

CITY OF MANHATTAN, KANSAS

Comprehensive Annual Financial Report

**Year Ended
December 31, 2009**

Prepared by:

Department of Finance

CITY OF MANHATTAN, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2009

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>PAGE</u>
Letter of Transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting	12
City Organizational Chart	13
List of Principal Officials.....	14
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report.....	15
Management’s Discussion and Analysis.....	17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets.....	32
Statement of Activities	36
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	38
Reconciliation of the Balance Sheet to the Statement of Net Assets - Governmental Funds.....	40
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	41
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	43
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	44
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Riley County Police Department Fund	46
Statement of Net Assets - Proprietary Funds	47
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds.....	51
Statement of Cash Flows - Proprietary Funds	53
Statement of Fiduciary Net Assets - Fiduciary Funds	55
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds.....	56
Notes to the Financial Statements.....	57

TABLE OF CONTENTS

PAGE

Supplementary Information:

Combining and Individual Fund Statements and Schedules:
Combining Balance Sheet – Nonmajor Governmental Funds..... 98
Combining Statement of Revenues, Expenditures and Changes
in Fund Balances – Nonmajor Governmental Funds 110
Schedules of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis):
Debt Service Fund..... 126
Nonmajor Governmental Funds..... 127
Combining Statement of Net Assets - Internal Service Funds..... 142
Combining Statement of Revenues, Expenses and Changes
In Fund Net Assets - Internal Service Funds 144
Combining Statement of Cash Flows - Internal Service Funds 146

STATISTICAL SECTION

Net Assets by Component..... 149
Changes in Net Assets..... 150
Fund Balances of Governmental Funds 152
Changes in Fund Balances of Governmental Funds 154
Tax Revenues by Source, Governmental Activities 156
Assessed and Estimated Actual Value of Taxable Property 157
City Mill Rates 159
Direct and Overlapping Property Tax Rates 160
Principal Property Taxpayers..... 161
Property Tax Levies and Collections 162
Taxable Sales by Category..... 163
Direct and Overlapping Sales Tax Rates 164
Sales Tax Revenue Payers by Industry 165
Ratios of Outstanding Debt by Type..... 166
Ratios of General Bonded Debt Outstanding..... 168
Direct and Overlapping Governmental Activities Debt..... 169
Legal Debt Margin Information 170
Demographic and Economic Statistics..... 172
Principal Employers 173
City Government Employees by Function..... 174
Operating Indicators by Function 175
Capital Asset Statistics by Function..... 176

TABLE OF CONTENTS

PAGE

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*..... 177

Report on Compliance with Requirements Applicable to Each Major Program and on
Internal Control Over Compliance in Accordance with OMB Circular A-133 179

Schedule of Expenditures of Federal Awards - For the Year Ended December 31, 2009 181

Notes to Schedule of Expenditures of Federal Awards 182

Schedule of Findings and Questioned Costs 183

Summary Schedule of Prior Audit Findings 184

INTRODUCTORY TAB



July 30, 2010

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

RE: 2009 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, 2009.

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, 2009, 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, 2009, 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 52,836 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 and cable television services are provided by AT&T and Cox Communications, Inc., under franchises 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 #113, #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 via regional jet are provided to and from Dallas/Fort Worth and, beginning in November 2010, Chicago by American Eagle Airlines. The area is also served by an aircraft charter service and two taxi companies. Public transportation is also provided to Manhattan and Riley County by the Flint Hills Area Transportation Agency.

Kansas State University

Kansas State University, formerly Kansas State Agricultural College, has nearly 150 years of distinguished service as one of the leading examples of the successful system of land-grant universities developed throughout the United States. Its campus contains over 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 23,581 in the fall of 2009. Kansas State University ranks first nationally among state universities in its total of Rhodes, Marshall, Truman, Goldwater, and Udall scholars since 1986. The University offers many cultural, recreational, educational, and NCAA Division 1, Big XII athletic attractions.

Military-Activity - Fort Riley

Founded in 1853, Fort Riley is a military installation 8 miles west of Manhattan. Originally known as Camp Center, Fort Riley is a permanent post and has long been one of the nation's largest military installations. Today the installation covers approximately 101,000 acres with a military strength of approximately 18,500 soldiers. In addition to the military personnel at Fort Riley, approximately 7, 500 civilians 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.

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 by 2013.

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, 2009 (most recent federal fiscal year available):

Economic Impact of Fort Riley on the State of Kansas

Direct Economic Impact on Kansas	\$2,058,300,493
Payroll (Annually)	\$1,435,323,383
Purchases (Annually)	\$622,977,711

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 1,000 persons. Mercy recently completed a \$40 million expansion that essentially doubled its space. 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. The City also has two major retirement facilities, Meadowlark Hills Retirement Community and Via Christi Village, which provide assisted care as well as independent living.

Recreational Facilities

Tuttle Creek Reservoir, one of the largest bodies of water in Kansas, which is located two miles north of the City of Manhattan, and Milford Reservoir which is located approximately 20 miles west of Manhattan, provide substantial area income from recreational activities. The City also has many beautiful parks and ball fields which host youth and adult softball, baseball, soccer and various other sporting events. The band shell in City Park provides the venue for Arts in the Park, a series of free concerts held every weekend during the summer months. The Wefald Pavilion in City Park is available for public rental when not used as an ice skating rink in the winter months. The City also has three swimming pools. The new City Park pool was completed July 2010 and features an enhanced shaded area, a 50-meter competition quality pool, a Board Rider/Sting Ray wave pool, and a zero-entry combination pool that has features, including a lazy river, underwater seating and several slides. City Park also features a Splash Park. In addition, the City offers four golf courses, Sunset Zoo, and an exceptional trail system featuring the Linear Park Trail.

Employment and Labor Force

The City's economic character is affected largely by two institutions, Kansas State University and Fort Riley. Approximately 3,000 of the communities' work force commutes to surrounding areas for jobs while over 7,000 of the work force commutes 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, Mercy Regional Health Center, and GTM Sportswear.

In total, the civilian labor force of Riley County according to the Kansas Department of Labor, Labor Market Information Services, is 39,071 as of December of 2009. Of this number, 37,626, or 96.3%, are employed. The area civilian labor force is primarily employed in the governmental sector. Kansas State University currently employs approximately 6,424 people, and Fort Riley has a complement of approximately 18,458 military and approximately 7,500 civilian employees.

Work Force - Riley County, Kansas As of December 31, 2009

Civilian Work Force	39,071
Unemployed	1,445
Employed	37,626
Estimated % Unemployed	3.7%

Major Employers in the Manhattan Area:

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Fort Riley Military Base	Military training	18,458
Fort Riley Military Base	Civilian employees	7,500
Kansas State University	Higher education	6,424
U.S.D. No. 383 - Manhattan Schools	Education	1,584
Mercy Health Center	Health care	1,000
GTM Sportswear	Sportswear retailer/manufacturer	585
Wal-Mart	Discount department store	477
Meadowlark Hills Retirement Community	Geriatric care	380
City of Manhattan	Government services	320
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 began 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 \$650 million federal scientific laboratory that will accelerate animal disease research to protect the American food supply and agricultural economy. Related to this, in 2009 the United States Department of Agriculture (USDA) Arthropod-Borne Animal Diseases Research Unit was successfully recruited from Laramie, Wyoming. This team will occupy space in the current USDA research facility, but more importantly will lease space in K-State's state-of-the-art BioSecurity Research Institute.
- National Institute for Strategic Technology Acquisition and Commercialization (NISTAC). Since inception, NISTAC 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 Innovation Center in the K-State Research Park complete, NISTAC manages this facility and focuses on Bioscience ventures and University partnerships. NISTAC is also a founding member of Knowledge Based Economic Development (KBED), which was created to establish and actively

support a thriving entrepreneurial environment to attract, grow, and retain knowledge-based businesses.

- Flint Hills Beverage. Flint Hills Beverage is a distributor for Anheuser-Busch products throughout the region. In 2005, the City issued IRBs in the amount of \$2.8 million to finance the construction and equipping of a 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 continues to focus on new products that complement existing products to increase sales.
- Manko Window Systems. Manko Window Systems, a commercial-grade window manufacturer, has completed several expansions of its Manhattan facility. The most recent expansion will allow for 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. The company generates revenues through the sale and distribution of branded products, custom application engineered solutions, contract research, and development services.
- 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. Meadowlark Hills recently completed a four-phase expansion. 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.
- Via Christi 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. The City's one-third equity interest at December 31, 2009, is \$637,628.
- 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 relocated its headquarters to downtown Manhattan, thereby reusing existing infrastructure and rehabilitating 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, while growth has moderated somewhat with the current economic downturn. In 2009, the value of the property tax base grew about 3.9%. Total sales tax revenues in 2009 were \$16,214,434, which represents a 2.0% increase from 2009. However, some of this increase can be attributed to the increase in the City's sales tax rate that went into effect October 1, 2009. The population has grown 9.6% 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 2009 estimated population for Manhattan is 52,836 persons.

Current Major Initiatives/Planned Activities

In 2010, the City plans to continue or initiate many projects which will further improve and expand the City's infrastructure and facilitate the maintenance and growth of the City. The City has increased its focus on building up reserves not only to help facilitate anticipated growth, but also to help mitigate the impact of any potential revenue shortfalls. Below is a listing of recent accomplishments.

- Downtown Redevelopment. The North Project Area, being developed by Dial Realty of Omaha, Nebraska, is known as Manhattan Market Place and features approximately 250,000 square feet of commercial property, and 220,000 square feet of residential property with the addition of approximately 200 living units. Private investment is expected to be \$57 million. In December 2009, TIF Bonds were issued to finance approximately \$17.8 million in land acquisition and site preparation associated with the North Project Area. It is currently estimated that approximately \$3.8 million in TDD bonds will be issued by the end of 2010 to fund several infrastructure projects within the North Project Area. 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. STAR bonds were issued in December 2009 with a portion of these bonds being issued as Build America Bonds under the American Recovery and Reinvestment Act. The South Project will feature a City owned and operated Flint Hills Discovery Center Museum to enhance tourism locally and statewide, as well as a new 30,000 square foot Conference Center in conjunction with a new 135 room Hilton Gardens hotel. A public 440 stall parking structure will be built by the City. This new entertainment area will also feature a public park and mixed use retail and living units. Total private investment by Dial Realty, HCW and McCullough Development for this South Project is nearly

\$36 million with the City contributing an additional \$31 million. Of this \$31 million, \$9.5 million will be used to pay for the Conference Center, \$7.2 million for the Discovery Center, \$3.2 million for the parking garage, and approximately \$11.1 million for site preparation and infrastructure improvements. STAR Bonds will cover an additional \$50 million for the construction of the 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. The 2009 accomplishments related to Downtown Redevelopment include:

- STAR and TIF Bonds totaling \$75,380,000 were sold December 1, 2009.
- An agreement was signed to design and construct the conference center and parking garage.
- Construction of 200 units of north Fourth Street housing commenced.
- Hy-Vee; Bed, Bath, and Beyond; and Petco joined previously opened Best Buy and McAlister's Deli.
- Design of South Fourth Street was completed and construction began.
- A building permit was issued for the Olive Garden restaurant on the North End.
- The Flint Hills Discovery Center adopted a Master Plan developed by project architect, Verner Johnson & Associates of Boston, Massachusetts; approved the building design, approved a construction manager at-risk (McCown Gordon Construction, LLC); hired a director; and completed a schematic design.
- Residential Annexations. In 2009, the City annexed 17 acres of land which included the Grand Champions Residential Development in the Grand Mere Master Planned Development Area and the Eureka Drive Storage Addition.
- Community Development. The City continued administration of the Housing Rehabilitation Program. The City also administered a grant from the Office of Economic Adjustment (Department of Defense) to investigate the creation of a Regional Planning Organization. Creation of the Flint Hills Regional Council (FHRC) was recommended. The FHRC will address regional impacts resulting from accelerated growth at Fort Riley and promote improved regional coordination for efficient and effective expenditure of federal, state and local funds. Additional grant funding has been received to fund the operation of the FHRC for one year.
- Public Works. The City continued work on infrastructure projects and coordination for Downtown Redevelopment, including the construction of Fourth Street from Fort Riley Boulevard to Pierre Street and South End water and sanitary sewer improvements. The City also began or completed construction on 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 was notified in late 2009, that it will receive stimulus funding of \$1 million to help fund the cost of the US-24 and McCall Road intersection improvements. The total cost of this project is expected to be nearly \$2.2 million.

- Utilities. The City amended its loan agreement with the Kansas Department of Health and Environment, which will allow the City to borrow additional funds to finance the cost of designing the wastewater treatment plant upgrade and expansion project and design costs associated with the relocation of the K-18 sanitary sewer. Design was substantially completed in 2009. In late 2009 the City was approved for a new loan from KDHE in the amount of \$39,506,000 to finance the cost of the construction phase of the wastewater treatment plant upgrade and expansion project. In addition, construction continued on portions of the new and parallel water line project.
- Parks and Recreation. In 2009, City voters approved an increase in the City's sales tax rate from 1.00% to 1.25%. The additional 0.25% is dedicated to the payment of debt service on debt issued to finance the construction a new City Park pool, renovations and improvements to the CiCo Park and Northview pools, and construction of a new Education and Visitor's Center at Sunset Zoo. Construction on City Park pool started in 2009 and was completed July, 2010 at a cost of approximately \$7.5 million. Construction of the remaining facilities is expected to begin in fall 2010. The Wefald Pavilion in City Park was dedicated in October 2009, which is used as an ice skating rink from November through March and available for public rental the remainder of the year. Nearly \$800,000 in pledges and donations from the private sector have been received to help finance the total project cost of nearly \$1.8 million. The Splash Park in City Park was completed in the summer of 2009 at cost of approximately \$300,000.
- Fire Department. Grants were received in 2009 to conduct hazardous materials emergency planning, to purchase a technical search and rescue trailer and to reimburse payroll costs incurred while City firefighters attended structural collapse training courses.
- Airport. In 2009 the Manhattan Regional Airport announced that American Eagle Airlines would begin twice-daily regional jet service to and from Dallas/Fort Worth and Manhattan. A third flight was announced in 2010 in addition to daily non-stop service to Chicago. Also, two runway improvement projects began in 2009. A grant of approximately \$3.9 million from the FAA is to fund 95% of one of the projects, while a grant of approximately \$3.9 million from the FAA under the American Recovery and Reinvestment act is to fund 100% of the other project.

