed.

Taxable Special Obligation Revenue Bonds-Series 2006 (North Project Area – Downtown Redevelopment Project)

In 2006, the City issued Taxable Special Obligation Revenue bonds in the aggregate maximum principal amount of \$25,000,000. The proceeds are being used to finance redevelopment project costs for the north project area of the downtown redevelopment project. Principal is being drawn down as needed to pay project costs. As of December 31, 2008, outstanding principal on the bonds was \$11,197,298. The bonds will be retired from incremental tax revenues generated in the redevelopment district. Incremental tax revenues consist of incremental property tax revenues and sales tax revenues. The bonds are considered a special obligation to the City secured by a pledge of the incremental tax revenues. The bonds are not a general obligation of the City, nor do they go against the City's debt limit. Interest on the bonds is payable semiannually at the 10-year Treasury Bond rate on the Monday preceding the interest payment date plus four percent. Any excess incremental tax revenues on hand after the payment of semiannual interest must be used to retire principal.

Special Obligation Revenue Bonds-Series 2007A (South Project Area – Downtown Redevelopment Project)

In 2007, the City issued Special Obligation Revenue bonds in the aggregate maximum principal amount of \$5,075,000. The proceeds were used for land acquisition in the south project area of the downtown redevelopment project. The bonds are payable from incremental property tax revenues from the south project area and, to the extent necessary, from annually appropriated sales tax revenues. The bonds are not a general obligation of the City, nor do they go against the City's debt limit. Interest on the bonds is payable semiannually at 4.875%. The bonds were refunded on February 6, 2008, with the proceeds from Special Obligation Revenue Bonds-Series 2008A (see below).

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

Special Obligation Revenue Bonds-Series 2008A (South Project Area – Downtown Redevelopment Project)

In January 2008, The City Commission approved an ordinance authorizing the issuance of up to \$20 million in Special Obligation Revenue Bonds-Series 2008A. Bonds in the amount of \$15,500,000 were actually issued January 30, 2008. The proceeds were used to refund Special Obligation Revenue Bonds-Series 2007A issued in 2007 in the amount of \$5,075,000 (see above) and to finance additional eligible costs for the south project area of the downtown redevelopment project, including the acquisition of additional land. The bonds are payable from incremental property tax revenues and sales tax revenues from within the district. The bonds are not a general obligation of the City, nor do they go against the City's debt limit. Interest on the bonds is payable semiannually at 3.36%. Principal is due at maturity on June 1, 2009.

Capital Leases

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

Equipment Leased	Amount Financed	Gross Cost of Assets Under Capital Leases	Accumulated Amortization 12/31/2008	Lease Balance 12/31/2008
Fire Pumper Ladder Truck	\$ 511,006	\$ 511,006	\$459,905	\$165,328
Fire Truck	474,000	474,000	284,400	118,452
Dump Truck	44,171	62,171	31,085	-
20-passenger Van	40,000	52,221	20,888	10,528
Aerial Truck	86,000	110,122	33,037	43,122
Aerial Truck	80,252	80,252	16,050	48,346
Rubber Tire Loader	117,691	117,691	23,538	73,078
Tandem-axle Dump Truck	80,246	80,246	16,049	48,544
Truck/Knuckle Boom Loader	94,300	94,300	18,860	56,599
Single-axle Dump Truck	75,338	75,338	15,068	45,156
Fire Truck*	622,452	719,676	-	622,452
Total	\$2,225,456	\$2,377,023	\$918,880	\$1,231,605

*Delivery on the fire truck will not take place until April 2009. Capital lease proceeds in the amount of \$622,452 are being held in an escrow account on behalf of the City at December 31, 2008. Funds will be disbursed from the escrow account to pay for the fire truck upon delivery to the City. Liability for the capital lease and the assets of the related escrow account have been reported on the face of the financial statements.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

Future minimum lease obligations as of December 31, 2008, are:

<u>Years Ending December 31,</u>	<u>Governmental Activities</u>
2009	\$ 357,138
2010	361,033
2011	180,392
2012	82,282
2013	82,282
2014-2017	<u>329,129</u>
Total Minimum Lease Payments	1,392,256
Less: Amount representing interest	<u>(160,651)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,231,605</u>

Amortization on these assets acquired through capital leases totaled \$165,735 for 2008 and has been included in depreciation expense.

State Revolving Loans

During 2001, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement enabled the City to borrow up to \$6,411,155 on a low-interest loan with a 20-year repayment period to finance improvements to the wastewater system. The interest rate on the loan is 3.14%. The City completed the draw-down process in 2004 and drew down a total of \$6,175,678. In 2007, this loan was amended to allow the City to borrow an additional \$2,110,639 to finance the cost of designing a new wastewater treatment plant. Draws in the amount of \$947,313 were made on this additional loan amount were made during 2008. The balance on the loan as of December 31, 2008, is \$5,248,561 and is shown as a liability to the Wastewater Fund in the accompanying financial statements. The annual amounts to amortize the loan will be as follows if the entire \$2,110,639 is borrowed:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$431,401	\$165,359	\$ 596,760
2010	412,183	184,577	596,760
2011	425,227	171,533	596,760
2012	438,684	158,076	596,760
2013	452,566	144,193	596,759
2014-2018	2,486,947	496,850	2,983,797
2019-2023	<u>1,764,879</u>	<u>102,348</u>	<u>1,867,227</u>
TOTALS	<u>\$6,411,887</u>	<u>\$1,422,936</u>	<u>\$7,834,823</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

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

The balance as of December 31, 2008, is \$4,199,610. The annual amounts to amortize the loan are as follows:

Years Ending December 31,	Principal	Interest	Total
2009	\$ 199,541	\$ 156,225	\$ 355,766
2010	206,963	148,803	355,766
2011	214,662	141,104	355,766
2012	222,648	133,118	355,766
2013	230,930	124,836	355,766
2014-2018	1,290,084	488,746	1,778,830
2019-2023	1,548,568	230,262	1,778,830
2024	286,214	10,647	296,861
TOTALS	\$4,199,610	\$1,433,741	\$5,633,351

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2008, Industrial Revenue Bonds relating to nine entities were outstanding with a total balance of approximately \$147,000,000.

Crossover Refunding

In the current year, the City issued Series 2008B General Obligation Refunding bonds in the amount of \$2,495,000. The proceeds were used to crossover refund Series 212 General Obligation bonds in the amount of \$2,415,000. The proceeds were placed in an escrow account to provide for interest payments on the refunding bonds until the crossover date. As a result, the refunded bonds are not considered to be defeased and the liability for the bonds and the assets of the related escrow account have been reported on the face of the financial statements. The refunding transaction resulted in a total economic gain or present value savings of approximately \$133,000. In addition, the refunding resulted in a cash flow difference of approximately \$171,000.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 4: Other Information

A. Risk Management

General

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

Self-Insured Health Care Fund

During the fiscal year 1990, the City established a Health Care Fund (an Internal Service Fund) to account for and finance its medical health insurance program. Under this program, the Health Care Fund provides health insurance coverage for all full-time employees. The City purchases commercial insurance for claims in excess of an aggregate total provided by the Fund, and a specific amount for each claim. The City contracts with Harrington Health to provide administrative services. Stop loss insurance has been obtained to cover the claims of individuals that exceed \$100,000 for the benefit period. There is a receivable in the amount of \$12,380 at December 31, 2008 for stop loss insurance claims filed.

The internal service fund accrues the required amounts for the payment of these claims by rate charges to various City departments. These rate charges are reported as expenditures in the applicable funds. Health Care Fund net assets were \$831,371 at December 31, 2008. The claims liability of \$494,597 reported in the Fund at December 31, 2008 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimated claims are based on historical data. Changes in the Fund's claims expected liability amount in fiscal 2008 and 2007 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Paid	Balance at Fiscal Year End
2007-2008	\$ 234,521	\$ 3,067,822	\$ 2,807,746	\$ 494,597
2006-2007	\$ 427,703	\$ 2,943,265	\$ 3,136,447	\$ 234,521

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 4: Other Information (Continued)

A. Risk Management (Continued)

Self-Insured Workers' Compensation Fund

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

Thomas McGee, L.C., serves as the third party administrator and the reinsurer. The deductible is \$250,000 per occurrence and an annual aggregate of \$250,000. Estimated claims are based on historical data. Changes in the Fund's claims expected liability amount in fiscal 2008 and 2007 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates		Claims Paid	Balance at Fiscal Year End
2007-2008	\$ 326,857	\$ 207,252	\$ 155,112	\$ 378,997	
2006-2007	\$ 260,200	\$ 189,999	\$ 123,342	\$ 326,857	

B. Contingent Liabilities

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

In accordance with K.S.A. 19-4443, the City of Manhattan is statutorily required to share in the cost of operating the Riley County Police Department (RCPD). The City is responsible for 80 percent of RCPD's budget.

The RCPD is currently the defendant in a lawsuit claiming damages of not less than \$15,000,000. A favorable outcome is not considered likely; however, an estimate of liability cannot reasonably be determined at this time.

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 4: Other Information (Continued)

C. Defined Benefit Pension Plan

Plan Description

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

Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% of covered salary. K.S.A. 74-4975 establishes KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provision of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERs employer rate established for January 1 through December 31, 2008, is 5.93%. The employer contributions to KPERs for the years ended December 31, 2008, 2007 and 2006 were \$445,027, \$356,150, and \$262,969, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2008 is 13.88%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which is determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2008, 2007 and 2006 were \$558,258, \$513,210, and \$448,136, respectively, equal to the required contributions for each year.

D. Postemployment Benefits Other Than Pensions

Plan Description

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

Funding Policy

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 4: Other Information (Continued)

D. Postemployment Benefits Other Than Pensions (Continued)

Funding Policy (Continued)

The City provides funding for the expenditures on a pay-as-you-go basis through the Health Care Fund. In 2008, active and retired plan members contributed \$547,581 to the plan and the City contributed \$2,101,806 to the plan.

Annual OPEB Cost and Net OPEB Obligation

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

Normal cost	\$198,063
Amortization of unfunded actuarial accrued liability	<u>119,552</u>
Annual required contribution	317,615
Interest on net OPEB obligation	<u>-</u>
Annual OPEB cost (expense)	317,615
Contributions made	<u>-</u>
Increase in net OPEB obligation	317,615
Net OPEB obligation January 1, 2008	<u>-</u>
Net OPEB obligation December 31, 2008	<u>\$317,615</u>

Funded Status and Funding Progress

As of January 1, 2008, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,983,441. The City's policy is to fund the benefits on a pay-as-you-go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,983,441. The covered payroll (annual payroll of active employees covered by the plan) was \$13,024,754, and the ratio of the UAAL to covered payroll was 22.9 percent.

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. Actuarial liabilities and comparative costs were computed using the unit credit actuarial cost method and the following assumptions:

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2008

Note 4: Other Information (Continued)

D. Postemployment Benefits Other Than Pensions (Continued)

Actuarial Methods and Assumptions (Continued)

Discount rate:	5.00%
Mortality rate:	RP-2000 Mortality Tables for Healthy Annuitants and Employees for Males and Females with generational projection, ages set forward on year
Withdrawal rates:	Past history of City used to establish rates
Retirement rates:	Past history of City used to establish rates
Marriage and family assumptions:	Wives are assumed to be three years younger than husbands and 60% of members are assumed to have spouses who will elect coverage
Price inflation:	3.25% per year
Payroll growth:	4.0% per year
Health care cost trend rate:	Medical – 5.3% average; dental – 4.9% average
Participation rate:	50% of members are assumed to elect coverage upon retirement

E. Subsequent Events

Debt Issued

On June 1, 2009, the City issued \$3,830,000 of general obligation bonds to retire temporary notes in the amount of \$3,600,000 used to finance various capital and special assessment projects. The coupon rates on the general obligation bonds range from 2.5% to 4.3% and the final maturity is on November 1, 2029. Debt service payments are scheduled semiannually with annual principal payments that range from \$165,000 to \$245,000.

On June 1, 2009, the City issued \$4,325,000 of general obligation refunding bonds to currently refund general obligation bonds in the amount of \$4,300,000. The coupon rates on the general obligation refunding bonds range from 2.0% to 3.5% and the final maturity is on November 1, 2019. Debt service payments are scheduled semiannually with annual principal payments that range from \$155,000 to \$1,225,000.

Change in Debt Terms

On February 19, 2009, a supplemental bond trust indenture was entered into relative to Special Obligation Revenue Bonds-Series 2008A. The indenture changes the stated maturity date from June 1, 2009, to December 31, 2010, and the interest rate from 3.36% to 4.05%. In addition, the indenture requires the City to establish a debt service reserve fund in the amount of \$3,000,000

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

BUDGETED SPECIAL REVENUE FUNDS:

Aggieville Business Improvement District Fund

Funds the beautification of the Aggieville Business District.

Capital Improvement Reserve Fund

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

City/University Projects Fund

An agreement with Kansas State University for special joint projects.

Downtown Business Improvement District Fund

Funds the beautification of the Downtown Business District.

Economic Development Fund

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

Employee Benefit Contribution Fund

Provides for the funding of employees' retirement.

Fire Equipment Reserve Fund

Funds the purchase of fire equipment.

Fire Pension KP&F Fund

Special levy for Firemen's Retirement.

General Improvement Fund

Provides for the cost of general improvements.

Industrial Promotion Fund

Special tax for the promotion of industrial development.

Library Fund

Funds the operation of the municipal library.

Library Employee Benefit Contribution Fund

Provides for the funding of library employees' retirement.

SPECIAL REVENUE FUNDS

Park Development Fund

Provides for park capital improvements.

Riley County Health Department Fund

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

Sales Tax Fund

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

Special Alcohol Programs Fund

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

Special Parks and Recreation Fund

Special alcohol liquor tax for recreation.

Special Street and Highway Fund

State gasoline tax monies for streets and highways.

Special Sunset Zoo Fund

Special fees for zoo improvements.

Tourism and Convention Promotion Fund

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

NON-BUDGETED SPECIAL REVENUE FUNDS:

Airport Federal Grant No. 28 Fund

This Federal grant pays 95% of the cost of constructing a wildlife perimeter fence at the airport.

Airport Federal Grant No. 29 Fund

This Federal grant pays 95% of the cost of remarking Runway 3/21 threshold markings.