Financial Policies

The City has intentionally not adopted a significant number of financial policies. The policies that have been adopted are intended to provide routine, ongoing guidance in the administration of City financial decisions. The following policies are considered most relevant to this report:

- Capital Improvements Program (CIP). This policy establishes a process for a six-year CIP which shall set priorities and provide for the scheduling of capital improvements, major purchases of equipment and major studies or surveys. The first year of the CIP is considered in the development of the annual operating budget. The CIP is adopted by resolution by the City Commission after a public hearing has been conducted for the purpose of soliciting community comments on the proposed CIP.
- Investment Policy. This policy establishes that, giving due regard to the safety and risk of investments, all available funds shall be invested in conformance with

legal and administrative guidelines and, to the maximum extent possible, at the highest rates obtainable at the time of investment.

- Long-term Obligation Financing Policy. This policy establishes a management committee to oversee the issuance of City debt and restricts total annual debt issuances to a predetermined amount unless approved by the City Commission. This restriction was waived in 2009, as it was determined that the issuance of debt in 2009 for various projects related to Downtown Redevelopment was vital to the overall success of Downtown Redevelopment. This policy also establishes benchmarks for the rapid payback of general obligation debt and present value savings to be achieved when refunding existing debt.

Awards and Acknowledgments

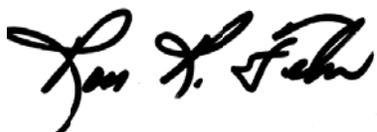
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Manhattan for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2008. This was the 12th consecutive year that the City has 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 2010. 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 2009 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, 2008

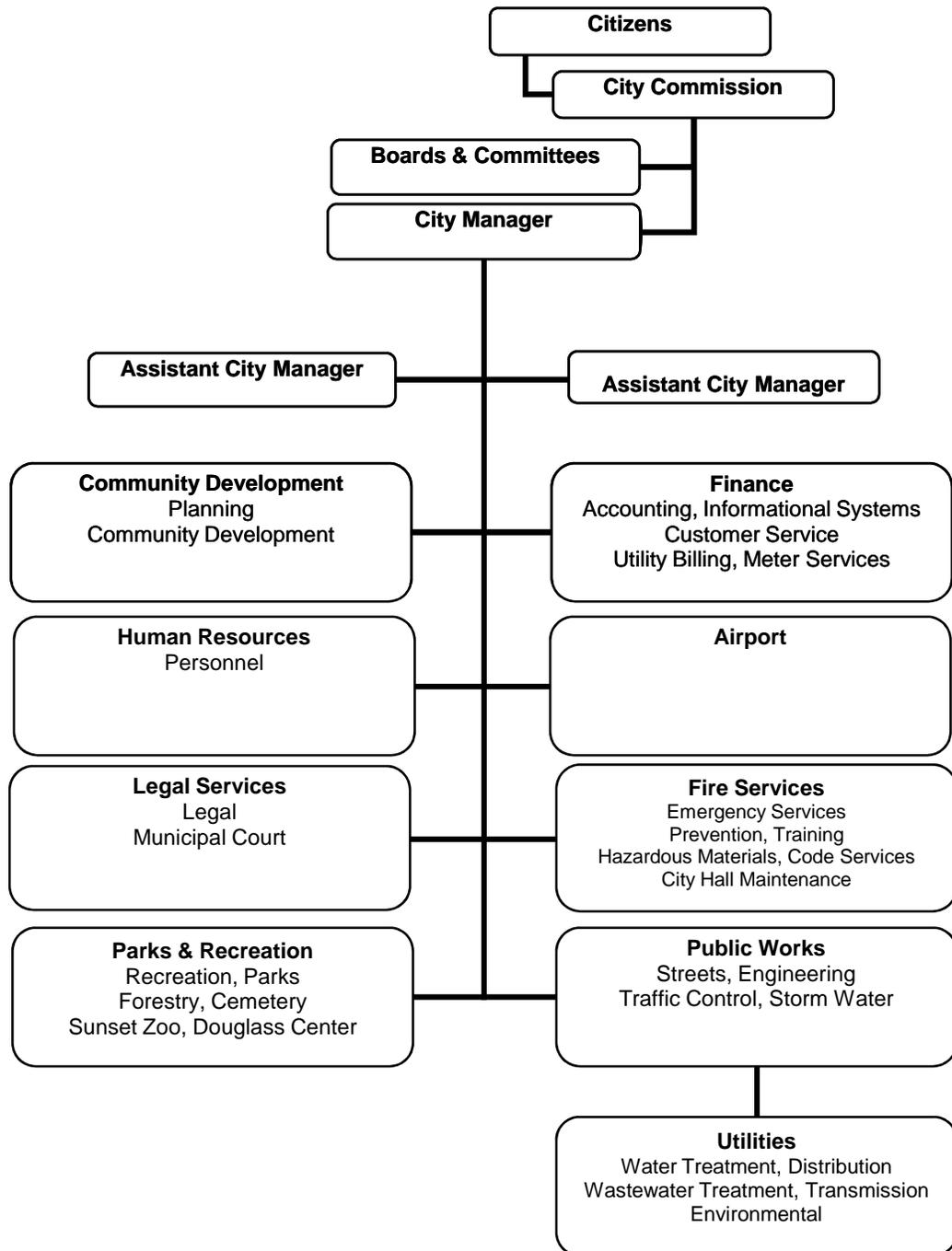
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards 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	Bruce Snead
City Commissioner, Mayor Pro-Tem	James E. Sherow
City Commissioner	Bob Strawn
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

FINANCIAL TAB



July 26, 2010

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 City of Manhattan, Kansas (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of 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 the applicable provisions of the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Manhattan, Kansas, as of December 31, 2009, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the Riley County Police Department special revenue fund for the year then ended in 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 26, 2010, 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.

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

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

Vainey & 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, 2009. 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 2009 by \$181,378,384. Of this amount, \$(7,018,463) may be used to meet the City's ongoing obligations.
- The City's total net assets increased by \$1,512,398 over the course of this year's operations. The net assets of our governmental activities decreased by \$572,787 (0.6 percent) and the net assets of our business-type activities increased by \$2,085,185 (2.6 percent).
- As of the end of 2009, the City of Manhattan's governmental funds reported combined ending fund balances of \$74,881,030, an increase of \$45,966,239 in comparison with the prior year. Approximately 94.9 percent of this total amount, \$71,092,453 is available for spending at the City's discretion.
- At the end of 2009, unreserved fund balance for the general fund was \$4,732,050, or 22.7 percent of total general fund expenditures.
- The City's total debt increased by \$76,264,360 during 2009. Much of this increase resulted from the issuance of Taxable Sales Tax and Revenue (STAR) Bonds-Series 2009-2 in the amount of \$33,145,000. The proceeds of these bonds will be used to finance eligible facilities and infrastructure costs in the south project area of the downtown redevelopment project. More than \$10,500,000 of the increase resulted from draws made on the Special Obligation Bonds Series-2006 which were used to finance redevelopment project costs for the north project area of the downtown redevelopment project. General obligation bonds outstanding increased by more than \$16,200,000 in 2009. Bonds in the amount of \$28,085,000 were issued in 2009, while only \$11,855,000 were retired. A large number of special assessment projects that were in progress at the end of 2008 were completed and bonded in 2009. In addition, general obligation bonds totaling \$8,545,000 were crossover refunded in 2009. As these bonds are not considered to be defeased, they remain a liability of the City, in addition to the \$8,820,000 in refunding bonds issued. There was also an increase of nearly \$10,000,000 in temporary notes outstanding at the end of 2009 as compared to 2008. Several large city-at-large capital projects were started in 2009, including the Wefald Pavilion in City Park, the City Park pool, Marlatt Avenue, and various projects related to the downtown redevelopment project.

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 70 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, Downtown Redevelopment Senior Lien TIF debt service fund and capital projects fund, all of which are considered to be major funds. Data from the other 65 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 \$181,378,384 at the close of 2009.

A large portion of the City of Manhattan's net assets (35.8 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	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 190,430,963	\$ 137,930,067	\$ 8,835,520	\$ 8,886,160	\$ 199,266,483	\$ 146,816,227
Capital assets	132,755,520	113,864,887	84,675,426	80,150,994	217,430,946	194,015,881
Total assets	323,186,483	251,794,954	93,510,946	89,037,154	416,697,429	340,832,108
Long-term liabilities outstanding	200,529,556	131,633,251	10,485,651	7,937,596	211,015,207	139,570,847
Other liabilities	23,723,652	20,655,641	580,186	739,634	24,303,838	21,395,275
Total liabilities	224,253,208	152,288,892	11,065,837	8,677,230	235,319,045	160,966,122
Net assets:						
Invested in capital assets, net of related debt	(9,600,155)	503,672	74,558,929	72,497,433	64,958,774	73,001,105
Restricted	123,438,073	100,974,706	-	-	123,438,073	100,974,706
Unrestricted	(14,904,643)	(1,972,316)	7,886,180	7,862,491	(7,018,463)	5,890,175
Total net assets	\$ 98,933,275	\$ 99,506,062	\$ 82,445,109	\$ 80,359,924	\$ 181,378,384	\$ 179,865,986

An additional portion of the City's net assets (68.1 percent) represent resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (-\$7,018,463) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of 2009, the City is able to report positive balances in two of the 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 and the government as a whole. Significant debt was issued in 2009 and 207 which was not related to capital asset additions that remains outstanding at the end of 2009.

The City's net assets increased by \$1,512,398 during 2009. This is approximately \$22,278,000 less than the increase for 2008.

Governmental activities. Governmental activities decreased the City's net assets by \$572,787 accounting for (37.9) percent of the total growth in net assets. Key elements of this decrease are as follows:

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 6,586,607	\$ 7,370,405	\$ 11,987,989	\$ 10,873,051	\$ 18,574,596	\$ 18,243,456
Operating grants and contributions	3,253,286	3,554,445	-	-	3,253,286	3,554,445
Capital grants and contributions	19,810,546	25,874,349	-	6,699	19,810,546	25,881,048
General revenues:						
Property taxes	16,083,708	14,670,472	-	-	16,083,708	14,670,472
Other taxes	20,081,937	19,762,841	-	-	20,081,937	19,762,841
Other	2,960,536	6,648,091	313,998	455,859	3,274,534	7,103,950
Total revenues	68,776,620	77,880,603	12,301,987	11,335,609	81,078,607	89,216,212
Expenses:						
General						
government	14,306,640	12,829,036	-	-	14,306,640	12,829,036
Public safety	17,410,323	15,917,237	-	-	17,410,323	15,917,237
Public works	7,853,696	7,689,400	-	-	7,853,696	7,689,400
Urban development and housing						
Culture and recreation	5,242,521	5,118,870	-	-	5,242,521	5,118,870
Culture and recreation (payments to Library)	2,326,251	2,147,807	-	-	2,326,251	2,147,807
Interest on long-term debt						
Water	-	-	7,045,534	6,573,170	7,045,534	6,573,170
Wastewater	-	-	5,506,505	5,138,975	5,506,505	5,138,975
Storm water management	-	-	617,627	828,879	617,627	828,879
Total expenses	66,396,543	52,884,439	13,169,666	12,541,024	79,566,209	65,425,463
Increase in net assets	2,380,077	24,996,164	(867,679)	(1,205,415)	1,512,398	23,790,749
Transfers	(2,952,864)	(2,969,407)	2,952,864	2,969,407	-	-
Increase in net assets	(572,787)	22,026,757	2,085,185	1,763,992	1,512,398	23,790,749
Net assets - 01/01	99,506,062	77,479,305	80,359,924	78,595,932	179,865,986	156,075,237
Net assets - 12/31	\$ 98,933,275	\$ 99,506,062	\$ 82,445,109	\$ 80,359,924	\$ 181,378,384	\$ 179,865,986

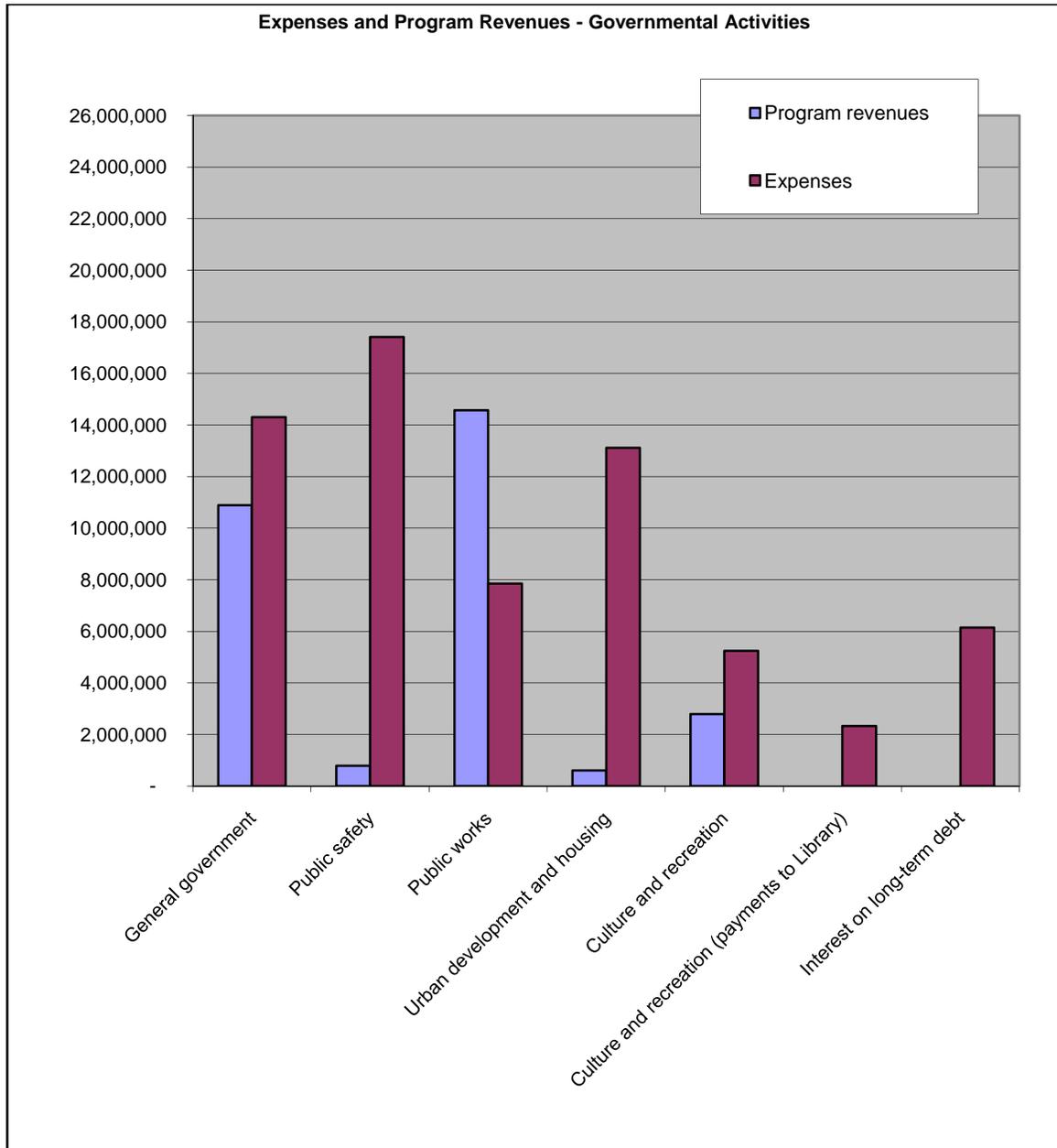
- Capital grants for governmental activities decreased by \$6,063,803 from 2008 to 2009. Most of this decrease is due to a decrease in special assessments revenue. As previously discussed, a large number of special assessment projects which were in progress at the end of 2008 were completed and bonded in 2009. However, there was still a substantial decline from 2008, as residential development activity declined significantly in 2009. This decrease was offset

somewhat by grant revenues received from the Federal Aviation Administration in 2009 for improvements to two airport runways.

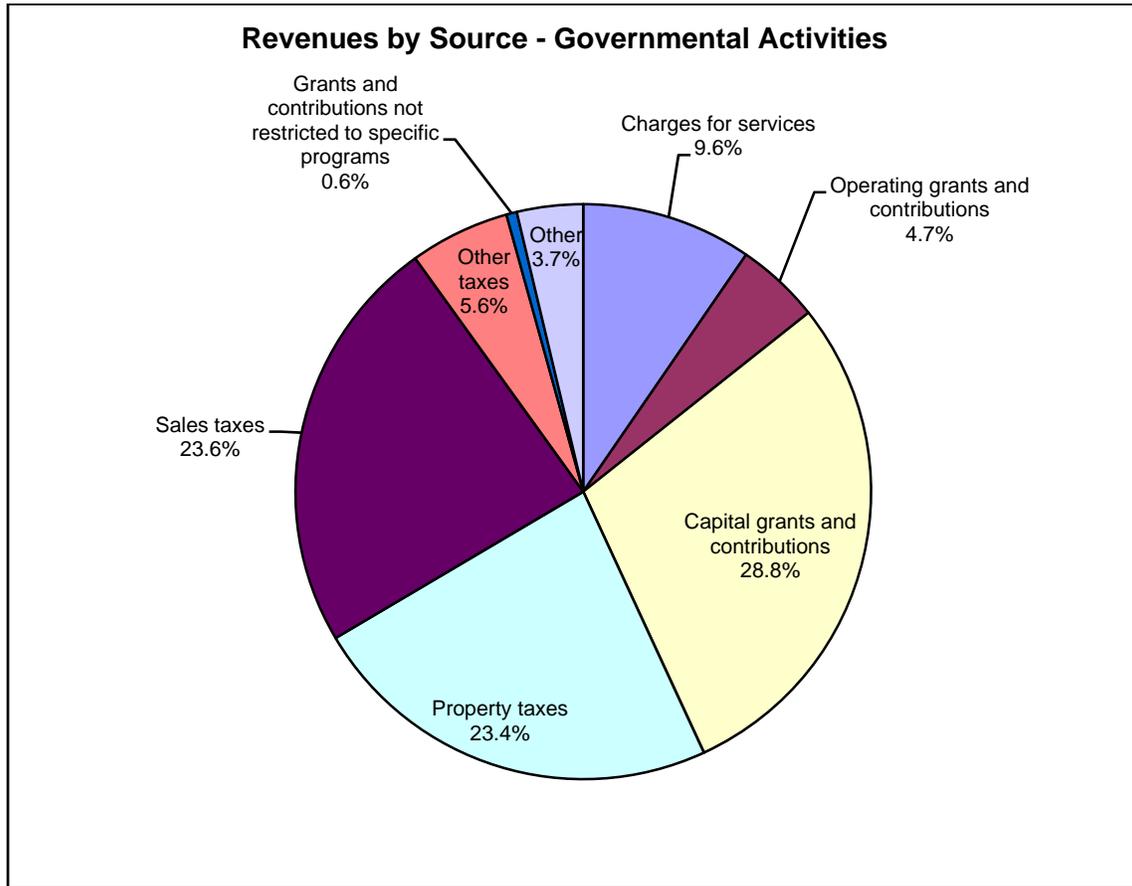
- Charges for services for governmental activities decreased by \$783,798 from 2008 to 2009. Much of this decrease is due to a decrease from 2008 to 2009 in the internal engineering fees that were charged to completed special assessment projects. As previously discussed, residential development activity declined significantly in 2009. Also contributing to the decrease was a decrease in municipal court fines and fees. There was a significant decline in the number of both non-parking offenses and parking violations from 2008 to 2009.
- Property taxes increased by \$1,413,236 from 2008 to 2009. This is consistent with the increase in taxes levied from 2008 to 2009.
- Other taxes increased by only \$319,096 during 2009. The majority of this increase was due to an increase in sales tax revenues. Most of the increase in sales tax revenues was due to an increase in the City's sales tax rate from 1.00 percent to 1.25% that went into effect October 1, 2009. Sales tax revenues were otherwise flat in 2009 as compared to 2008.
- Other general revenues decreased by \$3,687,555 from 2008 to 2009. Much is this decrease 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 and the ground lease agreement contains provisions for the City to share in the profit when the mall is sold.. Similar revenue was not received in 2009. Also contributing to the decrease were insurance proceeds received during 2008 as a result of hail storm damage sustained by City property in June 2008. Similar revenue was not received in 2009.

Total expenses increased by \$13,512,104 from 2008 to 2009. Expenses for the urban development and housing function increased by \$9,146,604 (230.6 percent). The most significant portion of this decrease was due to expenses incurred in 2009 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 2009. Similar expenses were not incurred in 2008. Expenses for the general government function increased by \$1,477,604 (11.5 percent). A significant portion of this increase can be attributed to increases in personnel costs. Salary costs increased as a result of modest merit increases, as well as the addition of some new positions and promotions/reclassifications. In addition, the City's share of employee health insurance premiums increased by nearly \$177,000 from 2008. Another significant portion of this increase can be attributed to building repairs made at the airport during 2009 as a result of hail damage that occurred in 2008. Expenses for the public safety function increased by \$1,493,086 (9.4 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 \$928,419 (17.8 percent). This is consistent with the increase in debt for the governmental activities from 2008 to 2009.

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

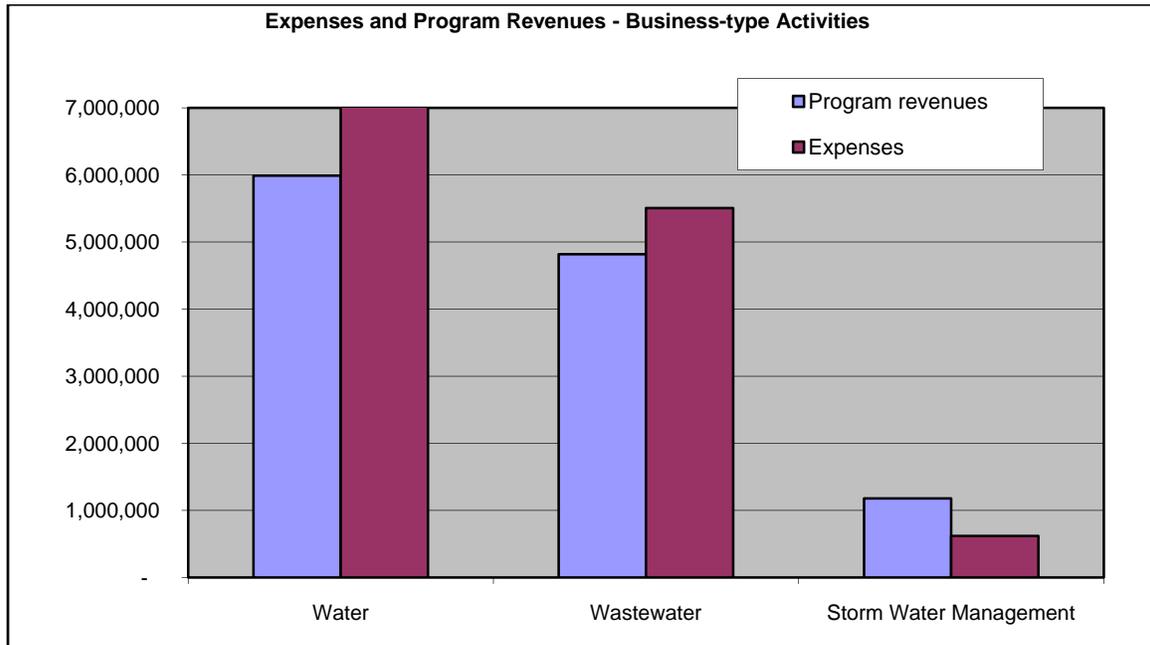


The following graph shows the composition of 2009 revenues for the governmental activities.

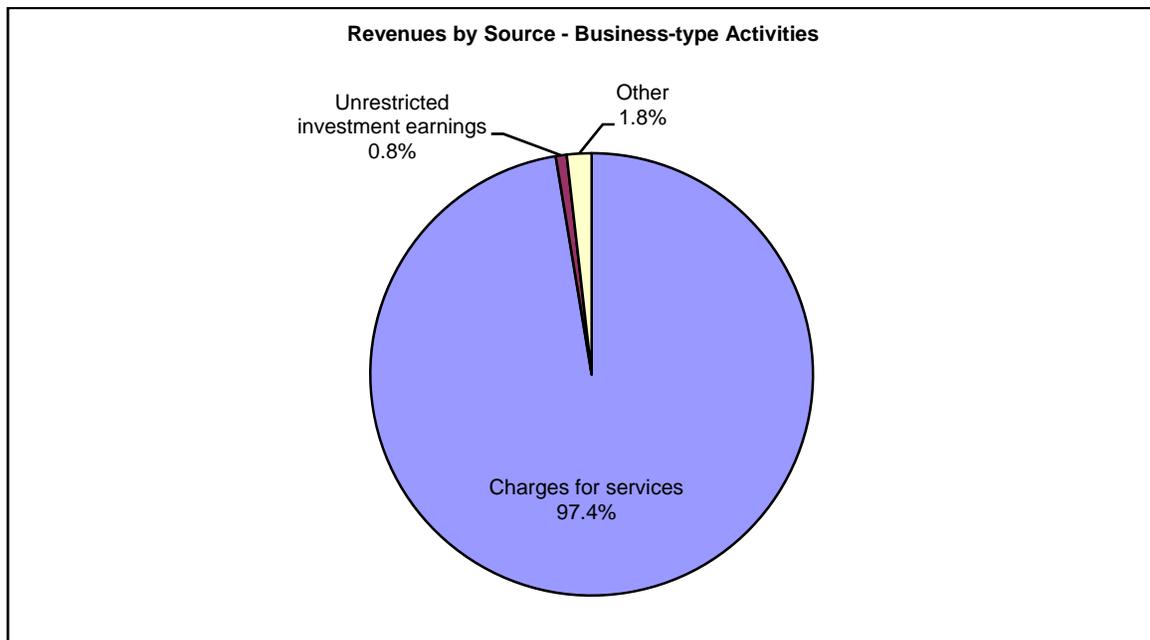


Business-type activities. Business-type activities increased the City's net assets by \$2,085,185 accounting for 137.9 percent of the total growth in the City's net assets in 2009. This is \$321,193 more than the increase for 2008. Charges for services increased by \$1,114,938 from 2008 to 2009. Most of this increase is attributable to the Wastewater Fund. A rate increase of 20 percent went into effect January 1, 2009. A rate increase of seven percent also went into effect for the Water Fund. However, lower consumption rates in 2009 due to above-average rainfall offset this rate increase somewhat. Investment income decreased by more than \$162,000 from 2008 to 2009. This was due to a decline in interest rates, as well as declining cash balances in 2009. Personnel services increased by nearly \$300,000 from 2008 to 2009. Salary costs increased as a result of modest merit increases, as well as the addition of some new positions and promotions/reclassifications. In addition, the City's share of employee health insurance premiums increased by nearly \$40,000 from 2008. Depreciation expense increased by more than \$166,000 from 2008 to 2009. This is as a result of nearly \$6.5 million in infrastructure being placed in service in 2009.

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



The following graph shows the composition of 2009 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 2009, the City of Manhattan's governmental funds reported combined ending fund balances of \$74,881,030 an increase of \$45,966,239 in comparison with the prior year. Approximately 94.9 percent of this total amount (\$71,092,453) 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 (\$248,414), 2) to offset investments in joint ventures and loans receivable, which are not currently spendable resources (\$3,114,801) or 3) to pay for the perpetual care of one of the municipal cemeteries (\$425,362).

The general fund is the chief operating fund of the City of Manhattan. At the end of 2009, unreserved fund balance of the general fund was \$4,732,050, while total fund balance was \$4,871,901. 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 22.7 percent of total general fund expenditures, while total fund balance represents 23.4 percent of that same amount.

The fund balance of the City's general fund decreased by \$976,968 during 2009. An increase of \$1,886,757 was shown in 2008. Key elements of this are as follows:

- Taxes decreased by just over \$285,000 in 2009. Sales tax revenues decreased by nearly \$230,000 in 2009, which is attributable primarily to a general decrease in sales for local retailers as result of the economic downturn. Franchise taxes and property taxes decreased modestly from 2008 to 2009.
- Licenses and permits increased by nearly \$18,000 in 2009. Much of this increase is due to an increase in business licenses, specifically contractors' licenses. This increase was offset somewhat by a decrease in building permit fees. This is consistent with drop off in residential development activity in 2009.
- Intergovernmental revenues decreased by nearly \$128,000 from 2008 to 2009. Most of this decrease is due to reimbursements received from the Federal Emergency Management Agency (FEMA) in 2008 for expenditures related to cleanup efforts following a tornado in the City in June 2008. Lesser amounts were received in 2009, as more of the expenditures were incurred in 2008 than in 2009.
- Charges for services decreased by nearly \$289,000. Much of this decrease is due to a decrease from 2008 to 2009 in the internal engineering fees that were charged to completed special assessment projects. As previously discussed, a lesser number of special assessment projects were completed in 2009 than in 2008, as residential development activity declined significantly in 2009.
- Investment income decreased by nearly \$271,000 from 2008 to 2009, resulting primarily from continued declines in interest rates in 2009.
- 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. Similar recoveries were not received in

2009. Nearly half of these funds had not yet been spent on repairing the storm damage at the end of 2009. Transfers in increased by \$543,595 from 2008 to 2009. Transfers from the sales tax fund increased by \$785,300. Offsetting this increase was a decrease in 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 in 2008. Such transfers were made in 2008, but not in 2009.