Airport Federal Grant No. 30 Fund

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

Airport Federal Grant No. 32 Fund

This federal grant pays for 95% of the cost of conducting a noise compatibility study.

Airport Federal Grant No. 33 Fund

This federal grant pays for 95% of the construction cost incurred in converting a building to be used for storing snow removal equipment and materials.

Airport Federal Grant No. 34 Fund

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

Airport Federal Grant No. 35 Fund

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

SPECIAL REVENUE FUNDS

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

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

CDBG Economic Development Fund - 1992

Funds received from the Kansas Department of Commerce (KDOC) to bring Abbott Aluminum, Inc. to Manhattan. The grant was \$500,000 and provided a low interest loan to Abbott, payback of which began in late 1994. Those payments must be returned to the KDOC on a semi-annual basis.

CDBG Emergency Shelter Fund

Funds received from the KDOC to construct a new shelter facility for Manhattan's homeless population that will be owned and operated by Manhattan Emergency Shelter, Inc.

CDBG Family and Child Resource Center Fund

Funds received from the KDOC to make improvements to the building which houses the Family and Child Resource Center which is owned and operated by the Riley County Health Department.

Community Planning Assistance Grant Fund

Funds received from the Office of Economic Adjustment (Department of Defense) to develop a Flint Hills Regional Growth Coordination Plan to address the expected growth of Fort Riley and its impact on the region.

Emergency Shelter Grant Fund - 2007

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

Emergency Shelter Grant Fund - 2008

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

FEMA Flood Events Grants Fund

Funds received from the Kansas Adjutant General to implement emergency protective measures and to repair damages to City park facilities caused by flood events.

FEMA Mutual Aid/Ice Storm Grant Fund

Funds received from the Kansas Adjutant General to reimburse the City for mutual aid provided to the City of Greensburg, Kansas, following a tornado resulting in a Presidential disaster declaration. The City has earmarked these funds to be used to help pay for emergency protective measures and debris removal needed as the result of an ice storm in the City. Also, funds received from the Kansas Adjutant General to implement emergency protective measures and debris removal needed as the result of an ice storm in the City.

Firefighter Memorial Fund

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

Historic Preservation Archaeological Grant fund

Funds received from the Kansas State Historical Society to undertake a project to document archaeological resources within the community.

SPECIAL REVENUE FUNDS

HOME Investment Partnerships Program Fund

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

HOME Investment Partnerships Program-2007 Fund

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

KDHE Playground Surface Grant Fund

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

Norvell Band Shell Fund

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

Park Improvement Fund

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

Rehabilitation Loan Fund

This fund receives the monthly payments from housing rehabilitation loans. These funds are controlled by the program income requirements of the Department of Housing and Urban Development.

Special Taxi Fund

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

Sunset Zoo Animals Fund

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

Woodard Fund

Richard Woodard created this fund to buy property for additional soccer fields and name the complex after his son who was killed in an auto accident returning from a soccer tournament. The City is currently negotiating for property west of Frank Anneberg Park.

Yes! Grant Fund - 2007

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

Yes! Grant Fund - 2008

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

DEBT SERVICE FUNDS

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

North Downtown Redevelopment TIF Fund

This fund was established to account for the payment of principal and interest on the Taxable Special Obligation Revenue Bonds for the North Project Area of the Downtown Redevelopment Project and the sales tax revenues and incremental property tax revenues collected from within the district, which are pledged as security on the bonds and will be used to retire the bonds.

South Downtown Redevelopment TIF Fund

This fund was established to account for the payment of principal and interest on the Taxable Special Obligation Revenue Bonds for the South Project Area of the Downtown Redevelopment Project and the incremental property tax revenues collected from within the district, which are pledged as security on the bonds and will be used to retire the bonds.

Transportation Development District Fund

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

Downtown Redevelopment TDD Fund

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

Limey Pointe TDD Fund

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

PERMANENT FUND

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

Sunrise Perpetual Care Fund

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

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2008

	Aggieville Business Improvement District	Capital Improvement Reserve	City/ University Projects	Downtown Business Improvement District
ASSETS				
Cash	\$ 5,410	\$ 2,883,399	\$ 33,000	\$ 240
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
TOTAL ASSETS	\$ 5,410	\$ 2,883,399	\$ 33,000	\$ 240
LIABILITIES & FUND BALANCE				
Liabilities				
Accounts payable	\$ 5,227	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
Total Liabilities	5,227	-	-	-
Fund Balance				
Reserved for encumbrances	-	-	33,000	-
Reserved for investment in joint venture	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for perpetual care	-	-	-	-
Unreserved	183	2,883,399	-	240
Total Fund Balance	183	2,883,399	33,000	240
TOTAL LIABILITIES & FUND BALANCE	\$ 5,410	\$ 2,883,399	\$ 33,000	\$ 240

(Continued)

Special Revenue

Economic Development	Employee Benefit Contribution	Fire Equipment Reserve	Fire Pension KP&F	General Improvement	Industrial Promotion
\$ 6,581,852	\$ -	\$ 687,438	\$ 8,054	\$ 54,154	\$ 329,772
644,206	-	-	-	-	-
-	-	-	-	-	1,172
-	-	-	-	-	-
413,471	-	-	-	-	-
-	-	-	-	-	-
-	148,097	51,020	82,884	-	-
2,160,556	-	-	-	-	-
<u>\$ 9,800,085</u>	<u>\$ 148,097</u>	<u>\$ 738,458</u>	<u>\$ 90,938</u>	<u>\$ 54,154</u>	<u>\$ 330,944</u>
\$ 129,542	\$ -	\$ 1,734	\$ -	\$ 504	\$ 7,517
-	-	-	-	-	-
-	-	-	-	-	-
-	148,097	51,020	82,884	-	1,172
<u>129,542</u>	<u>148,097</u>	<u>52,754</u>	<u>82,884</u>	<u>504</u>	<u>8,689</u>
-	-	13,005	-	47,081	-
644,206	-	-	-	-	-
2,160,556	-	-	-	-	-
-	-	-	-	-	-
6,865,781	-	672,699	8,054	6,569	322,255
<u>9,670,543</u>	<u>-</u>	<u>685,704</u>	<u>8,054</u>	<u>53,650</u>	<u>322,255</u>
<u>\$ 9,800,085</u>	<u>\$ 148,097</u>	<u>\$ 738,458</u>	<u>\$ 90,938</u>	<u>\$ 54,154</u>	<u>\$ 330,944</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2008

	<u>Library</u>	<u>Library Employee Benefit Contribution</u>	<u>Park Development</u>	<u>Riley County Health Department</u>
ASSETS				
Cash	\$ 575	\$ 10	\$ 172,447	\$ -
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	1,504,603	377,494	-	223,133
Economic development loans	-	-	-	-
TOTAL ASSETS	<u>\$ 1,505,178</u>	<u>\$ 377,504</u>	<u>\$ 172,447</u>	<u>\$ 223,133</u>
LIABILITIES & FUND BALANCE				
Liabilities				
Accounts payable	\$ 180	\$ -	\$ 21,027	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	1,504,603	377,494	-	223,133
Total Liabilities	<u>1,504,783</u>	<u>377,494</u>	<u>21,027</u>	<u>223,133</u>
Fund Balance				
Reserved for encumbrances	-	-	-	-
Reserved for investment in joint venture	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for perpetual care	-	-	-	-
Unreserved	395	10	151,420	-
Total Fund Balance	<u>395</u>	<u>10</u>	<u>151,420</u>	<u>-</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1,505,178</u>	<u>\$ 377,504</u>	<u>\$ 172,447</u>	<u>\$ 223,133</u>

(Continued)

Special Revenue

<u>Sales Tax</u>	<u>Special Alcohol Programs</u>	<u>Special Parks and Recreation</u>	<u>Special Street and Highway</u>	<u>Special Sunset Zoo</u>	<u>Tourism and Convention Promotion</u>
\$ 845,209	\$ 188,523	\$ 675,937	\$ 992,584	\$ 90,438	\$ 203,853
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
827,347	-	-	-	-	-
-	-	-	-	-	254,164
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,672,556</u>	<u>\$ 188,523</u>	<u>\$ 675,937</u>	<u>\$ 992,584</u>	<u>\$ 90,438</u>	<u>\$ 458,017</u>
\$ 353	\$ -	\$ 32,793	\$ 223,799	\$ 1,087	\$ -
-	-	-	-	4,517	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>353</u>	<u>-</u>	<u>32,793</u>	<u>223,799</u>	<u>5,604</u>	<u>-</u>
-	-	38,145	237,639	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,672,203	188,523	604,999	531,146	84,834	458,017
<u>1,672,203</u>	<u>188,523</u>	<u>643,144</u>	<u>768,785</u>	<u>84,834</u>	<u>458,017</u>
<u>\$ 1,672,556</u>	<u>\$ 188,523</u>	<u>\$ 675,937</u>	<u>\$ 992,584</u>	<u>\$ 90,438</u>	<u>\$ 458,017</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2008

	Airport Federal Grant No. 30	Airport Federal Grant No. 32	Airport Federal Grant No. 34	Airport Federal Grant No. 35
ASSETS				
Cash	\$ 887	\$ 11,893	\$ -	\$ 151,363
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	3,878	10,164	18,425	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
TOTAL ASSETS	\$ 4,765	\$ 22,057	\$ 18,425	\$ 151,363
LIABILITIES & FUND BALANCE				
Liabilities				
Accounts payable	\$ 4,765	\$ 22,057	\$ -	\$ 69,518
Accrued payroll	-	-	-	-
Interfund payable	-	-	18,425	-
Deferred revenue	-	-	-	-
Total Liabilities	4,765	22,057	18,425	69,518
Fund Balance				
Reserved for encumbrances	-	-	-	-
Reserved for investment in joint venture	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for perpetual care	-	-	-	-
Unreserved	-	-	-	81,845
Total Fund Balance	-	-	-	81,845
TOTAL LIABILITIES & FUND BALANCE	\$ 4,765	\$ 22,057	\$ 18,425	\$ 151,363

(Continued)

Special Revenue

Alcohol and Drug Safety	CDBG Economic Development 1992	Community Planning Assistance Grant	Emergency Shelter 2008	FEMA Flood Events Grants	Firefighter Memorial
\$ 27,091	\$ 175	\$ 4,841	\$ 4,768	\$ 17,738	\$ 953
58,183	-	-	-	-	-
-	-	-	-	-	-
-	-	-	845	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 85,274</u>	<u>\$ 175</u>	<u>\$ 4,841</u>	<u>\$ 5,613</u>	<u>\$ 17,738</u>	<u>\$ 953</u>
\$ 9,331	\$ -	\$ -	\$ 5,613	\$ 795	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
52,860	-	-	-	10,096	-
<u>62,191</u>	<u>-</u>	<u>-</u>	<u>5,613</u>	<u>10,891</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
23,083	175	4,841	-	6,847	953
<u>23,083</u>	<u>175</u>	<u>4,841</u>	<u>-</u>	<u>6,847</u>	<u>953</u>
<u>\$ 85,274</u>	<u>\$ 175</u>	<u>\$ 4,841</u>	<u>\$ 5,613</u>	<u>\$ 17,738</u>	<u>\$ 953</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2008

	Historic Preservation Archaeological Grant	Home Investment Partnerships Program	Home Investment Partnerships Program-2007
ASSETS			
Cash	\$ 6,000	\$ 66,618	\$ 79,253
Investment in joint venture	-	-	-
Receivables	-	-	-
Intergovernmental receivables	-	-	-
Sales tax receivable	-	-	-
Transient guest tax receivable	-	-	-
Property tax receivable	-	-	-
Economic development loans	-	-	-
TOTAL ASSETS	\$ 6,000	\$ 66,618	\$ 79,253
LIABILITIES & FUND BALANCE			
Liabilities			
Accounts payable	\$ -	\$ 17,772	\$ -
Accrued payroll	-	-	1,398
Interfund payable	-	-	-
Deferred revenue	-	-	-
Total Liabilities	-	17,772	1,398
Fund Balance			
Reserved for encumbrances	-	-	-
Reserved for investment in joint venture	-	-	-
Reserved for loans receivable	-	-	-
Reserved for perpetual care	-	-	-
Unreserved	6,000	48,846	77,855
Total Fund Balance	6,000	48,846	77,855
TOTAL LIABILITIES & FUND BALANCE	\$ 6,000	\$ 66,618	\$ 79,253

(Continued)

Special Revenue

KDHE Playground Surface Grant	Norvell Band Shell	Park Improvement	Special Taxi	Sunset Zoo Animals	Woodard
\$ 4,533	\$ 1,399	\$ 36,936	\$ 32,413	\$ 793	\$ 176,693
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 4,533</u>	<u>\$ 1,399</u>	<u>\$ 36,936</u>	<u>\$ 32,413</u>	<u>\$ 793</u>	<u>\$ 176,693</u>
\$ -	\$ -	\$ -	\$ 1,884	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
4,533	-	-	-	-	-
<u>4,533</u>	<u>-</u>	<u>-</u>	<u>1,884</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	1,399	36,936	30,529	793	176,693
<u>-</u>	<u>1,399</u>	<u>36,936</u>	<u>30,529</u>	<u>793</u>	<u>176,693</u>
<u>\$ 4,533</u>	<u>\$ 1,399</u>	<u>\$ 36,936</u>	<u>\$ 32,413</u>	<u>\$ 793</u>	<u>\$ 176,693</u>

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

December 31, 2008

	<u>Special Revenue</u>		<u>North</u>	<u>South</u>
	<u>Yes!</u>	<u>Total</u>	<u>Downtown</u>	<u>Downtown</u>
ASSETS	Grant-2008		Redevelopment	Redevelopment
			TIF	TIF
Cash	\$ -	\$ 14,377,242	\$ 62,970	\$ 390,615
Investment in joint venture	-	702,389	-	-
Receivables	-	1,172	-	-
Intergovernmental receivables	-	33,312	-	-
Sales tax receivable	-	1,240,818	93,629	-
Transient guest tax receivable	-	254,164	-	-
Property tax receivable	-	2,387,231	-	-
Economic development loans	-	2,160,556	-	-
TOTAL ASSETS	\$ -	\$ 21,156,884	\$ 156,599	\$ 390,615
LIABILITIES & FUND BALANCE				
Liabilities				
Accounts payable	\$ -	\$ 555,498	\$ -	\$ -
Accrued payroll	586	6,501	-	-
Interfund payable	1,308	19,733	-	-
Deferred revenue	-	2,455,892	-	-
Total Liabilities	1,894	3,037,624	-	-
Fund Balance				
Reserved for encumbrances	-	368,870	-	-
Reserved for investment in joint venture	-	644,206	-	-
Reserved for loans receivable	-	2,160,556	-	-
Reserved for perpetual care	-	-	-	-
Unreserved	(1,894)	14,945,628	156,599	390,615
Total Fund Balance	(1,894)	18,119,260	156,599	390,615
TOTAL LIABILITIES & FUND BALANCE	\$ -	\$ 21,156,884	\$ 156,599	\$ 390,615

Debt Service				Permanent	Total Nonmajor Governmental Funds
Transportation Development District	Downtown Redevelopment TDD	Limey Pointe TDD	Total	Sunrise Perpetual Care	
\$ 211,460	\$ 252,417	\$ 63,576	\$ 981,038	\$ 408,296	\$ 15,766,576
-	-	-	-	-	702,389
-	-	-	-	-	1,172
-	-	-	-	-	33,312
-	32,848	18,156	144,633	-	1,385,451
-	-	-	-	-	254,164
-	-	-	-	-	2,387,231
-	-	-	-	-	2,160,556
\$ 211,460	\$ 285,265	\$ 81,732	\$ 1,125,671	\$ 408,296	\$ 22,690,851
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 555,498
-	-	-	-	-	6,501
-	-	-	-	-	19,733
-	-	-	-	-	2,455,892
-	-	-	-	-	3,037,624
-	-	-	-	-	368,870
-	-	-	-	-	644,206
-	-	-	-	-	2,160,556
-	-	-	-	408,296	408,296
211,460	285,265	81,732	1,125,671	-	16,071,299
211,460	285,265	81,732	1,125,671	408,296	19,653,227
\$ 211,460	\$ 285,265	\$ 81,732	\$ 1,125,671	\$ 408,296	\$ 22,690,851

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

For The Year Ended December 31, 2008

	Aggieville Business Improvement District	Capital Improvement Reserve
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	30,912	-
Investment income	-	108,895
Miscellaneous	-	-
Total Revenue	30,912	108,895
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	-	-
Urban development and housing	31,167	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	31,167	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(255)	108,895
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Special obligation bonds issued	-	-
Refunding special obligation bonds issued	-	-
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCES	(255)	108,895
FUND BALANCE-BEGINNING OF PERIOD	438	2,774,504
FUND BALANCE - END OF PERIOD	\$ 183	\$ 2,883,399

(Continued)

Special Revenue

City/ University Projects	Downtown Business Improvement District	Economic Development	Employee Benefit Contribution	Fire Equipment Reserve	Fire Pension KP&F	General Improvement
\$ 179,600	\$ -	\$ 2,562,715	\$ 287,642	\$ 61,740	\$ 97,679	\$ 20
-	-	-	-	-	-	-
-	54,238	-	-	-	-	-
-	-	238,605	-	19,330	-	3,437
-	-	471,305	-	-	1,146	-
<u>179,600</u>	<u>54,238</u>	<u>3,272,625</u>	<u>287,642</u>	<u>81,070</u>	<u>98,825</u>	<u>3,457</u>
-	-	-	1,091,130	-	-	-
-	-	-	-	144,480	523,260	-
-	-	-	-	-	-	-
-	53,998	401,077	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
151,200	-	-	-	142,024	-	72,507
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>151,200</u>	<u>53,998</u>	<u>401,077</u>	<u>1,091,130</u>	<u>286,504</u>	<u>523,260</u>	<u>72,507</u>
28,400	240	2,871,548	(803,488)	(205,434)	(424,435)	(69,050)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
214,600	-	-	800,000	475,800	426,745	81,300
(210,000)	-	(737,562)	-	-	-	(23,100)
<u>4,600</u>	<u>-</u>	<u>(737,562)</u>	<u>800,000</u>	<u>475,800</u>	<u>426,745</u>	<u>58,200</u>
33,000	240	2,133,986	(3,488)	270,366	2,310	(10,850)
-	-	7,536,557	3,488	415,338	5,744	64,500
<u>\$ 33,000</u>	<u>\$ 240</u>	<u>\$ 9,670,543</u>	<u>\$ -</u>	<u>\$ 685,704</u>	<u>\$ 8,054</u>	<u>\$ 53,650</u>

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

For The Year Ended December 31, 2008

	Industrial Promotion	Library
REVENUES		
Taxes	\$ 67,141	\$ 1,507,919
Intergovernmental	-	-
Charges for services	-	-
Investment income	16,254	4,693
Miscellaneous	35,832	-
Total Revenue	119,227	1,512,612
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	-	-
Urban development and housing	247,285	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	1,823,402
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	247,285	1,823,402
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(128,058)	(310,790)
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Special obligation bonds issued	-	-
Refunding special obligation bonds issued	-	-
Transfers in	-	300,000
Transfers out	(28,825)	-
Total Other Financing Sources (Uses)	(28,825)	300,000
NET CHANGE IN FUND BALANCES	(156,883)	(10,790)
FUND BALANCE-BEGINNING OF PERIOD	479,138	11,185
FUND BALANCE - END OF PERIOD	\$ 322,255	\$ 395

(Continued)

Special Revenue

Library Employee Benefit Contribution	Park Development	Riley County Health Department	Sales Tax	Special Alcohol Programs	Special Parks and Recreation	Special Street and Highway
\$ 323,633	\$ 28	\$ 221,726	\$ 4,889,385	\$ -	\$ -	\$ -
-	-	-	-	401,351	401,351	1,632,368
-	-	-	-	-	-	-
618	8,567	-	-	2,733	22,825	49,268
-	-	-	-	3,842	3,366	12,181
<u>324,251</u>	<u>8,595</u>	<u>221,726</u>	<u>4,889,385</u>	<u>407,926</u>	<u>427,542</u>	<u>1,693,817</u>
-	-	223,663	-	330,164	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	1,414,895
-	-	-	-	-	-	-
-	9,254	-	-	-	-	-
324,405	-	-	-	-	-	-
-	144,974	-	-	-	124,912	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>324,405</u>	<u>154,228</u>	<u>223,663</u>	<u>-</u>	<u>330,164</u>	<u>124,912</u>	<u>1,414,895</u>
(154)	(145,633)	(1,937)	4,889,385	77,762	302,630	278,922
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	211,000	-	-	-	-	23,100
-	(112,026)	-	(4,976,745)	-	(149,482)	(216,972)
-	98,974	-	(4,976,745)	-	(149,482)	(193,872)
(154)	(46,659)	(1,937)	(87,360)	77,762	153,148	85,050
164	198,079	1,937	1,759,563	110,761	489,996	683,735
<u>\$ 10</u>	<u>\$ 151,420</u>	<u>\$ -</u>	<u>\$ 1,672,203</u>	<u>\$ 188,523</u>	<u>\$ 643,144</u>	<u>\$ 768,785</u>

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

For The Year Ended December 31, 2008

	Special Sunset Zoo	Tourism and Convention Promotion
REVENUES		
Taxes	\$ -	\$ 902,088
Intergovernmental	-	-
Charges for services	227,882	-
Investment income	3,817	-
Miscellaneous	40,257	-
Total Revenue	271,956	902,088
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	-	-
Urban development and housing	-	589,000
Culture/recreation	200,386	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	200,386	589,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	71,570	313,088
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Special obligation bonds issued	-	-
Refunding special obligation bonds issued	-	-
Transfers in	-	-
Transfers out	(61,108)	(72,000)
Total Other Financing Sources (Uses)	(61,108)	(72,000)
NET CHANGE IN FUND BALANCES	10,462	241,088
FUND BALANCE-BEGINNING OF PERIOD	74,372	216,929
FUND BALANCE - END OF PERIOD	\$ 84,834	\$ 458,017

(Continued)

Special Revenue

Airport Federal Grant No. 28	Airport Federal Grant No. 29	Airport Federal Grant No. 30	Airport Federal Grant No. 32	Airport Federal Grant No. 33	Airport Federal Grant No. 34	Airport Federal Grant No. 35
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
21,519	6,940	214,606	63,493	398,681	848,425	361,079
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
21,519	6,940	214,606	63,493	398,681	848,425	361,079
-	-	214,606	63,493	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	6,445	-	-	445,244	918,413	450,009
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	4,225
-	6,445	214,606	63,493	445,244	918,413	454,234
21,519	495	-	-	(46,563)	(69,988)	(93,155)
-	-	-	-	-	-	175,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
243	-	-	-	47,340	-	-
-	(495)	-	-	(777)	-	-
243	(495)	-	-	46,563	-	175,000
21,762	-	-	-	-	(69,988)	81,845
(21,762)	-	-	-	-	69,988	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 81,845

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

For The Year Ended December 31, 2008

	Alcohol and Drug Safety	CDBG Economic Development 1992
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	-
Investment income	5,944	-
Miscellaneous	-	2,614
Total Revenue	5,944	2,614
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	-	-
Urban development and housing	-	124,869
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	-	124,869
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,944	(122,255)
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Special obligation bonds issued	-	-
Refunding special obligation bonds issued	-	-
Transfers in	-	-
Transfers out	(6,752)	-
Total Other Financing Sources (Uses)	(6,752)	-
NET CHANGE IN FUND BALANCES	(808)	(122,255)
FUND BALANCE-BEGINNING OF PERIOD	23,891	122,430
FUND BALANCE - END OF PERIOD	\$ 23,083	\$ -

(Continued)

Special Revenue

CDBG Emergency Shelter	CDBG Family and Child Resource Center	Community Planning Assistance Grant	Emergency Shelter 2007	Emergency Shelter 2008	FEMA Flood Events Grants	FEMA Mutual Aid/ Ice Storm Grant
\$ 1,187,249	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	62,207	24,399	35,212	4,358	263,886
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,187,249	-	62,207	24,399	35,212	4,358	263,886
-	-	-	-	-	-	-
-	-	-	-	-	-	14,680
-	-	-	-	-	-	-
1,050,801	-	57,366	24,399	35,212	-	-
-	-	-	-	-	3,933	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,050,801	-	57,366	24,399	35,212	3,933	14,680
136,448	-	4,841	-	-	425	249,206
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(2,138)	-	-	-	-	(247,369)
-	(2,138)	-	-	-	-	(247,369)
136,448	(2,138)	4,841	-	-	425	1,837
(136,448)	2,138	-	-	-	6,422	(1,837)
\$ -	\$ 4,841	\$ -	\$ -	\$ 6,847	\$ -	\$ -

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

For The Year Ended December 31, 2008

	Firefighter Memorial	Historic Preservation Archaeological Grant
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	-
Investment income	-	-
Miscellaneous	953	-
Total Revenue	953	-
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	-	-
Urban development and housing	-	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	953	-
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Special obligation bonds issued	-	-
Refunding special obligation bonds issued	-	-
Transfers in	-	6,000
Transfers out	-	-
Total Other Financing Sources (Uses)	-	6,000
NET CHANGE IN FUND BALANCES	953	6,000
FUND BALANCE-BEGINNING OF PERIOD	-	-
FUND BALANCE - END OF PERIOD	\$ 953	\$ 6,000

(Continued)

Special Revenue

Home Investment Partnerships Program	Home Investment Partnerships Program-2007	Norvell Band Shell	Park Improvement	Rehabilitation Loan	Special Taxi	Sunset Zoo Animals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
174,739	-	-	-	-	-	-
-	-	-	-	-	10,665	-
-	-	-	-	1,326	-	30
-	-	-	1,055	-	13,000	-
174,739	-	-	1,055	1,326	23,665	30
-	-	-	-	-	15,632	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
167,842	12,574	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
167,842	12,574	-	-	-	15,632	-
6,897	(12,574)	-	1,055	1,326	8,033	30
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	90,429	-	-	-	-	-
-	-	-	-	(38,291)	-	-
-	90,429	-	-	(38,291)	-	-
6,897	77,855	-	1,055	(36,965)	8,033	30
41,949	-	1,399	35,881	36,965	22,496	763
\$ 48,846	\$ 77,855	\$ 1,399	\$ 36,936	\$ -	\$ 30,529	\$ 793

CITY OF MANHATTAN, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN
FUND BALANCE-NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
For The Year Ended December 31, 2008

	Woodard
REVENUES	
Taxes	\$ -
Intergovernmental	-
Charges for services	-
Investment income	6,673
Miscellaneous	-
Total Revenue	6,673
EXPENDITURES	
Current	
General government	-
Public safety	-
Public works	-
Urban development and housing	-
Culture/recreation	-
Culture/recreation-payments to Library	-
Capital Outlay	-
Debt service	
Principal	-
Bond issuance costs	-
Interest and fiscal charges	-
Total Expenditures	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,673
OTHER FINANCING SOURCES (USES)	
Temporary notes issued	-
Special obligation bonds issued	-
Refunding special obligation bonds issued	-
Transfers in	-
Transfers out	-
Total Other Financing Sources (Uses)	-
NET CHANGE IN FUND BALANCES	6,673
FUND BALANCE-BEGINNING OF PERIOD	170,020
FUND BALANCE - END OF PERIOD	\$ 176,693

(Continued)