- Expenditures increased by just over \$700,000 in 2009. All functions had some increase in expenditures in 2009 due to an increase in salary costs. As previously discussed, salary costs increased as a result of modest merit increases, as well as the addition of new positions and promotions/reclassifications. General government expenditures increased by nearly \$723,000. 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 nearly \$177,000 from 2008 to 2009. Public safety expenditures increased by just over \$286,000. Most of this increase can be attributed to building repairs made to City Hall during 2009 as a result of hail damage that occurred in 2008. Municipal building maintenance is a division of the public safety department. These increases were offset somewhat by a decrease in capital outlay expenditures by more than \$396,000 from 2008 to 2009. This decrease is consistent with decrease in the budgeted amount for capital outlay expenditures from 2008 to 2009. The other functions had modest changes in expenditures from 2008 to 2009.
- Transfers out decreased by a modest \$51,527 from 2008 to 2009.

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 \$59,651, all of which is unreserved.

The debt service fund has total fund balance of \$12,412,298. The net increase in fund balance during the current year was \$6,645,797. Debt service expenditures outpaced revenues by just over \$8,623,000. However, this deficit was offset by transfers in from other funds and the proceeds from general obligation refunding bonds. The proceeds from the general obligation refunding bonds issued for the crossover refundings were still on hand at the end of 2009. The deficit of revenues over debt service expenditures in 2009 was \$5,835,232 higher than in 2008.

The Downtown Redevelopment Senior Lien TIF debt service fund is used to account for the resources accumulated and payments made for principal and interest on the Senior Lien Tax Increment Financing (TIF) Bonds issued for the North Downtown Redevelopment District. At the end of 2009 this fund has a total fund balance of \$3,087,610.

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 \$32,937,186, all of which is unreserved. This fund balance increased by nearly \$35,291,000 during the current year, while it decreased by \$1,560,314 in 2008. Nearly \$31,135,000 in unspent debt proceeds, mostly from the Taxable STAR Bonds-Series 2009-2 issued to finance eligible facilities and infrastructure costs within the south project area of the downtown redevelopment project, were still on hand at the end of 2009.

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 2009 amounted to \$4,687,682, those for the wastewater fund amounted to \$2,183,385 and those for the storm water management fund amounted to \$1,015,113. The total growth (reduction) in net assets for each fund was \$562,101, \$(176,644), and \$1,699,728, 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 \$1,427,922, \$408,483 and \$1,107,304 in revenue, respectively, as compared to \$5,026, \$1,517,335 and \$1,452,678 in 2008. The overall decline from 2008 to 2009 was just \$31,330.

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, fines and forfeitures, and investment income. As previously discussed, there was a decrease in building permit fees from 2008 to 2009 as a result of the drop off in residential development activity. This decrease was not anticipated at the time the budget was prepared. Also as previously discussed, there was decrease in municipal court fines and fees resulting from a significant decline in the number of both non-parking offenses and parking violations from 2008 to 2009. This decline was not anticipated at the time the budget was prepared. The magnitude of the decline in investment income from 2008 to 2009 also was not anticipated at the time the budget was prepared. The most significant variance from budget was in charges for services, which exceeded the budgeted amount by just over \$555,000. Most of this variance was due to the internal engineering fees that were charged to completed special assessment projects. As previously discussed, even though residential development activity dropped off during 2009, a large number of special assessment projects were in progress at the end of 2008 that were completed in 2009. At the time the 2009 budget was being prepared, the magnitude of projects which would be completed in 2009 was not anticipated. Total expenditures were less than budgetary estimates by \$1,019,246, or 4.7 percent of total budgeted expenditures. All departments were asked to curtail expenditures in the latter part of 2009 in response to anticipated future declines in revenues resulting from the economic downturn.

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, 2009, amounts to \$217,430,946 (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 12.1 percent (a 16.6 percent increase for governmental activities and a 5.6 percent increase for business-type activities).

Major capital asset events during 2009 included the following:

- Numerous street projects were continued and completed during 2009. Projects completed during 2009 totaled nearly \$11.7 million. However, construction in progress at the end of 2009 had declined nearly \$3.4 million from the previous year. As previously discussed, there was a drop off in residential development activity in 2009.
- The Wefald Pavilion project in City Park was completed during 2009 at a cost of nearly \$1.8 million.
- Construction on the new City Park pool started in 2009. Construction in progress had reached a balance of just over \$2,854,000 at the end of 2009.

- Two runway improvement projects at the airport were under construction during 2009. Construction in progress for these projects had reached a balance of nearly \$6.6 million at the end of 2009.
- Numerous water, wastewater and storm water management projects were continued and completed during 2009. Infrastructure projects completed during the year totaled nearly \$6.5 million. Construction in progress at the end of 2009 had increased nearly \$835,000 from the previous year.

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

	Governmental activities		Business-type activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 24,270,857	\$ 22,468,038	\$ 497,022	\$ 497,022	\$ 24,767,879	\$ 22,965,060
Buildings and improvements	28,771,030	27,586,146	6,977,173	7,294,309	35,748,203	34,880,455
Contents and equipment	2,437,363	2,515,005	574,860	539,881	3,012,223	3,054,886
Vehicles	2,089,206	1,747,953	478,096	386,312	2,567,302	2,134,265
Infrastructure	54,840,137	46,879,202	68,048,588	64,168,622	122,888,725	111,047,824
Construction in progress	20,346,927	12,668,543	8,099,687	7,264,848	28,446,614	19,933,391
Total	\$ 132,755,520	\$ 113,864,887	\$ 84,675,426	\$ 80,150,994	\$ 217,430,946	\$ 194,015,881

Additional information on the City's capital assets can be found in note 3.D on pages 71-73 of this report.

Long-term debt. At the end of 2009, the City had total bonded debt outstanding of \$171,855,000. Of this amount, \$24,030,461 comprises debt backed by the full faith and credit of the City and \$71,939,539 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	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 19,900,461	\$ 17,930,537	\$ 4,130,000	\$ 2,405,000	\$ 24,030,461	\$ 20,335,537
General obligation bonds (special assessment debt with governmental commitment)	71,939,539	59,404,463	-	-	71,939,539	59,404,463
Sales tax revenue bonds	505,000	-	-	-	505,000	-
Special obligation bonds	75,380,000	26,697,298	-	-	75,380,000	26,697,298
Total	\$ 167,725,000	\$ 104,032,298	\$ 4,130,000	\$ 2,405,000	\$ 171,855,000	\$ 106,437,298

The City's total debt increased by \$76,264,360 during 2009. Much of this increase resulted from the issuance of Taxable Sales Tax and Revenue (STAR) Bonds-Series 2009-2 in the amount of \$33,145,000. The proceeds of these bonds will be used to finance eligible facilities and infrastructure costs in the south project area of the downtown redevelopment project. More than \$10,500,000 of the increase resulted from draws made on the Special Obligation Bonds Series-2006 which were used to finance redevelopment project costs for the north project area of the downtown redevelopment project. General obligation bonds outstanding increased by more than \$16,200,000 in 2009. Bonds in the amount of \$28,085,000 were issued in 2009, while only \$11,855,000 were retired. A large number of special assessment projects that were in progress at the end of 2008 were completed and bonded in 2009. In addition, general obligation bonds totaling \$8,545,000 were crossover refunded in 2009. As these bonds are not considered to be defeased, they remain a liability of the City, in addition to the \$8,820,000 in refunding bonds issued. There was also an increase of nearly \$10,000,000 in temporary notes outstanding at the end of 2009 as compared to 2008. Several large city-at-large capital projects were started in 2009, including the Wefald Pavilion in City Park, the City Park pool, Marlatt Avenue and, various projects related to the downtown redevelopment project.

The City maintains a "AA" rating from Standard & Poor's and a "Aa2" rating from Moody's for its general obligation bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 30 percent of its total assessed valuation. The current debt limitation for the City is \$140,411,233, 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 75-87 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Manhattan at the end of 2009 was 3.7 percent. While this rate has increased from 3.0% at the end of 2008, it still compares very favorably to the state's average unemployment rate of 6.2 percent and the national average rate of 10.0 percent.
- Inflationary trends in the region compare favorably to national indices.

Highlights of the City's 2010 budget are as follows:

- The mill levy rate was increased from 2009 by 3.021 mills to 37.289 mills. This rate is still one of the lowest rates of the last 20 years.
- Capital improvements anticipated for 2010 and beyond are incorporated into the proposed 2010-2015 Capital Improvements Program. The plan totals \$183,033,842 and includes the following for 2010:
 - Several projects related to growth and safety, including 17th Street, Casement and Hayes Drive, McCall Road, and the continuance of major signalization and intersection improvements on US-24 at McCall Road and Marlatt Avenue.
 - Western sanitary sewer interceptor.
 - Replacing and extending the existing storm water pipe along Hartford Road.
 - New water transmission mains to the Sunset and Tecumseh stations.
 - New and parallel lines loop at the airport.

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.

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS TAB

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MANHATTAN, KANSAS
STATEMENT OF NET ASSETS

December 31, 2009

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 30,477,419	\$ 7,451,553	\$ 37,928,972
Cash with refunding escrow agent	8,820,543	-	8,820,543
Cash with special obligation bonds trustee	36,370,134	-	36,370,134
Investment in joint venture	637,628	-	637,628
Receivables:			
Accounts (net of allowance for uncollectibles)	1,227,213	1,045,570	2,272,783
Intergovernmental	1,908,840	-	1,908,840
Franchise tax	379,245	-	379,245
Sales tax	3,083,004	-	3,083,004
Transient guest tax	220,642	-	220,642
Property tax	16,102,722	-	16,102,722
Economic development loans	2,369,173	-	2,369,173
Other loans	108,000	-	108,000
Notes:			
Current	-	26,979	26,979
Noncurrent	-	56,253	56,253
Inventories	15,942	30,296	46,238
Prepaid expenses	-	-	-
Restricted assets:			
Cash and investments			
Construction accounts	-	224,869	224,869
Other	-	-	-
Special assessments:			
Current	6,553,347	-	6,553,347
Noncurrent	82,157,111	-	82,157,111
Capital assets:			
Land	24,270,857	497,022	24,767,879
Infrastructure, net of accumulated depreciation	54,840,137	68,048,588	122,888,725
Other capital assets, net of accumulated depreciation	33,297,599	8,030,129	41,327,728
Construction in progress	20,346,927	8,099,687	28,446,614
Total capital assets	<u>132,755,520</u>	<u>84,675,426</u>	<u>217,430,946</u>
 TOTAL ASSETS	 <u>\$ 323,186,483</u>	 <u>\$ 93,510,946</u>	 <u>\$ 416,697,429</u>

(Continued)

Component Units	
Manhattan Public Library	Manhattan Housing Authority
\$ 687,697	\$ 832,703
-	-
-	-
-	-
-	41,447
-	-
-	-
-	-
2,420,019	-
-	-
-	-
-	-
-	7,975
-	19,420
-	-
-	-
-	-
-	-
-	-
547,757	1,219,879
-	303,347
<u>547,757</u>	<u>1,523,226</u>
<u>\$ 3,655,473</u>	<u>\$ 2,424,771</u>

CITY OF MANHATTAN, KANSAS
STATEMENT OF NET ASSETS (CONTINUED)
December 31, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Accounts payable	\$ 4,917,984	\$ 455,625	\$ 5,373,609
Estimated insurance claims payable	580,235	-	580,235
Sales tax payable	-	5,225	5,225
Accrued interest payable	946,314	85,470	1,031,784
Accrued payroll	181,397	33,866	215,263
Security deposits	-	-	-
Unearned revenue	16,102,722	-	16,102,722
Temporary notes payable	995,000	-	995,000
Long-term liabilities:			
Due within one year	15,406,539	1,193,822	16,600,361
Due in more than one year	185,123,017	9,291,829	194,414,846
TOTAL LIABILITIES	224,253,208	11,065,837	235,319,045
NET ASSETS			
Invested in capital assets, net of related debt	(8,650,155)	74,558,929	65,908,774
Restricted for:			
Culture and recreation	1,083,109	-	1,083,109
Public safety	560,156	-	560,156
Public works	2,466,380	-	2,466,380
Urban development and housing	11,217,587	-	11,217,587
Debt service	107,423,702	-	107,423,702
Perpetual care:			
Nonexpendable	425,362	-	425,362
Other purposes	261,777	-	261,777
Unrestricted	(15,854,643)	7,886,180	(7,968,463)
TOTAL NET ASSETS	\$ 98,933,275	\$ 82,445,109	\$ 181,378,384

Component Units

Manhattan Public Library	Manhattan Housing Authority
\$ 53,666	\$ 57,349
-	-
-	-
-	-
-	9,170
-	28,758
-	72,184
-	-
-	4,581
69,882	46,230
<u>123,548</u>	<u>218,272</u>
547,757	1,523,226
-	-
-	-
-	-
-	121,892
-	-
-	-
-	-
2,984,168	561,381
<u>\$ 3,531,925</u>	<u>\$ 2,206,499</u>

CITY OF MANHATTAN, KANSAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2009

FUNCTIONS/PROGRAMS	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary government			
Governmental activities			
General government	\$ 14,306,640	\$ 4,511,875	\$ 555,494
Public safety	17,410,323	576,964	148,248
Public works	7,853,696	446,133	1,454,412
Urban development and housing	13,113,182	101,495	505,087
Culture and recreation	5,242,521	950,140	590,045
Culture and recreation (payments to Library)	2,326,251	-	-
Interest on long-term debt	6,143,930	-	-
Total governmental activities	66,396,543	6,586,607	3,253,286
Business-type activities			
Water	7,045,534	5,989,318	-
Wastewater	5,506,505	4,819,899	-
Storm water management	617,627	1,178,772	-
Total business-type activities	13,169,666	11,987,989	-
Total primary government	\$ 79,566,209	\$ 18,574,596	\$ 3,253,286
Component units			
Manhattan Public Library	\$ 2,566,033	\$ 66,822	\$ -
Manhattan Housing Authority	2,305,157	578,510	1,710,465
Total component units	\$ 4,871,190	\$ 645,332	\$ 1,710,465