Special Revenue			Debt Service			
Yes! Grant-2007	Yes! Grant-2008	Total	North Downtown Redevelopment TIF	South Downtown Redevelopment TIF	Transportation Development District	Downtown Redevelopment TDD
\$ -	\$ -	\$ 12,288,565	\$ 582,546	\$ 108,169	\$ 141,544	\$ 139,689
-	5,000	4,919,614	-	-	-	-
-	-	323,697	-	-	-	-
-	-	493,015	71	13,454	6,759	-
-	-	585,551	-	-	-	-
-	5,000	18,610,442	582,617	121,623	148,303	139,689
-	-	1,938,688	-	-	-	-
-	-	682,420	-	-	-	-
-	-	1,414,895	-	-	-	-
-	-	2,795,590	-	-	-	-
1,449	6,894	221,916	-	-	-	-
-	-	2,147,807	-	-	-	-
-	-	2,455,728	-	-	-	-
-	-	-	-	5,075,000	555,000	-
-	-	-	-	229,462	-	-
-	-	4,225	729,978	484,948	11,516	-
1,449	6,894	11,661,269	729,978	5,789,410	566,516	-
(1,449)	(1,894)	6,949,173	(147,361)	(5,667,787)	(418,213)	139,689
-	-	175,000	-	-	-	-
-	-	-	160,214	918,710	-	-
-	-	-	-	4,860,986	-	-
4,453	-	2,681,010	-	-	-	-
-	-	(6,883,642)	-	(2,470)	-	-
4,453	-	(4,027,632)	160,214	5,777,226	-	-
3,004	(1,894)	2,921,541	12,853	109,439	(418,213)	139,689
(3,004)	-	15,197,719	143,746	281,176	629,673	145,576
\$ -	\$ (1,894)	\$ 18,119,260	\$ 156,599	\$ 390,615	\$ 211,460	\$ 285,265

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

For The Year Ended December 31, 2008

	Debt
	Limey Pointe TDD
REVENUES	
Taxes	\$ 69,018
Intergovernmental	-
Charges for services	-
Investment income	-
Miscellaneous	-
Total Revenue	69,018
EXPENDITURES	
Current	
General government	-
Public safety	-
Public works	-
Urban development and housing	-
Culture/recreation	-
Culture/recreation-payments to Library	-
Capital Outlay	-
Debt service	
Principal	-
Bond issuance costs	-
Interest and fiscal charges	-
Total Expenditures	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	69,018
OTHER FINANCING SOURCES (USES)	
Temporary notes issued	-
Special obligation bonds issued	-
Refunding special obligation bonds issued	-
Transfers in	-
Transfers out	-
Total Other Financing Sources (Uses)	-
NET CHANGE IN FUND BALANCES	69,018
FUND BALANCE-BEGINNING OF PERIOD	12,714
FUND BALANCE - END OF PERIOD	\$ 81,732

<u>Service</u>	<u>Permanent</u>	<u>Total</u>
<u>Total</u>	<u>Sunrise Perpetual Care</u>	<u>Nonmajor Governmental Funds</u>
\$ 1,040,966	\$ -	\$ 13,329,531
-	-	4,919,614
-	9,181	332,878
20,284	15,255	528,554
-	-	585,551
<u>1,061,250</u>	<u>24,436</u>	<u>19,696,128</u>
-	-	1,938,688
-	-	682,420
-	-	1,414,895
-	-	2,795,590
-	339	222,255
-	-	2,147,807
-	-	2,455,728
-	-	-
5,630,000	-	5,630,000
229,462	-	229,462
1,226,442	-	1,230,667
<u>7,085,904</u>	<u>339</u>	<u>18,747,512</u>
<u>(6,024,654)</u>	<u>24,097</u>	<u>948,616</u>
-	-	175,000
1,078,924	-	1,078,924
4,860,986	-	4,860,986
-	-	2,681,010
(2,470)	-	(6,886,112)
<u>5,937,440</u>	<u>-</u>	<u>1,909,808</u>
<u>(87,214)</u>	<u>24,097</u>	<u>2,858,424</u>
<u>1,212,885</u>	<u>384,199</u>	<u>16,794,803</u>
<u>\$ 1,125,671</u>	<u>\$ 408,296</u>	<u>\$ 19,653,227</u>

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

For The Year Ended December 31, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 490,405	\$ 490,405	\$ 514,485	\$ 24,080
Special assessments	4,902,950	4,902,950	4,852,225	(50,725)
Investment income	-	-	26,610	26,610
Miscellaneous revenues	-	-	396,144	396,144
Total Revenues	5,393,355	5,393,355	5,789,464	396,109
EXPENDITURES				
Current				
General government	125,700	125,700	117,955	7,745
Debt service				
Bonds to be issued	1,000,000	1,000,000	-	1,000,000
Principal	7,358,000	7,358,000	5,147,384	2,210,616
Interest and fiscal charges	3,622,958	3,622,958	3,129,473	493,485
Bond issuance costs	-	-	117,532	(117,532)
Refunding costs	-	-	65,117	(65,117)
Total Expenditures	12,106,658	12,106,658	8,577,461	3,529,197
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,713,303)	(6,713,303)	(2,787,997)	3,925,306
OTHER FINANCING SOURCES (USES)				
Refunding general obligation bonds issued	-	-	2,495,000	2,495,000
Transfers in	1,100,000	1,100,000	2,436,217	1,336,217
Transfers out	-	2,371,705	(3,906)	(2,375,611)
Total Other Financing Sources (Uses)	1,100,000	3,471,705	4,927,311	1,455,606
NET CHANGE IN FUND BALANCES	\$ (5,613,303)	\$ (3,241,598)	2,139,314	\$ 5,380,912
FUND BALANCE-BEGINNING OF YEAR			3,627,187	
FUND BALANCE - END OF YEAR			5,766,501	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE - GAAP BASIS			\$ 5,766,501	

CITY OF MANHATTAN, KANSAS
SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended December 31, 2008

	Aggieville Business Improvement District			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	36,000	36,000	30,912	(5,088)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	<u>36,000</u>	<u>36,000</u>	<u>30,912</u>	<u>(5,088)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	36,400	36,400	31,167	5,233
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>36,400</u>	<u>36,400</u>	<u>31,167</u>	<u>5,233</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(400)</u>	<u>(400)</u>	<u>(255)</u>	<u>145</u>
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (400)</u>	<u>\$ (400)</u>	<u>(255)</u>	<u>\$ 145</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>438</u>	
FUND BALANCE - END OF PERIOD			183	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 183</u>	

(Continued)

Capital Improvement Reserve				City/University Projects			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 179,600	\$ 179,600	\$ 179,600	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	108,895	108,895	-	-	-	-
-	-	-	-	-	-	-	-
-	-	108,895	108,895	179,600	179,600	179,600	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,725,000	2,725,000	-	2,725,000	184,200	184,200	184,200	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,725,000	2,725,000	-	2,725,000	184,200	184,200	184,200	-
(2,725,000)	(2,725,000)	108,895	2,833,895	(4,600)	(4,600)	(4,600)	-
-	-	-	-	-	-	-	-
25,000	25,000	-	(25,000)	214,600	214,600	214,600	-
-	-	-	-	(210,000)	(210,000)	(210,000)	-
25,000	25,000	-	(25,000)	4,600	4,600	4,600	-
\$ (2,700,000)	\$ (2,700,000)	108,895	\$ 2,808,895	\$ -	\$ -	-	\$ -
		2,774,504				-	
		2,883,399				-	
		-				33,000	
		\$ 2,883,399				\$ 33,000	

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

For The Year Ended December 31, 2008

	Downtown Business Improvement District			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	57,500	57,500	54,238	(3,262)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	<u>57,500</u>	<u>57,500</u>	<u>54,238</u>	<u>(3,262)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	59,590	59,590	53,998	5,592
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>59,590</u>	<u>59,590</u>	<u>53,998</u>	<u>5,592</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,090)</u>	<u>(2,090)</u>	<u>240</u>	<u>2,330</u>
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,090)</u>	<u>\$ (2,090)</u>	<u>240</u>	<u>\$ 2,330</u>
FUND BALANCE - BEGINNING OF PERIOD			-	
FUND BALANCE - END OF PERIOD			240	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			<u>\$ 240</u>	

(Continued)

Economic Development				Employee Benefit Contribution			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 2,211,300	\$ 2,211,300	\$ 2,562,715	\$ 351,415	\$ 285,540	\$ 285,540	\$ 287,642	\$ 2,102
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
200,000	200,000	238,605	38,605	-	-	-	-
374,589	374,589	471,305	96,716	-	-	-	-
<u>2,785,889</u>	<u>2,785,889</u>	<u>3,272,625</u>	<u>486,736</u>	<u>285,540</u>	<u>285,540</u>	<u>287,642</u>	<u>2,102</u>
-	-	-	-	1,091,700	1,091,700	1,091,130	570
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
6,529,298	6,529,298	401,077	6,128,221	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>6,529,298</u>	<u>6,529,298</u>	<u>401,077</u>	<u>6,128,221</u>	<u>1,091,700</u>	<u>1,091,700</u>	<u>1,091,130</u>	<u>570</u>
<u>(3,743,409)</u>	<u>(3,743,409)</u>	<u>2,871,548</u>	<u>6,614,957</u>	<u>(806,160)</u>	<u>(806,160)</u>	<u>(803,488)</u>	<u>2,672</u>
-	-	-	-	-	-	-	-
-	-	-	-	800,000	800,000	800,000	-
(737,562)	(737,562)	(737,562)	-	-	-	-	-
<u>(737,562)</u>	<u>(737,562)</u>	<u>(737,562)</u>	<u>-</u>	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>
<u>\$ (4,480,971)</u>	<u>\$ (4,480,971)</u>	<u>2,133,986</u>	<u>\$ 6,614,957</u>	<u>\$ (6,160)</u>	<u>\$ (6,160)</u>	<u>(3,488)</u>	<u>\$ 2,672</u>
		<u>7,536,557</u>				<u>3,488</u>	
		<u>9,670,543</u>				<u>-</u>	
		<u>-</u>				<u>-</u>	
		<u>\$ 9,670,543</u>				<u>\$ -</u>	

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

For The Year Ended December 31, 2008

	Fire Equipment Reserve			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ 60,000	\$ 60,000	\$ 61,740	\$ 1,740
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	19,330	19,330
Miscellaneous	-	-	-	-
Total Revenue	<u>60,000</u>	<u>60,000</u>	<u>81,070</u>	<u>21,070</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	718,550	718,550	157,485	561,065
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	142,024	(142,024)
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>718,550</u>	<u>718,550</u>	<u>299,509</u>	<u>419,041</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(658,550)</u>	<u>(658,550)</u>	<u>(218,439)</u>	<u>440,111</u>
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	475,800	475,800	475,800	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>475,800</u>	<u>475,800</u>	<u>475,800</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (182,750)</u>	<u>\$ (182,750)</u>	<u>257,361</u>	<u>\$ 440,111</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>415,338</u>	
FUND BALANCE - END OF PERIOD			672,699	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>13,005</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 685,704</u>	

(Continued)

Fire Pension KP&F				General Improvement			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 96,515	\$ 96,515	\$ 97,679	\$ 1,164	\$ -	\$ -	\$ 20	\$ 20
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,000	2,000	3,437	1,437
-	-	1,146	1,146	-	-	-	-
96,515	96,515	98,825	2,310	2,000	2,000	3,457	1,457
-	-	-	-	-	-	-	-
523,260	523,260	523,260	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	97,775	97,775	72,588	25,187
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
523,260	523,260	523,260	-	97,775	97,775	72,588	25,187
(426,745)	(426,745)	(424,435)	2,310	(95,775)	(95,775)	(69,131)	26,644
-	-	-	-	-	-	-	-
426,745	426,745	426,745	-	81,300	81,300	81,300	-
-	-	-	-	-	-	(23,100)	(23,100)
426,745	426,745	426,745	-	81,300	81,300	58,200	(23,100)
\$ -	\$ -	2,310	\$ 2,310	\$ (14,475)	\$ (14,475)	(10,931)	\$ 3,544
		5,744				17,500	
		8,054				6,569	
		-				47,081	
		\$ 8,054				\$ 53,650	

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

For The Year Ended December 31, 2008

	Industrial Promotion			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ 58,426	\$ 58,426	\$ 67,141	\$ 8,715
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	5,000	5,000	16,254	11,254
Miscellaneous	85,000	85,000	35,832	(49,168)
Total Revenue	<u>148,426</u>	<u>148,426</u>	<u>119,227</u>	<u>(29,199)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	500,000	500,000	247,285	252,715
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>500,000</u>	<u>500,000</u>	<u>247,285</u>	<u>252,715</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(351,574)</u>	<u>(351,574)</u>	<u>(128,058)</u>	<u>223,516</u>
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(28,825)	(28,825)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(28,825)</u>	<u>(28,825)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (351,574)</u>	<u>\$ (351,574)</u>	<u>(156,883)</u>	<u>\$ 194,691</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>479,138</u>	
FUND BALANCE - END OF PERIOD			322,255	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 322,255</u>	

(Continued)

Library				Library Employee Benefit Contribution			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 1,540,830	\$ 1,540,830	\$ 1,507,919	\$ (32,911)	\$ 324,808	\$ 324,808	\$ 323,633	\$ (1,175)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	4,693	4,693	-	-	618	618
-	-	-	-	-	-	-	-
<u>1,540,830</u>	<u>1,540,830</u>	<u>1,512,612</u>	<u>(28,218)</u>	<u>324,808</u>	<u>324,808</u>	<u>324,251</u>	<u>(557)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,850,830	1,850,830	1,823,402	27,428	328,108	328,108	324,405	3,703
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,850,830</u>	<u>1,850,830</u>	<u>1,823,402</u>	<u>27,428</u>	<u>328,108</u>	<u>328,108</u>	<u>324,405</u>	<u>3,703</u>
(310,000)	(310,000)	(310,790)	(790)	(3,300)	(3,300)	(154)	3,146
-	-	-	-	-	-	-	-
300,000	300,000	300,000	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>(10,790)</u>	<u>\$ (790)</u>	<u>\$ (3,300)</u>	<u>\$ (3,300)</u>	<u>(154)</u>	<u>\$ 3,146</u>
		<u>11,185</u>				<u>164</u>	
		395				10	
		-				-	
		<u>\$ 395</u>				<u>\$ 10</u>	

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

For The Year Ended December 31, 2008

	Park Development			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 28	\$ 28
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	8,567	8,567
Miscellaneous	-	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>8,595</u>	<u>8,595</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	51,000	51,000	9,254	41,746
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	157,200	157,200	139,859	17,341
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>208,200</u>	<u>208,200</u>	<u>149,113</u>	<u>59,087</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(208,200)</u>	<u>(208,200)</u>	<u>(140,518)</u>	<u>67,682</u>
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	211,000	211,000	211,000	-
Transfers out	(163,040)	(163,040)	(112,026)	51,014
Total Other Financing Sources (Uses)	<u>47,960</u>	<u>47,960</u>	<u>98,974</u>	<u>51,014</u>
NET CHANGE IN FUND BALANCES	<u>\$ (160,240)</u>	<u>\$ (160,240)</u>	<u>(41,544)</u>	<u>\$ 118,696</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>192,964</u>	
FUND BALANCE - END OF PERIOD			151,420	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 151,420</u>	

(Continued)

Riley County Health Department				Sales Tax			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 221,695	\$ 221,695	\$ 221,726	\$ 31	\$ 4,550,000	\$ 4,550,000	\$ 4,889,385	\$ 339,385
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
221,695	221,695	221,726	31	4,550,000	4,550,000	4,889,385	339,385
225,651	225,651	223,663	1,988	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
225,651	225,651	223,663	1,988	-	-	-	-
(3,956)	(3,956)	(1,937)	2,019	4,550,000	4,550,000	4,889,385	339,385
-	-	-	-	-	-	-	-
-	-	-	-	(4,976,745)	(4,976,745)	(4,976,745)	-
-	-	-	-	(4,976,745)	(4,976,745)	(4,976,745)	-
\$ (3,956)	\$ (3,956)	(1,937)	\$ 2,019	\$ (426,745)	\$ (426,745)	(87,360)	\$ 339,385
		1,937				1,759,563	
		-				1,672,203	
		-				-	
		\$ -				\$ 1,672,203	

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

For The Year Ended December 31, 2008

	Special Alcohol Programs			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	330,000	330,000	401,351	71,351
Charges for services	-	-	-	-
Investment income	189	189	2,733	2,544
Miscellaneous	400	400	3,842	3,442
Total Revenue	<u>330,589</u>	<u>330,589</u>	<u>407,926</u>	<u>77,337</u>
EXPENDITURES				
Current				
General government	404,500	404,500	330,164	74,336
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>404,500</u>	<u>404,500</u>	<u>330,164</u>	<u>74,336</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(73,911)</u>	<u>(73,911)</u>	<u>77,762</u>	<u>151,673</u>
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (73,911)</u>	<u>\$ (73,911)</u>	<u>77,762</u>	<u>\$ 151,673</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>110,761</u>	
FUND BALANCE - END OF PERIOD			188,523	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 188,523</u>	

(Continued)

Special Parks and Recreation				Special Street and Highway			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
330,000	330,000	401,351	71,351	1,593,250	1,593,250	1,632,368	39,118
-	-	-	-	-	-	-	-
4,000	4,000	22,825	18,825	10,000	10,000	49,268	39,268
-	-	3,366	3,366	-	-	12,181	12,181
<u>334,000</u>	<u>334,000</u>	<u>427,542</u>	<u>93,542</u>	<u>1,603,250</u>	<u>1,603,250</u>	<u>1,693,817</u>	<u>90,567</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,809,815	1,809,815	1,576,422	233,393
-	-	-	-	-	-	-	-
113,932	113,932	-	113,932	-	-	-	-
-	-	-	-	-	-	-	-
205,086	205,086	131,190	73,896	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>319,018</u>	<u>319,018</u>	<u>131,190</u>	<u>187,828</u>	<u>1,809,815</u>	<u>1,809,815</u>	<u>1,576,422</u>	<u>233,393</u>
14,982	14,982	296,352	281,370	(206,565)	(206,565)	117,395	323,960
-	-	-	-	-	-	-	-
-	-	-	-	-	-	23,100	23,100
(102,982)	(102,982)	(149,482)	(46,500)	-	-	(216,972)	(216,972)
<u>(102,982)</u>	<u>(102,982)</u>	<u>(149,482)</u>	<u>(46,500)</u>	<u>-</u>	<u>-</u>	<u>(193,872)</u>	<u>(193,872)</u>
<u>\$ (88,000)</u>	<u>\$ (88,000)</u>	146,870	\$ 234,870	<u>\$ (206,565)</u>	<u>\$ (206,565)</u>	(76,477)	<u>\$ 130,088</u>
		458,129				607,623	
		604,999				531,146	
		38,145				237,639	
		<u>\$ 643,144</u>				<u>\$ 768,785</u>	

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

For The Year Ended December 31, 2008

	Special Sunset Zoo			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	210,000	210,000	227,882	17,882
Investment income	2,000	2,000	3,817	1,817
Miscellaneous	24,000	24,000	40,257	16,257
Total Revenue	<u>236,000</u>	<u>236,000</u>	<u>271,956</u>	<u>35,956</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	210,350	210,350	200,386	9,964
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	15,000	15,000	-	15,000
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>225,350</u>	<u>225,350</u>	<u>200,386</u>	<u>24,964</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>10,650</u>	<u>10,650</u>	<u>71,570</u>	<u>60,920</u>
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(56,655)	(56,655)	(61,108)	(4,453)
Total Other Financing Sources (Uses)	<u>(56,655)</u>	<u>(56,655)</u>	<u>(61,108)</u>	<u>(4,453)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (46,005)</u>	<u>\$ (46,005)</u>	<u>10,462</u>	<u>\$ 56,467</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>74,372</u>	
FUND BALANCE - END OF PERIOD			84,834	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 84,834</u>	

Tourism and Convention Promotion				North Downtown Redevelopment TIF			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 640,632	\$ 640,632	\$ 902,088	\$ 261,456	\$ 1,275,228	\$ 1,275,228	\$ 582,546	\$ (692,682)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	71	71
-	-	-	-	-	-	-	-
640,632	640,632	902,088	261,456	1,275,228	1,275,228	582,617	(692,611)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
589,000	589,000	589,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,325,000	1,325,000	-	1,325,000
-	-	-	-	-	-	729,978	(729,978)
589,000	589,000	589,000	-	1,325,000	1,325,000	729,978	595,022
51,632	51,632	313,088	261,456	(49,772)	(49,772)	(147,361)	(97,589)
-	-	-	-	-	-	160,214	160,214
-	-	-	-	-	-	-	-
(72,000)	(72,000)	(72,000)	-	-	-	-	-
(72,000)	(72,000)	(72,000)	-	-	-	160,214	160,214
\$ (20,368)	\$ (20,368)	241,088	\$ 261,456	\$ (49,772)	\$ (49,772)	12,853	\$ 62,625
		216,929				143,746	
		458,017				156,599	
		-				-	
		\$ 458,017				\$ 156,599	

INTERNAL SERVICE FUNDS

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

Motor Pool Fund

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

Health Care Fund

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

Workers' Compensation Fund

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

Photocopy Services Fund

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

CITY OF MANHATTAN, KANSAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF NET ASSETS

December 31, 2008

	Motor Pool	Health Care	Workers' Compensation
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 61,686	\$ 1,315,880	\$ 1,319,279
Accounts receivable	3,954	12,380	-
Inventories	22,047	-	-
Total Current Assets	87,687	1,328,260	1,319,279
Capital Assets			
Equipment and improvements	-	19,673	-
Less accumulated depreciation	-	(17,705)	-
Net Capital Assets	-	1,968	-
TOTAL ASSETS	87,687	1,330,228	1,319,279
LIABILITIES			
Current Liabilities			
Accounts payable	43,140	4,260	4,589
Estimated insurance claims payable	-	494,597	378,997
TOTAL LIABILITIES	43,140	498,857	383,586
NET ASSETS			
Invested in capital assets	-	1,968	-
Unrestricted	44,547	829,403	935,693
TOTAL NET ASSETS	\$ 44,547	\$ 831,371	\$ 935,693

<u>Photocopy Services</u>	<u>Total</u>
\$ 21,865	\$ 2,718,710
-	16,334
1,025	23,072
<u>22,890</u>	<u>2,758,116</u>
-	19,673
-	(17,705)
<u>-</u>	<u>1,968</u>
<u>22,890</u>	<u>2,760,084</u>
13,608	65,597
-	873,594
<u>13,608</u>	<u>939,191</u>
-	1,968
9,282	1,818,925
<u>\$ 9,282</u>	<u>\$ 1,820,893</u>

CITY OF MANHATTAN, KANSAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND NET ASSETS
For The Year Ended December 31, 2008

	<u>Motor Pool</u>	<u>Health Care</u>	<u>Workers'</u> <u>Compensation</u>
OPERATING REVENUES			
Service charges	\$ 49,774	\$ 3,837,923	\$ 2
OPERATING EXPENSES			
Commodities	22,205	-	-
Contractual services	4,656	3,441,777	283,613
Depreciation	-	1,968	-
Total Operating Expenses	<u>26,861</u>	<u>3,443,745</u>	<u>283,613</u>
OPERATING INCOME (LOSS)	<u>22,913</u>	<u>394,178</u>	<u>(283,611)</u>
NON-OPERATING REVENUE			
Investment income	<u>-</u>	<u>46,255</u>	<u>58,347</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>22,913</u>	<u>440,433</u>	<u>(225,264)</u>
Transfers in	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	<u>22,913</u>	<u>440,433</u>	<u>(225,264)</u>
TOTAL NET ASSETS - BEGINNING	<u>21,634</u>	<u>390,938</u>	<u>1,160,957</u>
TOTAL NET ASSETS - ENDING	<u><u>\$ 44,547</u></u>	<u><u>\$ 831,371</u></u>	<u><u>\$ 935,693</u></u>

Photocopy Services	Total
<u>\$ 78,889</u>	<u>\$ 3,966,588</u>
7,656	29,861
72,598	3,802,644
-	1,968
<u>80,254</u>	<u>3,834,473</u>
<u>(1,365)</u>	<u>132,115</u>
-	104,602
<u>(1,365)</u>	<u>236,717</u>
-	-
<u>-</u>	<u>-</u>
<u>(1,365)</u>	<u>236,717</u>
<u>10,647</u>	<u>1,584,176</u>
<u><u>\$ 9,282</u></u>	<u><u>\$ 1,820,893</u></u>

CITY OF MANHATTAN, KANSAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2008

	<u>Motor Pool</u>	<u>Health Care</u>	<u>Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 46,064	\$ 3,976,265	\$ 2
Payments to suppliers	<u>(26,489)</u>	<u>(3,180,111)</u>	<u>(227,078)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>19,575</u>	<u>796,154</u>	<u>(227,076)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	-
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>-</u>	<u>46,255</u>	<u>58,347</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,575	842,409	(168,729)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>42,111</u>	<u>473,471</u>	<u>1,488,008</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 61,686</u>	<u>\$ 1,315,880</u>	<u>\$ 1,319,279</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	<u>\$ 22,913</u>	<u>\$ 394,178</u>	<u>\$ (283,611)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	1,968	-
(Increase) decrease in receivables	(3,710)	138,342	-
(Increase) decrease in inventory	(660)	-	-
Increase (decrease) in accounts payable and accrued expenses	<u>1,032</u>	<u>261,666</u>	<u>56,535</u>
Total Adjustments	<u>(3,338)</u>	<u>401,976</u>	<u>56,535</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 19,575</u>	<u>\$ 796,154</u>	<u>\$ (227,076)</u>

<u>Photocopy Services</u>	<u>Total</u>
\$ 78,889	\$ 4,101,220
<u>(79,290)</u>	<u>(3,512,968)</u>
<u>(401)</u>	<u>588,252</u>
-	-
<u>-</u>	<u>-</u>
-	-
<u>-</u>	<u>-</u>
-	-
<u>-</u>	<u>104,602</u>
(401)	692,854
<u>22,266</u>	<u>2,025,856</u>
<u>\$ 21,865</u>	<u>\$ 2,718,710</u>
<u>\$ (1,365)</u>	<u>\$ 132,115</u>
-	1,968
-	134,632
(381)	(1,041)
<u>1,345</u>	<u>320,578</u>
<u>964</u>	<u>456,137</u>
<u>\$ (401)</u>	<u>\$ 588,252</u>

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	138
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales tax.	146
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.	155
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	161
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	163

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

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ (3,780,914)	\$ 202,025	\$ 6,828,907	\$ 4,635,245	\$ (149,237)	\$ 503,672
Restricted	61,203,349	59,477,736	56,889,324	69,905,265	79,516,619	100,974,706
Unrestricted	4,297,947	7,337,888	8,807,348	9,864,936	(1,888,077)	(1,972,316)
Total governmental activities net assets	\$ 61,720,382	\$ 67,017,649	\$ 72,525,579	\$ 84,405,446	\$ 77,479,305	\$ 99,506,062
Business-type activities						
Invested in capital assets, net of related debt	\$ 45,268,763	\$ 47,099,375	\$ 49,362,443	\$ 58,201,852	\$ 68,575,348	\$ 72,497,433
Restricted	-	-	-	-	-	-
Unrestricted	12,128,351	12,119,057	11,359,296	10,521,740	10,020,584	7,862,491
Total business-type activities net assets	\$ 57,397,114	\$ 59,218,432	\$ 60,721,739	\$ 68,723,592	\$ 78,595,932	\$ 80,359,924
Primary government						
Invested in capital assets, net of related debt	\$ 41,487,849	\$ 47,301,400	\$ 56,191,350	\$ 62,837,097	\$ 68,426,111	\$ 73,001,105
Restricted	61,203,349	59,477,736	56,889,324	69,905,265	79,516,619	100,974,706
Unrestricted	16,426,298	19,456,945	20,166,644	20,386,676	8,132,507	5,890,175
Total primary government net assets	\$ 119,117,496	\$ 126,236,081	\$ 133,247,318	\$ 153,129,038	\$ 156,075,237	\$ 179,865,986