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		
\$ 5,822,419	\$ (3,416,852)		\$ (3,416,852)		
61,625	(16,623,486)		(16,623,486)		
12,673,708	6,720,557		6,720,557		
-	(12,506,600)		(12,506,600)		
1,252,794	(2,449,542)		(2,449,542)		
-	(2,326,251)		(2,326,251)		
-	(6,143,930)		(6,143,930)		
<u>19,810,546</u>	<u>(36,746,104)</u>		<u>(36,746,104)</u>		
-	-	\$ (1,056,216)	(1,056,216)		
-	-	(686,606)	(686,606)		
-	-	561,145	561,145		
-	-	<u>(1,181,677)</u>	<u>(1,181,677)</u>		
<u>\$ 19,810,546</u>	<u>(36,746,104)</u>	<u>(1,181,677)</u>	<u>(37,927,781)</u>		
\$ -				\$ (2,499,211)	\$ -
184,882				-	168,700
<u>\$ 184,882</u>				<u>(2,499,211)</u>	<u>168,700</u>
	15,461,552	-	15,461,552	-	-
	622,156	-	622,156	-	-
	3,023,374	-	3,023,374	-	-
	16,214,434	-	16,214,434	-	-
	844,129	-	844,129	-	-
	-	-	-	2,326,251	-
	406,339	-	406,339	263,747	-
	545,131	98,606	643,737	12,795	8,454
	2,009,066	215,392	2,224,458	-	-
	(2,952,864)	2,952,864	-	-	-
	<u>36,173,317</u>	<u>3,266,862</u>	<u>39,440,179</u>	<u>2,602,793</u>	<u>8,454</u>
	<u>(572,787)</u>	<u>2,085,185</u>	<u>1,512,398</u>	<u>103,582</u>	<u>177,154</u>
	<u>99,506,062</u>	<u>80,359,924</u>	<u>179,865,986</u>	<u>3,428,343</u>	<u>2,013,958</u>
	-	-	-	-	15,387
	<u>99,506,062</u>	<u>80,359,924</u>	<u>179,865,986</u>	<u>3,428,343</u>	<u>2,029,345</u>
	<u>\$ 98,933,275</u>	<u>\$ 82,445,109</u>	<u>\$ 181,378,384</u>	<u>\$ 3,531,925</u>	<u>\$ 2,206,499</u>

CITY OF MANHATTAN, KANSAS
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2009

ASSETS	Riley County		
	General	Police Department	Debt Service
Cash and cash equivalents	\$ 2,708,990	\$ 59,651	\$ 3,718,656
Cash with refunding escrow agent	-	-	8,820,543
Cash with special obligation bonds trustee	-	-	-
Investment in joint venture	-	-	-
Receivables			
Accounts	1,028,383	-	-
Intergovernmental	-	-	-
Franchise tax	379,245	-	-
Sales tax	1,239,516	-	-
Transient guest tax	-	-	-
Property tax	1,174,944	11,038,936	905,004
Interfund	1,289,350	-	-
Economic development loans	-	-	-
Other loans	108,000	-	-
Special assessments			
Current	-	-	6,553,347
Noncurrent	-	-	82,157,111
	<u>\$ 7,928,428</u>	<u>\$ 11,098,587</u>	<u>\$ 102,154,661</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	676,125	-	126,901
Accrued payroll	177,735	-	-
Interfund payable	-	-	-
Temporary notes payable	-	-	-
Deferred revenue	2,202,667	11,038,936	89,615,462
Notes payable	-	-	-
	<u>3,056,527</u>	<u>11,038,936</u>	<u>89,742,363</u>
Fund Balances			
Reserved for:			
Encumbrances	31,851	-	-
Investment in joint venture	-	-	-
Loans receivable	108,000	-	-
Perpetual care	-	-	-
Unreserved, reported in:			
General fund	4,732,050	-	-
Special revenue funds	-	59,651	-
Debt service funds	-	-	12,412,298
Capital projects fund	-	-	-
	<u>4,871,901</u>	<u>59,651</u>	<u>12,412,298</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,928,428</u>	<u>\$ 11,098,587</u>	<u>\$ 102,154,661</u>

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

Downtown Redevelopment Senior Lien TIF Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 264,379	\$ 5,663,229	\$ 14,958,681	\$ 27,373,586
-	-	-	8,820,543
2,677,768	31,134,788	2,557,578	36,370,134
-	-	637,628	637,628
-	-	50,217	1,078,600
-	-	1,858,033	1,858,033
-	-	-	379,245
145,463	412,054	1,285,971	3,083,004
-	-	220,642	220,642
-	-	2,983,838	16,102,722
-	-	-	1,289,350
-	-	2,369,173	2,369,173
-	-	-	108,000
-	-	-	6,553,347
-	-	-	82,157,111
<u>\$ 3,087,610</u>	<u>\$ 37,210,071</u>	<u>\$ 26,921,761</u>	<u>\$ 188,401,118</u>
-	3,277,885	783,607	4,864,518
-	-	3,662	181,397
-	-	1,289,350	1,289,350
-	995,000	-	995,000
-	-	3,032,758	105,889,823
-	-	300,000	300,000
-	<u>4,272,885</u>	<u>5,409,377</u>	<u>113,520,088</u>
-	-	216,563	248,414
-	-	637,628	637,628
-	-	2,369,173	2,477,173
-	-	425,362	425,362
-	-	-	4,732,050
-	-	14,393,815	14,453,466
3,087,610	-	3,469,843	18,969,751
-	32,937,186	-	32,937,186
<u>3,087,610</u>	<u>32,937,186</u>	<u>21,512,384</u>	<u>74,881,030</u>
<u>\$ 3,087,610</u>	<u>\$ 37,210,071</u>	<u>\$ 26,921,761</u>	<u>\$ 188,401,118</u>

CITY OF MANHATTAN, KANSAS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
December 31, 2009

Fund balances of governmental funds \$ 74,881,030

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. 1,276,063

Capital assets net of depreciation are not financial resources and therefore have not been included in the funds. 132,755,520

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	(91,840,000)	
Special Obligation Bonds Payable	(75,885,000)	
Temporary Notes Payable	(24,895,000)	
Transportation Revolving Fund Loan Payable	(4,000,070)	
Capital Leases Payable	(1,000,393)	
Compensated absences	<u>(1,941,392)</u>	(199,561,855)

Accrued interest payable on long-term debt has not been reported in the governmental funds. (946,314)

Other long-term assets related to special assessments are not available to pay current period expenditures and therefore are deferred in the funds. 88,710,458

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. (667,701)

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. 2,486,074

Net assets of governmental activities \$ 98,933,275

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For The Year Ended December 31, 2009

	General	Riley County Police Department
REVENUES		
Taxes	\$ 11,519,972	\$ 11,331,107
Special assessments	-	-
Licenses and permits	638,579	-
Intergovernmental revenues	542,569	-
Charges for services	3,509,495	-
Fines and forfeitures	1,503,776	-
Investment income	126,247	-
Miscellaneous revenues	545,489	-
Total Revenues	18,386,127	11,331,107
EXPENDITURES		
Current		
General government	7,961,872	-
Public safety	4,955,071	11,271,456
Public works	2,790,151	-
Urban development and housing	551,851	-
Culture/recreation	4,421,155	-
Culture/recreation-payments to Library	-	-
Capital outlay	175,026	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Refunding costs	-	-
Total Expenditures	20,855,126	11,271,456
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,468,999)	59,651
OTHER FINANCING SOURCES (USES)		
General obligation bonds issued	-	-
Discount on general obligation bonds	-	-
Refunding general obligation bonds issued	-	-
Premium on refunding general obligation bonds	-	-
Temporary notes issued	-	-
Temporary notes retired	-	-
Capital leases	-	-
Transfers in	2,120,888	-
Transfers out	(628,857)	-
Special obligation bonds issued	-	-
Discount on special obligation bonds	-	-
Total Other Financing Sources (Uses)	1,492,031	-
NET CHANGE IN FUND BALANCES	(976,968)	59,651
FUND BALANCE - BEGINNING OF YEAR	5,848,869	-
FUND BALANCE - END OF YEAR	\$ 4,871,901	\$ 59,651

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

	Downtown Redevelopment Senior Lien TIF			
Debt Service	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 622,155	\$ 145,463	\$ 686,971	\$ 11,859,976	\$ 36,165,644
5,780,384	-	63,913	-	5,844,297
-	-	-	-	638,579
-	-	159,737	8,757,381	9,459,687
-	-	-	313,012	3,822,507
-	-	-	-	1,503,776
56,513	-	3	295,806	478,569
499,331	-	1,259,504	191,462	2,495,786
<u>6,958,383</u>	<u>145,463</u>	<u>2,170,128</u>	<u>21,417,637</u>	<u>60,408,845</u>
112,162	-	293,397	1,888,548	10,255,979
-	-	-	941,156	17,167,683
-	-	-	798,010	3,588,161
-	-	10,023,850	2,505,046	13,080,747
-	-	-	251,719	4,672,874
-	-	-	2,326,251	2,326,251
-	-	19,518,794	8,340,493	28,034,313
11,714,541	16,834,633	-	20,371,242	48,920,416
133,871	100,779	-	246,992	481,642
3,422,515	-	435,273	2,242,274	6,100,062
198,523	7,342	-	-	205,865
<u>15,581,612</u>	<u>16,942,754</u>	<u>30,271,314</u>	<u>39,911,731</u>	<u>134,833,993</u>
<u>(8,623,229)</u>	<u>(16,797,291)</u>	<u>(28,101,186)</u>	<u>(18,494,094)</u>	<u>(74,425,148)</u>
-	-	12,875,000	-	12,875,000
-	-	(267,630)	-	(267,630)
13,145,000	-	-	-	13,145,000
212,685	-	-	-	212,685
-	-	19,960,000	515,000	20,475,000
(75,000)	-	(10,425,000)	(175,000)	(10,675,000)
-	-	85,000	-	85,000
1,986,341	264,379	855,961	3,970,953	9,198,522
-	-	(1,295,940)	(7,282,880)	(9,207,677)
-	20,270,000	41,604,787	24,518,790	86,393,577
-	(649,478)	-	(1,193,612)	(1,843,090)
<u>15,269,026</u>	<u>19,884,901</u>	<u>63,392,178</u>	<u>20,353,251</u>	<u>120,391,387</u>
6,645,797	3,087,610	35,290,992	1,859,157	45,966,239
5,766,501	-	(2,353,806)	19,653,227	28,914,791
<u>\$ 12,412,298</u>	<u>\$ 3,087,610</u>	<u>\$ 32,937,186</u>	<u>\$ 21,512,384</u>	<u>\$ 74,881,030</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, 2009

Net change in fund balances - total governmental funds \$ 45,966,239

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	28,080,510	
Less current year depreciation	<u>(6,180,769)</u>	21,899,741

The net effect of various miscellaneous transactions involving capital assets (i.e., disposals, trade-ins, etc.) is to decrease net assets. (63,431)

Capital asset transfers are not recorded in the governmental funds because there has been no flow of current financial resources. (2,943,709)

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	(122,298,577)	
Principal payments	<u>49,236,627</u>	(73,061,950)

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	(4,269)	
Other postemployment benefits other than pensions	(350,086)	
Accrued interest on bonds	<u>6,939</u>	(347,416)

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	483,147	
Special assessments	<u>6,829,411</u>	7,312,558

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. 665,181

Change in net assets of governmental activities \$ (572,787)

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

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 11,393,467	\$ 11,393,467	\$ 11,519,972	\$ 126,505
Licenses and permits	698,900	698,900	638,579	(60,321)
Intergovernmental revenues	408,265	408,265	542,569	134,304
Charges for services	3,064,550	3,064,550	3,509,495	444,945
Fines and forfeitures	1,570,535	1,570,535	1,503,776	(66,759)
Investment income	500,000	500,000	126,247	(373,753)
Miscellaneous revenues	512,700	512,700	547,762	35,062
Total Revenues	18,148,417	18,148,417	18,388,400	239,983
EXPENDITURES				
Current				
General government				
Administration	669,600	669,600	656,430	13,170
Finance	1,029,070	1,029,070	954,207	74,863
Airport	627,110	627,110	1,010,582	(383,472)
Human Resources	416,375	416,375	391,752	24,623
Animal Shelter	537,572	537,572	450,208	87,364
Legal Services	786,245	786,245	784,102	2,143
General Services	3,408,793	3,408,793	3,158,064	250,729
Outside Services	594,420	594,420	548,009	46,411
Public safety				
Fire Department				
Administration	207,865	207,865	198,371	9,494
Operations	3,787,000	3,787,000	3,591,825	195,175
Technical Services	670,230	670,230	603,762	66,468
Municipal Building Maintenance	384,590	384,590	566,449	(181,859)
Public works				
Administration	216,674	216,674	218,925	(2,251)
Street	1,618,686	1,618,686	1,437,559	181,127
Engineering	765,104	765,104	746,965	18,139
Traffic Control	461,155	461,155	391,871	69,284
Urban development and housing	583,710	583,710	551,851	31,859
Culture/recreation				
Administration	157,450	157,450	151,155	6,295
Douglass Center	223,720	223,720	205,181	18,539
City Parks	2,038,503	2,038,503	1,832,772	205,731
Swimming Pools	297,153	297,153	213,942	83,211
Sunset Zoo	822,255	822,255	805,165	17,090
Recreation	1,294,587	1,294,587	1,201,054	93,533
Discovery Center	74,500	74,500	12,392	62,108
Capital Outlay	193,000	193,000	163,528	29,472
Total Expenditures	21,865,367	21,865,367	20,846,121	1,019,246
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,716,950)	(3,716,950)	(2,457,721)	1,259,229

(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, 2009

	<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	\$ 2,107,200	\$ 2,107,200	\$ 2,120,888	\$ 13,688
Transfers out	(265,250)	(265,250)	(628,857)	(363,607)
Insurance recoveries	-	-	-	-
Total Other Financing Sources (Uses)	<u>1,841,950</u>	<u>1,841,950</u>	<u>1,492,031</u>	<u>(349,919)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,875,000)</u>	<u>\$ (1,875,000)</u>	(965,690)	<u>\$ 909,310</u>
FUND BALANCE-BEGINNING OF YEAR			<u>5,805,740</u>	
FUND BALANCE - END OF YEAR			4,840,050	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>31,851</u>	
FUND BALANCE - GAAP BASIS			<u>\$ 4,871,901</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, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 11,271,456	\$ 11,271,456	\$ 11,331,107	\$ 59,651
Total Revenues	<u>11,271,456</u>	<u>11,271,456</u>	<u>11,331,107</u>	<u>59,651</u>
EXPENDITURES				
Current				
Public safety	11,271,456	11,271,456	11,271,456	-
Total Expenditures	<u>11,271,456</u>	<u>11,271,456</u>	<u>11,271,456</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>59,651</u>	<u>59,651</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>59,651</u>	<u>\$ 59,651</u>
FUND BALANCE-BEGINNING OF YEAR			-	
FUND BALANCE - END OF YEAR			59,651	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE - GAAP BASIS			<u>\$ 59,651</u>	

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

December 31, 2009

ASSETS	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
Current Assets			
Cash and cash equivalents	\$ 4,599,689	\$ 1,842,218	\$ 1,009,646
Accounts receivable (net of allowance for uncollectibles)	438,724	488,131	118,715
Current portion of note receivable	26,979	-	-
Inventories	27,739	2,557	-
Total Current Assets	5,093,131	2,332,906	1,128,361
Noncurrent Assets			
Restricted cash and cash equivalents	-	224,869	-
Note receivable	56,253	-	-
Capital assets:			
Land	281,430	215,592	-
Buildings and improvements	6,133,766	8,211,557	19,335
Equipment, contents and vehicles	843,910	1,754,588	224,497
Infrastructure	37,073,570	64,729,357	11,233,618
Construction in progress	2,749,178	4,104,913	1,245,596
Less accumulated depreciation	(17,155,917)	(35,560,662)	(1,428,902)
Total capital assets (net of accumulated depreciation)	29,925,937	43,455,345	11,294,144
Total Noncurrent Assets	29,982,190	43,680,214	11,294,144
TOTAL ASSETS	\$ 35,075,321	\$ 46,013,120	\$ 12,422,505

(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>	
\$ 7,451,553	\$ 3,103,833
1,045,570	-
26,979	-
30,296	15,942
<u>8,554,398</u>	<u>3,119,775</u>
224,869	-
56,253	-
497,022	-
14,364,658	-
2,822,995	19,673
113,036,545	-
8,099,687	-
<u>(54,145,481)</u>	<u>(19,673)</u>
84,675,426	-
<u>84,956,548</u>	<u>-</u>
<u>\$ 93,510,946</u>	<u>\$ 3,119,775</u>

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

December 31, 2009

	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 326,082	\$ 126,908	\$ 2,635
Accrued payroll	19,471	12,807	1,588
Estimated insurance claims payable	-	-	-
Sales tax payable	5,225	-	-
Accrued interest	4,521	73,836	7,113
Compensated absences	67,034	101,329	1,205
Current portion of capital leases payable	-	-	24,812
Current portion of state revolving loan	-	434,442	-
Current portion of general obligation bonds payable	100,000	260,000	205,000
Total Current Liabilities	522,333	1,009,322	242,353
Noncurrent Liabilities			
Compensated absences	39,369	59,510	707
Capital leases payable	-	-	75,188
State revolving loan	-	5,552,055	-
General obligation bonds payable	620,000	1,860,000	1,085,000
Total Noncurrent Liabilities	659,369	7,471,565	1,160,895
Total Liabilities	1,181,702	8,480,887	1,403,248
NET ASSETS			
Invested in capital assets, net of related debt	29,205,937	35,348,848	10,004,144
Unrestricted	4,687,682	2,183,385	1,015,113
TOTAL NET ASSETS	\$ 33,893,619	\$ 37,532,233	\$ 11,019,257

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

<u>Funds</u>	Governmental Activities- Internal Service Funds
<u>Total</u>	
\$ 455,625	\$ 53,466
33,866	-
-	580,235
5,225	-
85,470	-
169,568	-
24,812	-
434,442	-
565,000	-
1,774,008	633,701
99,586	-
75,188	-
5,552,055	-
3,565,000	-
9,291,829	-
11,065,837	633,701
74,558,929	-
7,886,180	2,486,074
\$ 82,445,109	\$ 2,486,074

CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET ASSETS
For The Year Ended December 31, 2009

	Business-type Activities-Enterprise		
	Major		Non-Major
	Water	Wastewater	Storm Water Management
OPERATING REVENUES			
Service charges	\$ 5,989,318	\$ 4,819,899	\$ 1,178,772
Rent income	135,776	-	-
Miscellaneous revenue	11,139	68,127	350
Total Operating Revenues	6,136,233	4,888,026	1,179,122
OPERATING EXPENSES			
Personnel services	1,684,454	1,463,051	85,841
Commodities	1,288,206	284,375	1,820
Contractual services	2,887,591	1,861,352	170,838
Depreciation	1,155,121	1,680,025	323,700
Total Operating Expenses	7,015,372	5,288,803	582,199
OPERATING INCOME (LOSS)	(879,139)	(400,777)	596,923
NON-OPERATING REVENUE (EXPENSE)			
Investment income	49,830	33,352	15,424
Interest and fiscal charges	(30,162)	(217,702)	(35,428)
Loss on disposal of capital assets	-	-	-
Total Non-Operating Revenue (Expense)	19,668	(184,350)	(20,004)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(859,471)	(585,127)	576,919
Capital contributions	1,427,922	408,483	1,107,304
Transfers in	-	-	57,000
Transfers (out)	(6,350)	-	(41,495)
CHANGE IN NET ASSETS	562,101	(176,644)	1,699,728
TOTAL NET ASSETS - BEGINNING	33,331,518	37,708,877	9,319,529
TOTAL NET ASSETS - ENDING	\$ 33,893,619	\$ 37,532,233	\$ 11,019,257

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>	
\$ 11,987,989	\$ 3,741,255
135,776	-
79,616	-
12,203,381	3,741,255
3,233,346	-
1,574,401	29,100
4,919,781	3,111,567
3,158,846	1,968
12,886,374	3,142,635
(682,993)	598,620
98,606	66,561
(283,292)	-
-	-
(184,686)	66,561
(867,679)	665,181
2,943,709	-
57,000	-
(47,845)	-
2,085,185	665,181
80,359,924	1,820,893
\$ 82,445,109	\$ 2,486,074

CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2009

	Business-type Activities-	
	Major	
	Water	Wastewater
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 6,145,365	\$ 4,747,800
Payments to suppliers	(2,984,977)	(1,459,976)
Payments to employees	(1,750,320)	(1,479,304)
Payments for interfund services used	(1,185,895)	(746,855)
Miscellaneous revenue	11,139	68,127
Net Cash Provided (Used) by Operating Activities	235,312	1,129,792
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers in	-	-
Transfers (out)	(6,350)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(6,350)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	-	2,701,618
Acquisition and construction of capital assets	(804,040)	(3,232,358)
Interest payments on long-term debt	(30,769)	(200,665)
Principal payments on long-term debt	(90,000)	(523,682)
Net Cash (Used) by Capital and Related Financing Activities	(924,809)	(1,255,087)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	49,830	33,352
Net Cash Provided by Investing Activities	49,830	33,352
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(646,017)	(91,943)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	5,245,706	2,159,030
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,599,689	\$ 2,067,087
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ (879,139)	\$ (400,777)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,155,121	1,680,025
(Increase) decrease in accounts receivable	(5,973)	(72,099)
(Increase) decrease in note receivable	26,244	-
(Increase) decrease in inventory	36,870	4,683
Increase (decrease) in accounts payable and accrued expenses	(97,811)	(82,040)
Total Adjustments	1,114,451	1,530,569
Net Cash Provided (Used) by Operating Activities	\$ 235,312	\$ 1,129,792
Noncash investing, capital, and financing activities:		
Capital assets acquired through contributions from governmental funds	\$ 1,427,922	\$ 408,483

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

<u>Enterprise Funds</u>		Governmental
<u>Non-Major</u>		Activities-
<u>Storm Water</u>		Internal
<u>Management</u>	Total	Service
		Funds
\$ 1,171,301	\$ 12,064,466	\$ 3,757,589
(185,336)	(4,630,289)	(3,439,027)
(85,521)	(3,315,145)	-
-	(1,932,750)	-
350	79,616	-
<u>900,794</u>	<u>2,265,898</u>	<u>318,562</u>
57,000	57,000	-
(41,495)	(47,845)	-
<u>15,505</u>	<u>9,155</u>	<u>-</u>
625,000	3,326,618	-
(703,171)	(4,739,569)	-
(33,978)	(265,412)	-
(150,000)	(763,682)	-
<u>(262,149)</u>	<u>(2,442,045)</u>	<u>-</u>
15,424	98,606	66,561
<u>15,424</u>	<u>98,606</u>	<u>66,561</u>
669,574	(68,386)	385,123
<u>340,072</u>	<u>7,744,808</u>	<u>2,718,710</u>
<u>\$ 1,009,646</u>	<u>\$ 7,676,422</u>	<u>\$ 3,103,833</u>
<u>\$ 596,923</u>	<u>\$ (682,993)</u>	<u>\$ 598,620</u>
323,700	3,158,846	1,968
(7,471)	(85,543)	16,334
-	26,244	-
-	41,553	7,130
<u>(12,358)</u>	<u>(192,209)</u>	<u>(305,490)</u>
<u>303,871</u>	<u>2,948,891</u>	<u>(280,058)</u>
<u>\$ 900,794</u>	<u>\$ 2,265,898</u>	<u>\$ 318,562</u>
\$ 1,107,304	\$ 2,943,709	\$ -

CITY OF MANHATTAN, KANSAS
STATEMENT OF FIDUCIARY NET ASSETS-FIDUCIARY FUNDS
December 31, 2009

	Private- purpose Trust
ASSETS	
Cash and cash equivalents	<u>\$ 99,508</u>
TOTAL ASSETS	<u><u>\$ 99,508</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>\$ 99,508</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, 2009

	<u>Private- purpose Trust</u>
ADDITIONS	
Investment earnings:	
Interest	\$ 2,221
Total additions	<u>2,221</u>
 DEDUCTIONS	
Maintenance	1,989
Total deductions	<u>1,989</u>
Change in net assets	232
 NET ASSETS - BEGINNING	 <u>99,276</u>
 NET ASSETS - ENDING	 <u><u>\$ 99,508</u></u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

NOTES TAB

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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, 2009

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, 2009 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>12/31/09 Percent Interest</u>	<u>12/31/09 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, 2009 was \$637,628, which includes \$175,285 for the City's share of the joint venture's net income from 1997 to 2009 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, 2009

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, 2009

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.

Downtown Redevelopment Senior Lien TIF Debt Service Fund - This Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on the Senior Lien Tax Increment Financing (TIF) Bonds issued for the North Downtown Redevelopment District.

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, 2009

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, 2009

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, 2009, investment earnings allocated to the various funds were \$587,752.

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, 2009

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, 2009, the City estimates the accumulated unpaid vacation amount to be \$995,474 for governmental funds and \$152,118 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, 2009, the City estimates the accumulated unpaid sick pay amount to be \$945,918 for governmental funds and \$117,036 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 \$1,941,392. 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 \$269,154. 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, 2009

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 \$280,061 were delinquent at December 31, 2009.

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, 2009

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, 2009, 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 ending June 15, 2010, and after.

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", was issued in March 2009. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The provisions of this statement are effective for periods ending June 15, 2011, and after.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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, 2009

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	\$ 18,388,400	\$ 11,331,107	\$ 6,958,383
Canceled encumbrances	(2,273)	-	-
Revenues - GAAP basis	\$ 18,386,127	\$ 11,331,107	\$ 6,958,383
Expenditures - budgetary basis	\$ 20,846,121	\$ 11,271,456	\$ 15,581,612
Encumbrances, beginning of year	43,129	-	-
Encumbrances, end of year	(31,851)	-	-
Canceled encumbrances	(2,273)	-	-
Expenditures - GAAP basis	\$ 20,855,126	\$ 11,271,456	\$ 15,581,612
Fund balances - budgetary basis	\$ 4,840,050	\$ 59,651	\$ 12,412,298
Encumbrances, end of year	31,851	-	-
Fund balance - GAAP basis	\$ 4,871,901	\$ 59,651	\$ 12,412,298

For the year ended December 31, 2009, expenditures and transfers out exceeded budgeted expenditures and transfers out in the Debt Service Fund by \$3,701,045. These overexpenditures were due to the debt service on the currently refunded bonds, which was funded by the refunding bond proceeds. For the year ended December 31, 2009, expenditures and transfers out exceeded budgeted expenditures and transfers out in the Employee Benefit Contribution Fund by \$902. These overexpenditures were funded by available fund balance. For the year ended December 31, 2009, expenditures and transfers out exceeded budgeted expenditures and transfers out in the North Downtown Redevelopment TIF Fund by \$1,034,958. These overexpenditures were funded by special obligation bond proceeds and transfers from the Capital Projects Fund.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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

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.

C. Deficit Fund Equity

The Yes! Grant-2009 Special Revenue Fund had a deficit balance of \$2,778 as of December 31, 2009. A transfer from the Special Sunset Zoo Special Revenue Fund was made in 2010 to cover this deficit.

Note 3: Detailed Notes on All Funds

A. Cash and Investments

At December 31, 2009, the City's investment balances were:

	Reported Amount/ Fair Value
Investment Type:	
Cash with refunding escrow agent	\$ 8,820,543
Cash with special obligation bonds trustee	36,370,134
Total Investments	45,190,677
Deposits	38,246,574
Cash on Hand	6,775
Total Deposits	38,253,349
TOTAL DEPOSITS AND INVESTMENTS	\$ 83,444,026

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

Cash and Cash Equivalents	\$37,928,972
Cash with refunding escrow agent	8,820,543
Cash with special obligation bonds trustee	36,370,134
Restricted Construction Accounts	224,869
Add Fiduciary Funds cash and cash equivalents:	
Private-purpose Trusts	99,508
TOTAL DEPOSITS AND INVESTMENTS	\$83,444,026

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 3: Detailed Notes on All Funds (Continued)

A. Cash and Investments (Continued)

Interest rate risk – The City’s exposure to declines in fair values is limited by the fact that, in accordance with Kansas statutes, 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.

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 \$687,697 are stated at cost which approximates fair value. Manhattan Housing Authority component unit cash and cash equivalents of \$832,703 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.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 3: Detailed Notes on All Funds (Continued)

B. Receivables

Accounts receivable for the governmental activities are reported net of an allowance for uncollectible accounts in the amount of \$490,387.