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

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CITY OF MANHATTAN, KANSAS

Changes in Net Assets

Last Six Fiscal Years

(accrual basis of accounting)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental activities:						
General government	\$ 7,890,776	\$ 8,405,577	\$ 10,240,520	\$ 10,748,824	\$ 11,364,213	\$ 12,829,036
Public safety	11,326,669	12,266,826	12,401,548	13,418,804	14,676,580	15,917,237
Public works	3,491,469	4,571,078	4,695,232	5,461,465	7,079,426	7,689,400
Urban development and housing	2,424,974	2,301,003	2,703,449	2,258,671	12,242,830	3,966,578
Urban development and housing (capital assets transferred to Housing Authority)	-	-	2,679,162	-	-	-
Culture and recreation	3,922,192	4,214,967	4,370,576	4,380,443	4,666,046	5,118,870
Culture and recreation (payments to Library)	1,560,926	1,558,731	1,587,345	1,743,149	1,900,410	2,147,807
Interest on long-term debt	2,551,319	2,511,063	2,359,332	2,600,729	4,134,577	5,215,511
Total governmental activities expenses	<u>33,168,325</u>	<u>35,829,245</u>	<u>41,037,164</u>	<u>40,612,085</u>	<u>56,064,082</u>	<u>52,884,439</u>
Business-type activities:						
Water	5,157,935	4,995,699	5,184,961	5,689,352	5,850,953	6,573,170
Wastewater	3,686,358	4,328,771	4,524,149	4,745,418	4,773,432	5,138,975
Storm water management	284,063	257,659	254,922	416,347	436,351	828,879
Total business-type activities expenses	<u>9,128,356</u>	<u>9,582,129</u>	<u>9,964,032</u>	<u>10,851,117</u>	<u>11,060,736</u>	<u>12,541,024</u>
Total primary government expenses	<u>\$ 42,296,681</u>	<u>\$ 45,411,374</u>	<u>\$ 51,001,196</u>	<u>\$ 51,463,202</u>	<u>\$ 67,124,818</u>	<u>\$ 65,425,463</u>
Program Revenues						
Governmental activities:						
Charges for services:						
General government	\$ 4,024,376	\$ 4,683,680	\$ 4,361,369	\$ 4,527,451	\$ 4,558,023	\$ 4,958,815
Public safety	489,795	510,236	564,509	823,472	639,711	565,892
Public works	190,189	196,250	112,693	250,362	414,376	754,083
Urban development and housing	130,497	129,507	120,861	109,518	98,658	108,026
Culture and recreation	928,078	940,178	908,643	910,804	913,578	983,589
Operating grants and contributions	2,283,275	2,300,825	2,776,439	2,759,823	3,482,457	3,554,445
Capital grants and contributions	7,994,152	3,463,519	7,710,363	15,543,263	17,655,503	25,874,349
Total governmental activities program revenues	<u>16,040,362</u>	<u>12,224,195</u>	<u>16,554,877</u>	<u>24,924,693</u>	<u>27,762,306</u>	<u>36,799,199</u>
Business-type activities:						
Charges for services:						
Water	5,310,603	5,099,925	5,242,834	5,891,191	5,486,560	5,789,434
Wastewater	4,061,419	3,971,491	3,948,617	4,133,820	4,133,603	4,049,883
Storm water management	541,766	557,361	562,844	566,361	826,176	1,033,734
Operating grants and contributions	-	-	-	-	-	-
Capital grants and contributions	-	130,000	64,712	256,606	-	6,699
Total business-type activities program revenues	<u>9,913,788</u>	<u>9,758,777</u>	<u>9,819,007</u>	<u>10,847,978</u>	<u>10,446,339</u>	<u>10,879,750</u>
Total primary government program revenues	<u>\$ 25,954,150</u>	<u>\$ 21,982,972</u>	<u>\$ 26,373,884</u>	<u>\$ 35,772,671</u>	<u>\$ 38,208,645</u>	<u>\$ 47,678,949</u>
Net (expense)/revenue						
Governmental activities	\$ (17,127,963)	\$ (23,605,050)	\$ (24,482,287)	\$ (15,687,392)	\$ (28,301,776)	\$ (16,085,240)
Business-type activities	785,432	176,648	(145,025)	(3,139)	(614,397)	(1,661,274)
Total primary government net expense	<u>\$ (16,342,531)</u>	<u>\$ (23,428,402)</u>	<u>\$ (24,627,312)</u>	<u>\$ (15,690,531)</u>	<u>\$ (28,916,173)</u>	<u>\$ (17,746,514)</u>

(Continued)

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

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes						
Property taxes, levied for general purposes	\$ 9,728,685	\$ 10,529,697	\$ 10,889,585	\$ 11,222,521	\$ 12,862,373	\$ 14,155,988
Property taxes, levied for debt service	2,177,349	2,674,630	2,603,273	1,897,069	593,988	514,484
Franchise taxes	1,845,487	1,934,748	2,020,220	2,166,221	2,478,108	2,964,974
Sales taxes	8,681,946	11,551,508	12,713,367	14,673,231	15,496,467	15,895,779
Transient guest taxes	540,365	648,461	598,740	658,142	684,047	902,088
Unrestricted grants and contributions	248,453	254,785	284,806	324,810	346,241	401,352
Investment earnings	193,716	302,617	482,126	1,333,615	1,714,084	1,042,391
Miscellaneous	1,513,440	2,370,064	1,503,288	2,433,531	1,292,569	5,204,348
Transfers	(1,180,624)	(1,364,193)	(1,105,188)	(7,141,881)	(9,601,446)	(2,969,407)
Total governmental activities	<u>23,748,817</u>	<u>28,902,317</u>	<u>29,990,217</u>	<u>27,567,259</u>	<u>25,866,431</u>	<u>38,111,997</u>
Business-type activities:						
Investment earnings	127,687	204,470	383,140	716,960	668,525	260,900
Miscellaneous	285,474	76,007	160,004	146,151	216,766	194,959
Transfers	1,180,624	1,364,193	1,105,188	7,141,881	9,601,446	2,969,407
Total business-type activities	<u>1,593,785</u>	<u>1,644,670</u>	<u>1,648,332</u>	<u>8,004,992</u>	<u>10,486,737</u>	<u>3,425,266</u>
Total primary government	<u>\$ 25,342,602</u>	<u>\$ 30,546,987</u>	<u>\$ 31,638,549</u>	<u>\$ 35,572,251</u>	<u>\$ 36,353,168</u>	<u>\$ 41,537,263</u>
Change in Net Assets						
Governmental activities	\$ 6,620,854	\$ 5,297,267	\$ 5,507,930	\$ 11,879,867	\$ (2,435,345)	\$ 22,026,757
Business-type activities	2,379,217	1,821,318	1,503,307	8,001,853	9,872,340	1,763,992
Total primary government	<u>\$ 9,000,071</u>	<u>\$ 7,118,585</u>	<u>\$ 7,011,237</u>	<u>\$ 19,881,720</u>	<u>\$ 7,436,995</u>	<u>\$ 23,790,749</u>

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

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

(modified accrual basis of accounting)

	Fiscal Year				
	1999	2000	2001	2002	2003
General fund					
Reserved	\$ 249,715	\$ 275,455	\$ 138,906	\$ 53,188	\$ 1,063
Unreserved	2,361,861	1,671,543	1,974,192	2,388,478	2,383,098
Total general fund	<u>\$ 2,611,576</u>	<u>\$ 1,946,998</u>	<u>\$ 2,113,098</u>	<u>\$ 2,441,666</u>	<u>\$ 2,384,161</u>
All other governmental funds					
Reserved	\$ 3,111,245	\$ 3,245,103	\$ 2,553,567	\$ 2,636,667	\$ 2,862,608
Unreserved, reported in:					
Special revenue funds	4,475,067	4,793,849	4,588,898	4,994,479	5,235,177
Debt service funds	2,977,603	3,444,663	2,053,345	2,098,230	4,956,626
Capital projects funds	2,683,950	(4,192,500)	2,677,904	1,079,074	2,252,314
Total all other governmental funds	<u>\$ 13,247,865</u>	<u>\$ 7,291,115</u>	<u>\$ 11,873,714</u>	<u>\$ 10,808,450</u>	<u>\$ 15,306,725</u>

2004	2005	2006	2007	2008
\$ 53,601	\$ -	\$ 116,173	\$ 50,262	\$ 178,129
4,080,056	5,476,384	5,775,764	3,911,850	5,670,740
<u>\$ 4,133,657</u>	<u>\$ 5,476,384</u>	<u>\$ 5,891,937</u>	<u>\$ 3,962,112</u>	<u>\$ 5,848,869</u>
\$ 3,228,170	\$ 2,498,191	\$ 2,735,051	\$ 3,488,115	\$ 3,581,928
5,648,375	7,101,786	10,533,120	12,107,549	14,945,628
4,623,098	4,071,638	4,531,301	4,840,072	6,892,172
1,220,135	(850,085)	1,087,930	(793,492)	(2,353,806)
<u>\$ 14,719,778</u>	<u>\$ 12,821,530</u>	<u>\$ 18,887,402</u>	<u>\$ 19,642,244</u>	<u>\$ 23,065,922</u>

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

(modified accrual basis of accounting)

	Fiscal Year				
	1999	2000	2001	2002	2003
Revenues					
Taxes	\$ 17,906,041	\$ 19,026,897	\$ 20,772,566	\$ 21,715,367	\$ 22,973,830
Special assessments	2,700,902	3,143,602	2,261,100	4,384,661	1,845,244
Licenses and permits	419,990	357,668	432,663	454,274	571,228
Intergovernmental revenues	5,665,018	7,855,035	4,897,768	5,938,863	3,135,294
Charges for services	2,930,690	3,288,468	3,218,414	2,710,558	2,931,532
Fines and forfeitures	677,754	980,516	912,110	1,419,322	1,604,782
Investment income	936,563	1,433,220	892,109	285,797	167,508
Miscellaneous revenues	1,751,277	823,277	744,801	1,034,282	4,073,526
Total revenues	32,988,235	36,908,683	34,131,531	37,943,124	37,302,944
Expenditures					
General government	6,800,895	6,939,211	7,153,014	7,545,535	6,956,494
Public safety	8,158,506	8,925,064	9,920,683	10,597,731	10,900,974
Public works	2,195,404	2,832,826	3,352,357	2,801,680	2,748,273
Urban development and housing	3,686,213	4,100,866	2,790,752	1,901,077	2,253,832
Culture/recreation	3,519,365	3,610,941	3,669,217	3,626,412	3,625,881
Culture/recreation-payments to Library	1,271,927	1,447,347	1,496,579	1,527,282	1,560,926
Capital outlay	7,545,183	15,996,571	9,271,262	7,934,028	7,668,230
Debt service					
Principal	11,586,274	8,803,000	7,714,000	15,175,000	10,218,435
Bond issuance costs	-	-	-	-	93,858
Interest and fiscal charges	1,930,422	2,040,162	2,172,410	2,333,916	2,452,117
Refunding costs	-	-	58,824	22,159	59,763
Total expenditures	46,694,189	54,695,988	47,599,098	53,464,820	48,538,783
Excess of revenues over (under) expenditures	(13,705,954)	(17,787,305)	(13,467,567)	(15,521,696)	(11,235,839)
Other financing sources (uses)					
General obligation bonds issued	8,243,474	5,071,063	6,780,000	10,175,000	5,590,000
Discount on general obligation bonds	-	-	-	-	-
Special obligation bonds issued	-	-	-	-	2,365,000
Temporary notes issued	6,160,417	5,600,057	12,040,000	4,615,000	2,926,000
Transportation revolving fund loan	-	-	-	-	-
Capital leases	54,568	511,006	-	-	862,943
Transfers in	5,561,223	6,807,032	5,291,588	4,674,843	5,564,569
Transfers out	(5,477,074)	(6,823,181)	(5,962,097)	(4,704,843)	(5,333,671)
Land sales	343,784	-	-	-	-
Insurance recoveries	-	-	-	-	-
Refunding bonds issued	-	-	4,955,000	680,000	3,415,000
Refunding special obligation bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(4,888,225)	(655,000)	(470,000)
Total other financing sources (uses)	14,886,392	11,165,977	18,216,266	14,785,000	14,919,841
Net change in fund balances	\$ 1,180,438	\$ (6,621,328)	\$ 4,748,699	\$ (736,696)	\$ 3,684,002
Debt service as a percentage of noncapital expenditures	34.5%	28.0%	25.9%	38.5%	31.4%

2004	2005	2006	2007	2008
\$ 27,339,044	\$ 28,825,185	\$ 30,617,183	\$ 32,114,981	\$ 35,620,565
3,921,310	4,118,716	4,737,898	4,352,940	5,475,190
603,382	623,469	924,647	714,917	620,719
3,105,803	5,642,983	3,963,034	4,629,131	5,590,098
2,956,824	3,212,670	3,391,900	3,630,468	4,131,180
1,650,071	1,699,568	1,540,085	1,608,250	1,775,516
256,125	377,956	1,135,688	1,496,784	954,355
2,803,331	1,854,337	2,892,416	1,621,878	6,583,038
42,635,890	46,354,884	49,202,851	50,169,349	60,750,661
7,016,098	8,141,725	8,345,149	8,513,849	9,519,200
11,725,804	12,058,163	13,132,569	14,354,830	15,453,858
2,782,868	2,621,363	3,200,313	3,904,928	4,225,414
2,117,240	2,382,727	2,241,255	12,208,269	3,943,454
3,755,808	3,809,089	3,950,140	4,159,424	4,584,179
1,558,731	1,587,345	1,743,149	1,900,410	2,147,807
4,647,333	9,839,956	34,087,262	31,971,763	24,935,200
9,466,000	10,255,000	15,225,000	21,612,181	26,972,384
145,288	93,838	200,794	218,190	346,994
2,516,692	2,400,661	2,517,571	3,979,874	4,945,877
-	83,127	-	-	65,117
45,731,862	53,272,994	84,643,202	102,823,718	97,139,484
(3,095,972)	(6,918,110)	(35,440,351)	(52,654,369)	(36,388,823)
2,080,000	2,805,000	7,800,000	15,710,000	16,555,000
-	(86,773)	(229,159)	(337,053)	(280,170)
-	-	4,610,321	11,722,828	10,799,228
2,185,000	2,955,000	24,980,000	23,370,000	5,150,000
-	592,176	3,474,605	541,090	-
44,171	61,954	86,000	447,827	622,452
5,298,592	6,532,881	9,187,196	8,120,145	7,569,335
(5,349,242)	(6,580,776)	(7,987,187)	(8,095,451)	(7,570,402)
-	-	-	-	-
-	-	-	-	1,497,829
-	6,150,000	-	-	2,495,000
-	-	-	-	4,860,986
-	(6,066,873)	-	-	-
4,258,521	6,362,589	41,921,776	51,479,386	41,699,258
\$ 1,162,549	\$ (555,521)	\$ 6,481,425	\$ (1,174,983)	\$ 5,310,435

29.5%

29.5%

35.5%

37.2%

44.7%

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Transient Guest Tax	Total
2003	\$ 11,906,034	\$ 8,681,946	\$ 1,845,487	\$ 540,365	\$ 22,973,832
2004	13,204,327	11,551,508	1,934,748	648,461	27,339,044
2005	13,492,858	12,713,367	2,020,220	598,740	28,825,185
2006	13,119,590	14,673,231	2,166,221	658,142	30,617,184
2007	13,456,361	15,496,467	2,478,108	684,047	32,114,983
2008	14,670,472	15,895,779	2,964,974	902,088	34,433,313

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

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

Fiscal Year	REAL		PERSONAL		UTILITIES	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1999	\$ 157,848,570	\$1,144,462,170	\$ 13,572,167	\$ 61,250,188	\$ 9,526,792	\$ 28,869,067
2000	169,383,474	1,270,353,714	15,521,265	65,795,952	9,961,471	30,186,276
2001	183,182,214	1,374,497,724	18,273,672	77,479,349	9,861,907	29,884,567
2002	197,654,708	1,495,466,082	18,543,748	66,013,982	11,253,849	34,102,573
2003	210,877,636	1,603,791,131	19,436,211	78,544,703	11,323,343	34,313,161
2004	238,765,565	1,725,906,346	20,150,716	86,993,213	12,082,742	36,614,370
2005	261,741,850	1,918,253,896	17,458,877	88,855,525	15,984,737	48,438,597
2006	286,002,442	1,851,130,109	21,954,554	94,114,836	13,524,124	40,982,194
2007	334,683,928	2,416,513,837	22,815,711	98,139,501	12,168,827	36,875,233
2008	381,365,196	2,807,057,814	20,143,702	87,215,955	12,308,445	37,298,318

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

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

Source: Riley and Pottawatomie County Clerks' Offices

<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Total Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
\$ 180,947,529	41.875	\$1,234,581,425	14.66%
194,866,210	42.813	1,366,335,942	14.26%
211,317,793	44.147	1,481,861,640	14.26%
227,452,305	42.460	1,595,582,637	14.26%
241,637,190	44.388	1,716,648,995	14.08%
270,999,023	43.540	1,849,513,929	14.65%
295,185,464	40.832	2,055,548,018	14.36%
321,481,120	36.235	1,986,227,139	16.19%
369,668,466	33.088	2,551,528,571	14.49%
413,817,343	31.683	2,931,572,087	14.12%

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<i>Fund Levies In Mills</i>											
General Operating	22.207	27.924	2.988	4.272	0.700	0.666	2.070	2.510	3.077	2.730	2.976
Bond & Interest ¹	7.578	2.035	10.561	5.048	3.847	8.623	9.025	7.869	5.006	1.078	1.037
Employment Benefit Contribution	1.515	2.647	2.665	2.186	1.808	-	0.753	0.610	0.664	0.757	0.627
Fire Equipment Reserve	1.964	1.004	0.975	0.467	-	-	0.030	0.316	0.314	0.276	0.122
Fire Pension KP&F	1.316	1.037	0.971	1.163	0.417	0.027	0.233	0.141	0.318	0.259	0.211
General Improvement	-	-	-	0.418	-	-	-	-	-	-	-
Industrial Promotion	1.000	1.004	0.975	0.977	0.533	0.811	0.747	0.187	0.994	0.249	0.121
Library ²	5.343	5.426	5.862	5.523	5.239	5.059	4.532	4.314	0.645	3.644	3.378
Library-Employee Benefit Contributor	0.804	0.798	0.768	0.228	0.813	0.741	0.552	0.559	0.641	0.645	0.723
Park Development	-	-	-	0.597	-	-	-	-	-	-	-
Riley County Health Department	-	-	1.625	0.683	0.760	0.719	0.636	0.613	0.575	0.521	0.487
Riley County Police Department	-	-	15.423	22.585	28.343	27.742	24.962	23.713	24.001	22.929	22.001
TOTAL: City Mill Rate	41.727	41.875	42.813	44.147	42.460	44.388	43.540	40.832	36.235	33.088	31.683

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

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

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

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

<u>Fiscal Year</u>	<u>Manhattan City</u>	<u>Riley County</u>	<u>Pottawatomie County</u>	<u>School Dist. 383</u>
1999	41.875	34.633	23.823	43.168
2000	42.813	34.488	23.774	45.691
2001	44.147	34.637	25.529	48.969
2002	42.460	34.628	25.743	48.047
2003	44.388	34.573	25.399	48.027
2004	43.540	34.360	27.362	41.090
2005	40.832	34.341	27.079	43.832
2006	36.235	34.278	22.680	43.783
2007	33.088	32.182	22.217	43.821
2008	31.683	31.140	26.137	43.440

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

Source: Finance Department

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2008</u>			<u>1999</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Manhattan Town Center Mall	Retail	\$12,631,823	1	2.94%	\$6,438,615	1	3.30%
Western Resources	Utility	5,418,060	2	1.26%	4,240,083	2	2.18%
Westloop Center Association	Retail	3,739,550	3	0.87%	3,494,874	4	1.79%
Wal Mart Stores, Inc.	Retail	3,565,608	4	0.83%	-	-	-
Southwestern Bell Telephone	Telecommunications	3,130,246	5	0.73%	3,504,229	3	1.80%
Kansas Farm Bureau	Insurance	3,091,874	6	0.72%	2,919,233	5	1.50%
University Commons	Real Estate-Residential	2,501,653	7	0.58%	1,418,847	7	0.73%
Professional Center Medical Complex	Real Estate-Commercial	2,497,470	8	0.58%	-	-	-
McCall Pattern Company	Manufacturing	2,261,011	9	0.53%	-	-	-
Target Corporation	Retail	2,239,529	10	0.52%	-	-	-
Kansas Hotel Partners (Holidome)	Hotel	-	-	-	1,611,100	6	0.83%
Kansas Gas Service	Utility	-	-	-	1,271,022	8	0.65%
WP Partners	Real Estate-Commercial	-	-	-	1,110,705	9	0.57%
AWPM, L.L.C.	Retail	-	-	-	1,000,051	10	0.51%
Total		<u>\$41,076,824</u>		<u>9.56%</u>	<u>\$27,008,759</u>		<u>13.86%</u>

Source: County Clerk

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	Percentage of Current Collections to Current Levy	Delinquent Property Taxes Collected	<u>Total Tax Collections</u>	Percentage of Total Collections to Current Levy
1999	\$7,576,802	\$7,509,369	99.11%	\$ 104,290	\$7,613,659	100.49%
2000	8,343,034	8,139,172	97.56%	178,541	8,317,713	99.70%
2001	9,328,790	9,105,947	97.61%	177,411	9,283,358	99.51%
2002	9,657,898	9,375,733	97.08%	155,976	9,531,709	98.69%
2003	10,725,541	10,583,252	98.67%	180,087	10,763,339	100.35%
2004	11,799,489	11,624,000	98.51%	137,229	11,761,229	99.68%
2005	12,052,804	11,802,911	97.93%	173,608	11,976,519	99.37%
2006	11,648,970	11,479,673	98.55%	198,674	11,678,347	100.25%
2007	12,157,635	11,763,885	96.76%	194,361	11,958,246	98.36%
2008	13,110,873	12,888,741	98.31%	229,424	13,118,165	100.06%

The City budgets a 2% delinquency rate for property tax revenues.

Source: City of Manhattan Finance Department

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Utilities	\$ 37,230,900	\$ 39,169,620	\$ 41,960,320	\$ 48,810,744	\$ 53,483,039
Construction	14,604,000	15,407,340	21,928,000	25,710,753	20,900,046
Manufacturing	14,806,200	19,152,320	27,501,280	27,546,189	22,774,274
Wholesale	32,308,500	25,643,640	45,122,320	51,267,430	48,857,423
Retail	449,079,500	468,009,540	482,844,000	491,433,252	570,245,375
Information	33,481,900	29,235,980	31,151,360	48,622,705	41,723,079
Accommodation and food services	80,260,000	81,930,220	91,023,200	111,952,779	105,188,266
Services	19,903,300	22,734,100	20,986,160	21,635,358	20,722,647
Other	41,441,400	41,530,140	53,410,400	64,303,790	61,538,038
Total	<u>\$ 723,115,700</u>	<u>\$ 742,812,900</u>	<u>\$ 815,927,040</u>	<u>\$ 891,283,000</u>	<u>\$ 945,432,187</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%

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

Source: Kansas Department of Revenue

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

<u>Fiscal Year</u>	<u>Manhattan City</u>	<u>Riley County</u>	<u>Pottawatomie County</u>	<u>School Dist. 383</u>
1999	1.00%	1.00%	-	-
2000	1.00%	1.00%	-	-
2001	1.00%	1.00%	-	-
2002	1.00%	1.00%	-	-
2003	1.00%	1.00%	-	-
2004	1.00%	1.00%	-	-
2005	1.00%	1.00%	1.00% (1)	0.25% (2)
2006	1.00%	1.00%	1.00%	0.25% (2)
2007	1.00%	1.00%	1.00%	-
2008	1.00%	1.00%	1.00%	-

(1) Effective April 1, 2005.

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

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

Source: Finance Department

CITY OF MANHATTAN, KANSAS
Sales Tax Revenue Payers by Industry
Fiscal Years 2008 and 2004

	2008				2004			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
Retail	665	28.75%	\$ 5,702,454	60.31%	620	31.06%	\$ 4,490,795	62.10%
Accommodation and food services	128	5.53%	1,051,883	11.13%	109	5.46%	802,600	11.10%
Other	483	20.87%	615,380	6.51%	351	17.59%	414,414	5.73%
Utilities	16	0.69%	534,830	5.66%	10	0.50%	372,309	5.15%
Wholesale	309	13.35%	488,574	5.17%	227	11.37%	323,085	4.47%
Information	120	5.19%	417,231	4.41%	173	8.67%	334,819	4.63%
Manufacturing	163	7.04%	227,743	2.41%	136	6.81%	148,062	2.05%
Construction	242	10.46%	209,000	2.21%	168	8.42%	146,040	2.02%
Services	188	8.12%	207,227	2.19%	202	10.12%	199,033	2.75%
Total	<u>2,314</u>	<u>100.00%</u>	<u>\$ 9,454,322</u>	<u>100.00%</u>	<u>1,996</u>	<u>100.00%</u>	<u>\$ 7,231,157</u>	<u>100.00%</u>

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

Source: Kansas Department of Revenue

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

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Special Assessment Bonds	Special Obligation Bonds	Temporary Notes	Sales Tax Revenue Bonds	Transportation Revolving Fund Loan
1999	21,492,481	18,436,519	-	6,782,000	-	-
2000	21,673,674	20,191,326	-	6,839,000	-	-
2001	21,244,452	24,120,548	-	14,485,000	-	-
2002	22,771,205	29,318,795	-	7,400,000	-	-
2003	20,749,861	35,660,139	-	4,701,000	2,365,000	-
2004	18,486,802	34,183,198	-	4,095,000	2,340,000	-
2005	15,393,043	33,736,957	-	3,270,000	1,960,000	592,176
2006	13,186,133	38,848,867	4,610,321	18,525,000	1,495,000	4,066,781
2007	16,956,756	46,213,244	16,112,084	27,595,000	555,000	4,391,994
2008	17,930,537	59,404,463	26,697,298	19,915,000	-	4,199,610

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

¹See the Schedule of Demographic and Economic Statistics on page 161 for personal income and population data.

Capital Leases	Business-type Activities		Total Primary Government	Percentage of Personal Income¹	Per Capita¹
	General Obligation Bonds	State Revolving Loan			
458,501	2,970,000	-	50,139,501	5.9%	1,208.21
821,261	2,675,000	-	52,200,261	5.3%	1,164.38
682,234	2,370,000	826,759	63,728,993	6.0%	1,381.51
564,997	3,325,000	2,431,576	65,811,573	5.9%	1,414.60
970,055	3,715,000	5,263,917	73,424,972	6.1%	1,568.81
844,843	2,685,000	5,559,373	68,194,216	5.4%	1,423.20
746,550	2,210,000	5,297,404	63,206,130	4.7%	1,276.89
672,175	2,925,000	5,027,531	89,356,808	5.9%	1,761.18
861,598	2,325,000	4,749,118	119,759,794	6.7%	2,315.23
1,231,605	2,405,000	5,248,561	137,032,074	6.8%	2,630.28

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

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Value¹ of Property	Per Capita²
1999	\$ 21,492,481	\$ 18,436,519	\$ 2,997,603	\$ 36,931,397	3.0%	\$ 889.93
2000	21,673,674	20,191,326	3,444,663	38,420,337	2.8%	857.00
2001	21,244,452	24,120,548	2,053,345	43,311,655	2.9%	938.90
2002	22,771,205	29,318,795	2,098,230	49,991,770	3.1%	1,074.56
2003	20,749,861	35,660,139	4,663,953	51,746,047	3.0%	1,105.61
2004	18,486,802	34,183,198	4,157,414	48,512,586	2.6%	1,012.45
2005	15,393,043	33,736,957	3,338,310	45,791,690	2.2%	925.08
2006	13,186,133	38,848,867	3,513,662	48,521,338	2.4%	956.33
2007	16,956,756	46,213,244	3,627,187	59,542,813	2.3%	1,151.10
2008	17,930,537	59,404,463	5,766,501	71,568,499	2.4%	1,373.73

¹See the Schedule of Assessed and Estimated Actual Value of Taxable Property on page 146 for property value data.

²Population data can be found in the Schedule of Demographic and Economic Statistics on page 161.