Accounts receivable for the Enterprise Funds are reported net of allowances for uncollectible accounts. The allowances at December 31, 2009, are as follows:

Water Fund	\$33,769
Wastewater Fund	<u>41,205</u>
Total	<u>\$74,974</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 \$2,369,173 at December 31, 2009, 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 2009 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, 2009

Note 3: Detailed Notes on All Funds (Continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2009, 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	\$ 22,468,038	\$ 1,802,819	\$ -	\$ 24,270,857
Construction in progress	12,668,543	20,346,927	12,668,543	20,346,927
TOTAL	<u>35,136,581</u>	<u>22,149,746</u>	<u>12,668,543</u>	<u>44,617,784</u>
Capital assets being depreciated:				
Buildings and improvements	47,491,146	2,658,451	-	50,149,597
Contents and equipment	6,616,669	354,007	118,010	6,852,666
Vehicles	6,495,519	830,122	168,984	7,156,657
Infrastructure	79,620,753	11,813,018	-	91,433,771
TOTAL	<u>140,224,087</u>	<u>15,655,598</u>	<u>286,994</u>	<u>155,592,691</u>
Less accumulated depreciation:				
Buildings and improvements	19,905,000	1,473,567	-	21,378,567
Contents and equipment	4,101,664	415,272	101,633	4,415,303
Vehicles	4,747,566	441,815	121,930	5,067,451
Infrastructure	32,741,551	3,852,083	-	36,593,634
TOTAL	<u>61,495,781</u>	<u>6,182,737</u>	<u>223,563</u>	<u>67,454,955</u>
Total capital assets being depreciated, net	<u>78,728,306</u>	<u>9,472,861</u>	<u>63,431</u>	<u>88,137,736</u>
Governmental activities capital assets, net	<u>\$ 113,864,887</u>	<u>\$ 31,622,607</u>	<u>\$ 12,731,974</u>	<u>\$ 132,755,520</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 497,022	\$ -	\$ -	\$ 497,022
Construction in progress	7,264,848	8,099,687	7,264,848	8,099,687
TOTAL	<u>7,761,870</u>	<u>8,099,687</u>	<u>7,264,848</u>	<u>8,596,709</u>
Capital assets being depreciated:				
Buildings and improvements	14,364,658	-	-	14,364,658
Contents and equipment	1,278,364	160,571	11,000	1,427,935
Vehicles	1,217,507	196,590	19,038	1,395,059
Infrastructure	106,540,868	6,495,678	-	113,036,546
TOTAL	<u>123,401,397</u>	<u>6,852,839</u>	<u>30,038</u>	<u>130,224,198</u>
Less accumulated depreciation:				
Buildings and improvements	7,070,349	317,136	-	7,387,485
Contents and equipment	738,483	114,592	-	853,075
Vehicles	831,195	111,406	25,638	916,963
Infrastructure	42,372,246	2,615,712	-	44,987,958
TOTAL	<u>51,012,273</u>	<u>3,158,846</u>	<u>25,638</u>	<u>54,145,481</u>
Total capital assets being depreciated, net	<u>72,389,124</u>	<u>3,693,993</u>	<u>4,400</u>	<u>76,078,717</u>
Business-type activities capital assets, net	<u>\$ 80,150,994</u>	<u>\$ 11,793,680</u>	<u>\$ 7,269,248</u>	<u>\$ 84,675,426</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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	1,443,131	283,930	-	1,727,061
TOTAL	<u>1,443,131</u>	<u>283,930</u>	<u>-</u>	<u>1,727,061</u>
Less accumulated depreciation	<u>1,090,072</u>	<u>89,232</u>	<u>-</u>	<u>1,179,304</u>
Total capital assets being depreciated, net	<u>353,059</u>	<u>194,698</u>	<u>-</u>	<u>547,757</u>
Library capital assets, net	<u>\$ 375,455</u>	<u>\$ 194,698</u>	<u>\$ 22,396</u>	<u>\$ 547,757</u>

Manhattan Housing Authority

Capital assets not being depreciated:				
Construction in progress	\$ 124,775	\$ 178,572	\$ -	\$ 303,347
Capital assets being depreciated:				
Buildings and improvements	7,356,341	-	-	7,356,341
Contents and equipment	171,997	8,091	-	180,088
TOTAL	<u>7,528,338</u>	<u>8,091</u>	<u>-</u>	<u>7,536,429</u>
Less accumulated depreciation	<u>6,241,400</u>	<u>75,150</u>	<u>-</u>	<u>6,316,550</u>
Total capital assets being depreciated, net	<u>1,286,938</u>	<u>(67,059)</u>	<u>-</u>	<u>1,219,879</u>
Housing Authority capital assets, net	<u>\$ 1,411,713</u>	<u>\$ 111,513</u>	<u>\$ -</u>	<u>\$ 1,523,226</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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	\$ 1,056,804
Public safety	404,236
Public works	4,154,814
Urban development and housing	23,637
Culture/Recreation	<u>543,246</u>
Total depreciation expense for governmental activities	<u>\$6,182,737</u>

Business-type activities:

Water	\$ 1,155,121
Wastewater	1,680,025
Storm Water Management	<u>323,700</u>
Total depreciation expense for business-type activities	<u>\$3,158,846</u>

E. Capital Projects

At December 31, 2009 the City had contractual commitments for the construction of various projects:

	Expenditures to Date	Amount Authorized
Animal shelter cat enclosure project	\$ 165,299	\$ 336,500
City Park pool replacement	2,854,120	8,210,000
Sunset Zoo Visitors Center (design)	239,870	307,195
4th & Bluemont Roundabout-property relocation	66,126	236,850
Convention Center	121,004	9,500,000
Demolition of City-owned property	479,933	479,933
Discovery Center (design)	1,360,902	3,759,477
Parking garage	116,515	6,338,513
Airport improvements	6,631,660	11,482,640
Fire stations (design)	299,110	515,000
Storm water improvements	1,245,596	3,862,062
Sanitary sewer improvements	4,104,913	30,854,080
Street improvements	7,998,550	26,871,977
Water improvements	<u>2,749,178</u>	<u>5,401,939</u>
Total	<u><u>\$ 28,432,776</u></u>	<u><u>\$ 108,156,166</u></u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

Note 3: Detailed Notes on All Funds (Continued)

F. Interfund Receivable/Liability

Individual fund receivable/payable balances at December 31, 2009, are as follows.

	Receivable	Payable
Major Funds:		
General Fund	\$ 1,289,350	\$ -
Non-major Governmental Funds	-	1,289,350
Total	\$ 1,289,350	\$ 1,289,350

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 2009 interfund transfers is as follows:

	Transfer In	Transfer Out
Major Funds:		
Governmental Funds:		
General	\$ 2,120,888	\$ 628,857
Debt Service	1,986,341	-
Downtown Redevelopment Senior Lien TIF Debt Service	264,379	-
Capital Projects	855,961	1,295,940
Proprietary Funds:		
Water	-	6,350
Non-major Governmental Funds	3,970,953	7,282,880
Non-major Proprietary Funds	57,000	41,495
TOTAL TRANSFERS	\$ 9,255,522	\$ 9,255,522

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 \$2,943,709 were made from the governmental activities to the business-type activities.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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, 2009:

	<u>Balance</u> <u>January 1, 2009</u>	<u>Issued</u>	<u>Retired/ Refunded</u>	<u>Balance</u> <u>December 31, 2009</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General obligation bonds	\$ 77,335,000	\$ 26,020,000	\$ (11,515,000)	\$ 91,840,000	\$ 11,025,000
Special obligation bonds-					
Series 2006	11,197,298	10,508,578	(21,705,876)	-	-
Special obligation bonds-					
Series 2008A	-	-	(15,500,000)	-	-
Senior lienspecial obligation					
bonds-Series 2009A	-	21,220,000	-	21,220,000	-
Subordinate lien special obligation					
bonds-Series 2009B	-	4,160,000	-	4,160,000	-
STAR bonds-Series 2009-1	-	16,855,000	-	16,855,000	-
Taxable STAR bonds-					
Series 2009-2	-	33,145,000	-	33,145,000	-
Temporary notes	15,095,000	20,475,000	(10,675,000)	24,895,000	2,545,000
Notes payable	-	350,000	(50,000)	300,000	60,000
Transportation Development District					
Sales Tax Revenue Bonds	-	505,000	-	505,000	-
Transportation Revolving					
Fund Loan	4,199,610	-	(199,540)	4,000,070	206,963
Capital leases	1,231,605	85,000	(316,212)	1,000,393	346,499
Other postemployment benefits	317,615	350,086	-	667,701	-
Compensated absences	1,937,123	1,280,428	(1,276,159)	1,941,392	1,223,077
Total for governmental activities	<u>\$ 126,813,251</u>	<u>\$ 134,954,092</u>	<u>\$ (61,237,787)</u>	<u>\$ 200,529,556</u>	<u>\$ 15,406,539</u>
Business-type Activities:					
General obligation bonds	\$ 2,405,000	\$ 2,065,000	\$ (340,000)	\$ 4,130,000	\$ 565,000
State revolving loan	5,248,561	1,161,618	(423,682)	5,986,497	434,442
Capital leases	-	100,000	-	100,000	24,812
Compensated absences	284,035	172,239	(187,120)	269,154	169,568
Total for business-type activities	<u>\$ 7,937,596</u>	<u>\$ 3,498,857</u>	<u>\$ (950,802)</u>	<u>\$ 10,485,651</u>	<u>\$ 1,193,822</u>

Of the \$91,840,000 in general obligation bond debt shown above, \$71,939,539 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, 2009

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, 2009
				Lowest	Highest			
1995 Series 198	Serial	\$ 404,200	11/1/95	\$ 25,000	\$ 35,000	5.05% to 5.3%	11/1/15	\$ 170,000
1996 Series 201	Serial	607,000	11/1/96	50,000	55,000	5.1% to 5.4%	11/1/11	110,000
1999 Series 209	Serial	560,000	6/1/99	25,000	40,000	4.6% to 5.5%	11/1/19	340,000
1999 Series 210	Serial/Term	314,000	12/1/99	15,000	110,000	5.1% to 5.6%	11/1/19	195,000
2000 Series 211	Serial/Term	1,150,000	6/1/00	40,000	255,000	5.1% to 5.625%	11/1/20	75,000
2000 Series 213	Serial	340,000	12/1/00	15,000	25,000	4.75% to 5.45%	11/1/20	225,000
2001 Series 214	Serial/Term	3,810,000	6/1/01	135,000	385,000	4.375% to 5.0%	11/1/20	270,000
2001 Refunding Series 215	Serial	4,955,000	9/1/01	110,000	170,000	3.75% to 4.0%	11/1/10	110,000
2001 Series 216	Serial	2,970,000	12/1/01	130,000	220,000	3.55% to 4.85%	11/1/21	135,000
2002 Series 2002A	Serial	10,765,000	6/1/02	325,000	760,000	3.7% to 4.9%	11/1/21	1,490,000
2002 Series 2002B	Serial/Term	1,390,000	11/15/02	35,000	145,000	3.0% to 4.75%	11/1/22	755,000
2003 Series 2003A	Serial	3,600,000	6/1/03	45,000	315,000	2.1% to 4.0%	11/1/22	1,720,000
2003 Refunding Series 2003C	Serial	3,415,000	9/1/03	140,000	300,000	2.75% to 4.3%	11/1/16	1,745,000
2003 Series 2003D	Serial	2,850,000	12/1/03	120,000	170,000	2.5% to 4.5%	11/1/23	2,040,000
2004 Series 2004A	Serial/Term	1,130,000	6/1/04	50,000	315,000	3.0% to 4.9%	11/1/23	900,000
2004 Series 2004B	Serial/Term	950,000	12/1/04	40,000	305,000	2.4% to 4.25%	11/1/24	765,000
2005 Series 2005A	Serial	1,795,000	6/1/05	75,000	130,000	3.1% to 4.2%	11/1/24	1,505,000
2005 Series 2005B	Serial/Term	1,010,000	12/1/05	40,000	330,000	3.3% to 4.15%	11/1/25	860,000
2005 Refunding Series 2005C	Serial	6,150,000	12/1/05	450,000	535,000	3.5% to 3.85%	11/1/19	4,905,000
2006 Series 2006A	Serial/Term	1,540,000	6/1/06	55,000	185,000	4.0% to 4.65%	11/1/26	1,380,000
2006 Series 2006B	Serial	7,460,000	12/1/06	310,000	445,000	4.0% to 4.25%	11/1/26	6,460,000
2007 Series 2007A	Serial	6,790,000	6/1/07	245,000	495,000	4.0% to 4.25%	11/1/27	6,425,000
2007 Series 2007B	Serial	5,645,000	6/1/07	470,000	705,000	5.125% to 5.25%	11/1/17	4,730,000
2007 Series 2007C	Serial/Term	3,275,000	12/1/07	115,000	460,000	4.0% to 4.5%	11/1/27	3,040,000
2008 Series 2008A	Serial	15,385,000	6/1/08	630,000	995,000	4.0% to 4.125%	11/1/28	14,755,000
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	1,740,000
2009 Series 2009A	Serial	3,830,000	6/1/09	165,000	245,000	2.5% to 4.3%	11/1/29	3,830,000
2009 Refunding Series 2009B	Serial	4,325,000	6/1/09	155,000	1,225,000	2.0% to 3.5%	11/1/19	4,325,000
2009 Series 2009C	Serial	11,110,000	12/1/09	260,000	880,000	3.0% to 4.0%	11/1/29	11,110,000
2009 Refunding Series 2009D	Serial	8,820,000	12/1/09	330,000	1,075,000	2.375% to 3.375%	11/1/21	8,820,000
								\$ 87,425,000
Series 211, Crossover Refunded		1,150,000	6/1/00			5.25% to 5.625%	11/1/10*	540,000
Series 214, Crossover Refunded		3,810,000	6/1/01			4.375% to 5.0%	11/1/10*	1,755,000
Series 216, Crossover Refunded		2,970,000	12/1/01			3.85% to 4.85%	11/1/10*	1,915,000
Series 2002A, Crossover Refunded		10,765,000	6/1/02			4.3% to 4.9%	11/1/11*	4,335,000
								\$ 95,970,000
Less amount to be paid by Enterprise Funds								(4,130,000)
								\$ 91,840,000

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, 2009

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, 2009, are as follows:

Years Ending December 31,	Principal	Interest	Total
2010	\$ 11,025,000	\$ 3,429,423	\$ 14,454,423
2011	10,505,000	3,060,498	13,565,498
2012	6,200,000	2,641,695	8,841,695
2013	5,955,000	2,438,768	8,393,768
2014	5,460,000	2,234,921	7,694,921
2015-2019	26,430,000	8,230,370	34,660,370
2020-2024	16,045,000	3,997,662	20,042,662
2025-2029	10,220,000	1,063,864	11,283,864
TOTALS	\$ 91,840,000	\$ 27,097,201	\$ 118,937,201

General obligation bonds in the amount of \$4,130,000 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, 2009, are as follows:

Years Ending December 31,	Principal	Interest	Total
2010	\$ 565,000	\$ 133,896	\$ 698,896
2011	550,000	121,446	671,446
2012	515,000	101,678	616,678
2013	440,000	83,532	523,532
2014	405,000	68,688	473,688
2015-2019	1,655,000	144,200	1,799,200
TOTALS	\$4,130,000	\$653,440	\$4,783,440

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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	12/31/09 Balance
2007-01	12/15/2010	3.63%	\$ 825,000
2007-02	06/15/2011	3.65%	40,000
2007-03	06/15/2011	3.75%	85,000
2007-04	12/15/2011	3.4%	925,000
2008-01	12/15/2011	2.6%	360,000
2008-02	6/15/2011	2.2%	2,025,000
2008-02	6/15/2012	2.7%	920,000
2008-03	12/15/2010	2.6%	795,000
2008-03	12/15/2012	3.0%	495,000
2009-01	12/15/2010	1.25%	1,920,000
2009-01	12/15/2012	1.75%	235,000
2009-02	06/15/2011	1.35%	365,000
2009-02	06/15/2013	2.0%	330,000
2009-03	06/15/2011	1.2%	7,655,000
2009-03	06/15/2013	1.9%	3,325,000
2009-04	12/15/2011	1.0%	3,725,000
2009-04	12/15/2013	1.65%	1,865,000
Total			<u><u>\$25,890,000</u></u>

\$12,412,298 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 \$515,000 of temporary note proceeds, \$95,000 of which have been reported in the Airport Federal Grant No. 36 Fund and \$420,000 of which have been reported in the Airport Federal Grant No. 37/38 Fund (Special Revenue Funds). Temporary notes paid have also been reported in the Capital Projects Fund, except for \$250,000, \$75,000 of which have been reported in the Debt Service Fund and \$175,000 of which have been reported in the Airport Federal Grant No. 35 Fund (Special Revenue 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 \$9,225,000 outstanding December 31, 2009, were retired with a bond issue dated June 1, 2010, and other available funds. Temporary notes in the amount of \$16,340,000 will mature in 2011, 2012 and 2013.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

At December 31, 2009 there were temporary notes in the amount of \$995,000 maturing in 2010 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, 2009. The coupon rates on the notes range from 2.2 to 3.63 percent.