CITY OF MANHATTAN, KANSAS
Direct and Overlapping Governmental Activities Debt
As of December 31, 2008

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable¹</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Overlapping debt			
Unified School Dist. #383	\$ 11,150,000	77.33%	\$ 8,622,295
Riley County	7,050,000	73.46%	5,178,930
Pottawatomie County	6,699,329	7.92%	530,587
			<hr/>
Total overlapping debt			14,331,812
			<hr/>
Direct debt			
Bonded debt:			
General obligation debt			17,930,537
Special assessment debt			59,404,463
Total general obligation bonded debt			<hr/> 77,335,000
Temporary note debt			19,915,000
			<hr/>
Total direct debt			97,250,000
			<hr/>
Total Direct and Overlapping Debt			\$ 111,581,812
			<hr/> <hr/>

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

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

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

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Debt limit ¹	\$67,250,704	\$72,149,605	\$76,989,959	\$81,635,415
Total net debt applicable to limit	<u>31,134,108</u>	<u>38,932,915</u>	<u>41,596,804</u>	<u>42,404,518</u>
Legal debt margin	<u>\$36,116,596</u>	<u>\$33,216,690</u>	<u>\$35,393,155</u>	<u>\$39,230,897</u>
Total net debt applicable to the limit as a percentage of debt limit	46.30%	53.96%	54.03%	51.94%

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

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$81,620,626	\$90,897,770	\$98,691,193	\$106,939,202	\$121,577,656	\$135,179,174
42,023,981	37,224,713	33,733,161	47,015,307	54,967,050	59,027,855
<u>\$39,596,645</u>	<u>\$53,673,057</u>	<u>\$64,958,032</u>	<u>\$59,923,895</u>	<u>\$66,610,606</u>	<u>\$76,151,319</u>
51.49%	40.95%	34.18%	43.96%	45.21%	43.67%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed Valuation of Taxable Tangible Property	\$ 413,817,343
Motor Vehicle Valuation	<u>36,779,905</u>
Total Valuation	<u>450,597,248</u>
Debt Limit Ratio	<u>30%</u>
December 31, 2008 Debt Limit	<u>\$135,179,174</u>
Outstanding Debt Subject to Debt Limit	* <u>59,027,855</u>
Debt Authority Remaining December 31, 2008	<u>\$ 76,151,319</u>

12/31/08 G.O.Bonds Outstanding	\$ 77,325,000
Add: Amount for Refunded Bonds	1,683,439
Less: Amount for Refunding, Water, Sewer and Storm water projects	<u>34,540,802</u>
	<u>44,467,637</u>
12/31/08 Temporary Notes Outstanding	19,915,000
Less: Amount for Water, Sewer & Storm water Projects	<u>5,354,782</u>
	<u>14,560,218</u>
Total Outstanding Debt Subject to Debt Limit 12/31/08	* <u>\$ 59,027,855</u>

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

<u>Fiscal Year</u>	<u>Population</u> ¹	<u>Public School Enrollment</u> ²	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Average Wage per Job</u> ³	<u>Unemployment Rate</u> ⁴
1999	41,499	5,954	\$ 853,220,303	\$ 20,560	\$ 20,235	2.9%
2000	44,831	5,724	991,596,751	22,119	21,712	3.0%
2001	46,130	5,452	1,060,814,314	22,996	22,948	3.3%
2002	46,523	5,369	1,110,048,020	23,860	23,761	3.5%
2003	46,803	5,376	1,202,528,730	25,693	24,390	3.5%
2004	47,916	5,214	1,267,127,866	26,445	26,089	4.3%
2005	49,500	5,149	1,341,245,002	27,096	26,351	3.6%
2006	50,737	5,467	1,516,099,669	29,882	27,853	3.5%
2007	51,727	5,764	1,790,582,998	34,616	28,712	3.1%
2008	52,098	6,141	2,019,752,163	38,768	unavailable	3.1%

¹U.S. Bureau of the Census estimates, except for 2000 (actual)

²Kansas State Department of Education (organization level headcount)

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

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

CITY OF MANHATTAN, KANSAS
Personal Income
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Riley County Personal Income</u> ^{1,2}	<u>Riley County Population</u> ³	<u>City of Manhattan Population</u>	<u>Population as a Percentage of Riley County Population</u>	<u>City of Manhattan Personal Income</u>
1999	\$ 1,293,542,000	62,920	41,499	65.96%	\$ 853,220,303
2000	1,389,959,000	62,843	44,831	71.34%	991,596,751
2001	1,455,563,000	63,327	46,154	72.88%	1,060,814,314
2002	1,519,157,000	63,689	46,538	73.07%	1,110,048,020
2003	1,679,744,000	65,375	46,803	71.59%	1,202,528,730
2004	1,734,841,000	66,017	48,219	73.04%	1,267,127,866
2005	1,826,314,000	67,348	49,462	73.44%	1,341,245,002
2006	2,088,867,000	69,048	50,118	72.58%	1,516,099,669
2007	2,398,959,000	69,278	51,707	74.64%	1,790,582,998
2008	2,755,084,112	71,069	52,098	73.31%	2,019,752,163

¹U.S. Bureau of Economic Analysis

²2008 Riley County Personal Income is estimated based on prior year growth.

³U.S. Bureau of the Census estimates, except for 2000 (actual)

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

<u>Employer</u>	<u>2008</u>			<u>1999</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Riley County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Riley County Employment</u>
Fort Riley Military Base (military) ¹	15,962	1		10,369	1	
Fort Riley Military Base (civilian) ¹	8,567	2		3,626	3	
Kansas State University	6,355	3	16.36%	4,920	2	15.23%
U.S.D. No. 383 - Manhattan Schools	1,500	4	3.86%	1,057	4	3.27%
Mercy Health Center	950	5	2.45%	670	5	2.07%
Alorica	595	6	1.53%	-	-	-
Auth-Florence Manufacturing	537	7	1.38%	-	-	-
Wal-Mart	530	8	1.36%	-	-	-
GTM Sportswear	500	9	1.29%	-	-	-
Alltel	400	10	1.03%	-	-	-
Sykes Enterprises	-	-	-	669	6	2.07%
Kansas Farm Bureau	-	-	-	636	7	1.97%
McCall Pattern Company	-	-	-	286	8	0.89%
City of Manhattan	-	-	-	272	9	0.84%
Idelman Marketing	-	-	-	250	10	0.77%
Total	<u>35,896</u>		<u>29.26%</u>	<u>22,755</u>		<u>27.11%</u>

¹Not included in the official labor force statistics.

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

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government										
Full-time	46	53	53	53	58	58	61	61	50	52
Part-time	5	4	3	3	3	4	3	3	4	4
Seasonal/temporary	19	19	16	13	14	14	15	13	13	13
Public safety										
Full-time	61	67	77	77	76	78	79	79	81	81
Part-time	9	10	1	1	1	2	2	2	2	3
Seasonal/temporary	-	-	4	9	9	9	9	9	10	10
Public works										
Full-time	42	44	44	44	40	39	40	40	44	46
Part-time	1	-	-	-	2	-	1	3	1	0
Seasonal/temporary	14	14	10	11	14	5	7	8	9	8
Urban development and housing										
Full-time	8	8	9	9	8	8	8	8	9	9
Part-time	1	1	1	-	1	1	-	-	-	-
Seasonal/temporary	2	1	1	1	1	1	1	1	1	1
Culture and recreation										
Full-time	53	53	60	60	55	52	52	56	66	72
Part-time	19	19	11	12	9	12	10	8	8	6
Seasonal/temporary	736	960	982	980	1407	1400	1383	1144	1146	912
Water										
Full-time	31	33	27	28	22	22	23	24	25	26
Part-time	1	-	-	-	-	-	1	-	-	-
Seasonal/temporary	2	2	3	4	1	3	1	1	1	3
Wastewater										
Full-time	29	27	25	25	25	24	24	22	24	24
Part-time	-	-	-	-	-	-	-	-	-	-
Seasonal/temporary	1	-	-	-	-	-	2	-	-	-
Storm Water Management										
Full-time	-	-	-	-	1	1	-	1	1	1
Totals										
Full-time	270	285	295	296	285	282	287	291	300	311
Part-time	36	34	16	16	16	19	17	16	15	13
Seasonal/temporary	774	996	1016	1018	1446	1432	1418	1176	1180	947

Source: Finance Department

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

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public safety										
Incident responses	1,045	1,109	1,128	1,181	1,099	1,318	2,142	2,333	2,554	2,511
Fire inspections	3,378	3,541	2,359	2,935	2,645	2,511	2,428	2,615	2,700	2,562
Construction inspections	4,582	4,366	4,341	4,575	4,735	5,146	5,448	8,914	7,361	5,885
Public works										
Mapping requests completed	210	425	420	1,049	1,591	1,091	1,410	1,182	1,487	915
Road added (square yards)	54,830	210,633	233,559	16,962	21,628	27,009	54,664	160,855	105,009	72,804
Asphalt placed for street repairs (tons)	679	1,111	395	437	244	254	178	119	257	248
Call backs for signal problems	36	47	31	37	29	60	43	31	62	43
Urban development and housing										
Annexations	7	7	2	7	3	4	6	8	5	2
Rezonings	17	14	10	21	27	21	22	33	18	19
Culture and recreation										
Annual swimming pool attendance	N/A	N/A	N/A	73,271	64,066	51,465	56,615	63,994	60,049	55,507
Annual zoo attendance	65,862	55,181	55,686	52,200	50,006	56,741	49,751	52,769	60,206	51,985
Annual registrations in recreation programs	17,929	16,177	16,112	15,629	15,575	14,785	15,902	16,110	13,267	11,828
Water										
New taps	155	178	222	357	448	375	301	912	551	254
Total water metered in distribution system (MG)	2,086	2,204	2,165	2,429	2,300	2,217	2,359	2,450	3,176	2,286
Wastewater										
Total influent flow (MG)	2,013	1,773	1,806	1,739	1,766	1,781	1,741	1,659	1,824	1,859

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

Sources: Various City departments

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

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Public safety										
Fire stations	3	3	3	4	4	4	4	4	4	4
Public works										
Streets (miles)	166.8	169.8	172.3	173.9	174.5	176.7	183.7	190.6	194.9	196.03
Traffic signals	50	51	53	54	55	55	55	57	63	64
Culture and recreation										
Park acreage (developed)	457	457	536	536	536	536	536	550	555	555
Parks (developed)	21	21	22	22	22	22	22	22	22	
Swimming pools	4	4	4	4	4	3	3	3	3	2
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (lineal feet)	1,151,950	1,177,535	1,186,827	1,196,913	1,210,783	1,221,468	1,238,638	1,286,600	1,347,605	1,384,655
Maximum daily capacity (millions of gallons)	20	20	20	20	20	20	20	20	20	20
Wastewater										
Sewer lines (lineal feet)	1,009,132	1,030,509	1,048,818	1,061,370	1,065,273	1,073,122	1,094,542	1,151,149	1,220,716	1,252,811
Maximum daily treatment capacity (millions of gallons)	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7

Sources: Various City departments

CITY OF MANHATTAN, KANSAS

Comprehensive Annual Financial Report

**Year Ended
December 31, 2008**

Prepared by:

Department of Finance



July 15, 2009

The Honorable Mayor and City Commission
City of Manhattan, Kansas

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

We have audited the financial statement of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Manhattan, Kansas (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We did not audit the financial statements of the Manhattan Housing Authority, one of the discretely presented component units. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Manhattan Housing Authority, is based on the report of the other auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

July 15, 2009
City of Manhattan, Kansas
Page two

Compliance and Other Matters

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

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

Vanev & Associates, CPAs, LLC
Certified Public Accountants



July 15, 2009

The Honorable Mayor and City Commission
City of Manhattan, Kansas

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the City of Manhattan, Kansas (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contract and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

The City's basic financial statements include the operations of the Manhattan Housing Authority, which received and expended \$1,774,125 in federal awards which are not included in the schedule of expenditures of federal awards during the year ended December 31, 2008. Our audit, described below, did not include the operations of the Manhattan Housing Authority which engaged other auditors to perform an audit in accordance with OMB circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards, and OMB Circular A-133, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

Internal Control Over Compliance (Continued)

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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


Certified Public Accountants

CITY OF MANHATTAN, KANSAS
 Manhattan, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2008

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing & Urban Development		
Passed through Kansas Department of Commerce		
Community Development Block Grant/Small Cities Program	14.219	\$ 343,110
HOME Investments Partnership Program	14.239	174,739
Emergency Shelter Grants Program	14.231	<u>59,611</u>
Total U.S. Department of Housing & Urban Development		\$ 577,460
U.S. Department of Defense		
Office of Economic Adjustment		
Community Economic Adjustment Planning Assistance	12.607	\$ 62,207
Environmental Protection Agency		
Passed through the Kansas Department of Health & Environment		
Capitalization Grants for Clean Water State Revolving Funds	66.458	1,338,002
U.S. Department of Homeland Security		
Passed through the Kansas Adjutant General		
Disaster Grants - Public Assistance	97.036	445,773
U.S. Department of Transportation		
Airport Improvement Program	20.106	<u>1,917,668</u>
TOTAL		\$ <u>4,341,110</u>

See notes to schedule of expenditures of federal awards.

CITY OF MANHATTAN, KANSAS
Manhattan, Kansas
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2008

Note 1: General

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

Note 2: Basis of Accounting

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

CITY OF MANHATTAN, KANSAS
 Manhattan, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2008

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>
Community Development Block Grant/Small Cities Program	14.219
Capitalization Grants for Clean Water State Revolving Funds	66.458
Disaster Grants - Public Assistance	97.036
Airport Improvement Program	20.106

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

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

No matters were reported

CITY OF MANHATTAN, KANSAS
Manhattan, Kansas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2008

Finding 2007-1

Federal Award - Community Economic Adjustment Planning Assistance Grant (CFDA No. 14.246).

Condition - An interim performance report that was required to be filed under one of the amendments to the grant agreement was submitted two weeks after the required date of submission.

Management Response/Corrective Action Plan - In the future, the City will review all reporting deadlines prior to the start of each grant, as well as any subsequent amendment documentation, to insure that these requirements are met. *Subsequent Year Follow-Up* - Per discussion with the City, the above management action has occurred.

Subsequent Year Follow-Up - Per discussion with the City, the above management action has occurred.

Finding 2007-2

Federal Award - Community Economic Adjustment Planning Assistance Grant (CFDA No. 14.246).

Significant Deficiency - No verifications were performed to determine that vendors receiving funds in excess of \$25,000 were not included on the *Excluded Parties List System (EPLS)* or had a certification signed for covered transactions.

Management Response/Corrective Action Plan - In the future, the City will create a process to insure that verification of vendors with covered transactions in excess of \$25,000 under federal grant awards is done by checking the *EPLS*, or using the process defined by the granting agency.

Subsequent year Follow-Up - Per testing, the above management action has occurred.