Changes in this short-term debt during 2009 are summarized in the following table:

Balance at January 1, 2009	\$ 4,820,000
Issued	995,000
Retired	<u>(4,820,000)</u>
 Balance at December 31, 2009	 <u><u>\$ 995,000</u></u>

Debt Service Limit

The December 31, 2009 debt limit is \$140,411,233. There was \$67,946,855 in outstanding long and short-term G.O. debt applicable to the debt limit as of December 31, 2009. 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 2009, the City issued Transportation Development District Sales Tax Revenue bonds in the amount of \$505,000. The proceeds were used to finance infrastructure improvements needed for the development of the Limey Pointe area in the City. An excise/sales tax has been imposed on purchases made within the transportation development district. The excise/sales tax collected will be used to retire the bonds. The bonds are considered a special obligation to the City secured by a pledge of the excise/sales tax revenues. The bonds are not a general obligation of the City, nor do they go against the City's debt limit. Interest on the bonds is payable semiannually at 4.0%.

The annual requirements to amortize these bonds are as follows:

Years Ending December 31,	Principal	Interest	Total
2010	\$ -	\$ 19,414	\$ 19,414
2011	-	20,200	20,200
2012	-	20,200	20,200
2013	-	20,200	20,200
2014	-	20,200	20,200
2015-2016	<u>505,000</u>	<u>40,400</u>	<u>545,400</u>
 TOTALS	 <u><u>\$505,000</u></u>	 <u><u>\$140,614</u></u>	 <u><u>\$645,614</u></u>

The bonds are subject to special mandatory redemption provisions starting June 1, 2010, and on any interest payment date thereafter.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

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 were used to finance redevelopment project costs for the north project area of the downtown redevelopment project. Principal was being drawn down as needed to pay project costs. Principal totaling \$21,705,876 had been drawn down at the time the bonds were retired. The bonds were retired with proceeds from the Senior Lien Tax Increment Financing (TIF) Bonds-Series 2009A and the Subordinate Lien TIF Bonds-Series 2009B issued December 1, 2009 (see below). The bonds were considered a special obligation to the City secured by a pledge of the incremental tax revenues. The bonds were not a general obligation of the City, nor did they go against the City's debt limit. Interest on the bonds was 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 was required to be used to retire principal.

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 and to finance additional eligible costs for the south project area of the downtown redevelopment project, including the acquisition of additional land. The bonds were payable from incremental property tax revenues and sales tax revenues from within the district. The bonds were not a general obligation of the City, nor did they go against the City's debt limit. Interest on the bonds was payable semiannually at 4.05%. The bonds were retired with proceeds from the Sales Tax and Revenue (STAR) Bonds-Series 2009-1 issued December 1, 2009 (see below).

Senior Lien Tax Increment Financing (TIF) Special Obligation Bonds-Series 2009A and Subordinate Lien TIF Special Obligation Bonds-Series 2009B

The Senior Lien TIF Special Obligation Bonds-Series 2009A and the Subordinate Lien TIF Special Obligation Bonds-Series 2009B were issued December 1, 2009, at a principal amount of \$21,220,000 and \$4,160,000, respectively. These bonds were issued to retire the Taxable Special Obligation Revenue Bonds-Series 2006 (see above) issued to finance land acquisition and site preparation of the North Redevelopment District. Because the retired bonds were never intended to be a permanent financing mechanism and because of the variable structure of the retired bonds, a meaningful comparison of debt service between the new debt and the retired debt and a meaningful analysis of the economic gain or loss on the transaction cannot be made. Funds from these issuances will also be used to construct a public plaza in the North District. The Series 2009B Bonds shall constitute subordinate lien bonds and shall be junior and subordinate with respect to the payment of debt service from the incremental tax revenues to the Series 2009A Bonds. Both series of bonds shall not constitute a debt or liability of the City nor any pledge of the full faith and credit of the City. Revenue available for debt service from the North District consists of incremental property taxes, City sales tax, compensating use tax, and the City's portion of the County's sales tax. Revenue available from the South District consists of incremental property taxes.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

The 2009 TIF bonds shall become due on the stated maturity dates and in the amounts listed below. Interest is payable semiannually at the following annual rates:

Series 2009A Bonds

Serial Bonds		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2012	\$460,000	3.000%
2013	\$780,000	3.250%
2014	\$855,000	3.125%
2015	\$935,000	3.500%
2016	\$1,010,000	3.750%
Term Bonds		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2026	\$17,180,000	5.000%

Series 2009B Bonds

Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2027	\$4,160,000	7.500%

At the option of the City, the Series 2009A bonds maturing on or after December 1, 2018 are subject to redemption and payment prior to their stated maturity on December 1, 2017 at the redemption prices set forth below plus accrued interest to the redemption date:

Redemption Dates	Redemption Price
December 1, 2017 through November 30, 2018	102%
December 1, 2018 through November 30, 2019	101%
December 1, 2019 and thereafter	100%

The Series 2009B Bonds are subject to redemption and payment prior to their stated maturity at the Redemption Price of 100% plus accrued interest to the redemption date; provided, however, the Series 2009B Bonds cannot be redeemed prior to maturity until all Senior Lien Bonds have been paid and are not longer outstanding.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

The Series 2009A term bonds maturing December 1, 2026, are subject to mandatory redemption and payment prior to maturity on December 1 in the years set forth below at a redemption price of 100% of the principal amount plus accrued interest to the redemption date:

Principal Amount	Year
\$1,090,000	2017
\$1,185,000	2018
\$1,290,000	2019
\$1,400,000	2020
\$1,520,000	2021
\$1,640,000	2022
\$1,775,000	2023
\$1,910,000	2024
\$2,055,000	2025
\$3,315,000	2026

Sales Tax and Revenue (STAR) Bonds-Series 2009-1

The Sales Tax and Revenue (STAR) Bonds-Series 2009-1 were issued December 1, 2009, at a principal amount of \$16,855,000. This series of STAR Bonds was issued to retire the Special Obligation Revenue Bonds-Series 2008A (see above) issued to finance the South District land acquisition. Because the retired bonds were never intended to be a permanent financing mechanism and because of the structure of the retired bonds (a maturity of less than three years with all principal due at maturity), a meaningful comparison of debt service between the new debt and the retired debt and a meaningful analysis of the economic gain or loss on the transaction cannot be made. These bonds shall not constitute a debt or liability of the City nor any pledge of the full faith and credit of the City. Revenue available for debt service from the North District consists of State sales tax. Revenue available from the South District consists of State sales tax, City sales tax, compensating use tax, and the City's portion of the County's sales tax. These bonds have a stated maturity date of December 1, 2026. Interest is payable semiannually at an annual rate of 5.25%.

The Series 2009-1 term bonds maturing December 1, 2026, are subject to mandatory redemption and payment prior to maturity on December 1 in the years set forth below at a redemption price of 100% of the principal amount plus accrued interest to the redemption date:

Principal Amount	Year
\$2,105,000	2021
\$2,275,000	2022
\$2,445,000	2023
\$2,365,000	2024
\$2,380,000	2025
\$5,285,000	2026

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

Taxable STAR Bonds-Series 2009-2

The Taxable STAR Bonds-Series 2009-2 were issued December 1, 2009, at a principal amount of \$33,145,000. This series of STAR Bonds was issued to finance eligible facilities and infrastructure costs within the South Redevelopment District. The 2009-2 STAR Bonds will be treated as "Build America Bonds" under the Recovery Act and will receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the bonds. These bonds shall not constitute a debt or liability of the City nor any pledge of the full faith and credit of the City. Revenue available for debt service from the North District consists of State sales tax. Revenue available from the South District consists of State sales tax, City sales tax, compensating use tax, and the City's portion of the County's sales tax. The 2009-2 STAR bonds shall become due on the stated maturity date and in the amount listed below. Interest is payable semiannually at the following annual rates:

Serial Bonds		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2012	\$1,710,000	2.876%
2013	\$1,905,000	3.276%
2014	\$2,080,000	3.824%
2015	\$2,220,000	4.224%
2016	\$2,370,000	4.613%
2017	\$2,520,000	4.863%
2018	\$2,690,000	5.232%
2019	\$2,865,000	5.332%
2020	\$3,055,000	5.482%
Term Bonds		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2026	\$11,730,000	6.515%

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

The Series 2009-2 term bonds maturing December 1, 2026, are subject to mandatory redemption and payment prior to maturity on December 1 in the years set forth below at a redemption price of 100% of the principal amount plus accrued interest to the redemption date:

Principal Amount	Year
\$1,150,000	2021
\$1,230,000	2022
\$1,325,000	2023
\$1,690,000	2024
\$1,965,000	2025
\$4,370,000	2026

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

Capital Leases

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

<u>Equipment Leased</u>	<u>Amount Financed</u>	<u>Gross Cost of Assets Under Capital Leases</u>	<u>Accumulated Amortization 12/31/2009</u>	<u>Lease Balance 12/31/2009</u>
Governmental Activities:				
Fire Pumper Ladder Truck	\$ 511,006	\$ 511,006	\$511,006	\$ 91,494
Fire Truck	474,000	474,000	331,800	60,369
Dump Truck	44,171	62,171	37,303	-
20-passenger Van	40,000	52,221	26,111	-
Aerial Truck	86,000	110,122	44,049	22,023
Aerial Truck	80,252	80,252	24,076	32,872
Rubber Tire Loader	117,691	117,691	35,307	49,735
Tandem-axle Dump Truck	80,246	80,246	24,074	33,037
Truck/Knuckle Boom Loader	94,300	94,300	28,290	38,434
Single-axle Dump Truck	75,338	75,338	22,601	30,689
Fire Truck	622,452	722,025	72,203	556,740
Motor Grader	85,000	108,900	7,260	85,000
Total	<u>\$2,310,456</u>	<u>\$2,488,272</u>	<u>\$1,164,080</u>	<u>\$1,000,393</u>
Business-type Activities:				
Street Sweeper	100,000	178,117	35,623	100,000
Total	<u>\$100,000</u>	<u>\$178,117</u>	<u>\$35,623</u>	<u>\$100,000</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

Future minimum lease obligations as of December 31, 2009, are:

<u>Years Ending December 31,</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2010	\$ 383,867	\$ 27,126
2011	203,226	27,126
2012	105,116	27,126
2013	105,116	27,126
2014	82,282	-
2015-2017	<u>246,846</u>	<u>-</u>
Total Minimum Lease Payments	1,126,453	108,504
Less: Amount representing interest	<u>(126,060)</u>	<u>(8,504)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 1,000,393</u></u>	<u><u>\$ 100,000</u></u>

Amortization on these assets acquired through capital leases totaled \$245,198 for governmental activities and \$35,623 for business-type activities in 2009 and has been included in depreciation expense.

State Revolving Loans

During 2001, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement enabled the City to borrow up to \$6,411,155 on a low-interest loan with a 20-year repayment period to finance improvements to the wastewater system. The interest rate on the loan is 3.14%. The City completed the draw-down process in 2004 and drew down a total of \$6,175,678. This loan was amended in 2007 and 2009 to allow the City to borrow an additional \$2,510,637 to finance the cost of designing the wastewater treatment plant upgrade and expansion project. Draws in the amount of \$1,161,618 were made on this additional loan amount were made during 2009. The balance on the loan as of December 31, 2009, is \$5,986,497 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 \$2,510,637 is borrowed:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$434,442	\$190,054	\$ 624,496
2011	433,531	190,965	624,496
2012	447,250	177,246	624,496
2013	461,404	163,092	624,496
2014	476,006	148,490	624,496
2015-2019	2,615,751	506,727	3,122,478
2020-2022	<u>1,755,296</u>	<u>96,884</u>	<u>1,852,180</u>
TOTALS	<u><u>\$6,623,680</u></u>	<u><u>\$1,473,458</u></u>	<u><u>\$8,097,138</u></u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

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, 2009, is \$4,000,070. The annual amounts to amortize the loan are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 206,963	\$ 148,803	\$ 355,766
2011	214,663	141,103	355,766
2012	222,648	133,118	355,766
2013	230,930	124,836	355,766
2014	239,521	116,245	355,766
2015-2019	1,338,075	440,755	1,778,830
2020-2024	1,547,270	172,655	1,719,925
TOTALS	<u>\$4,000,070</u>	<u>\$1,277,515</u>	<u>\$5,277,585</u>

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, 2009, Industrial Revenue Bonds relating to nine entities were outstanding with a total balance of approximately \$120,000,000.

Current Refunding

In the current year, the City issued Series 2009B General Obligation Refunding bonds in the amount of \$4,325,000. The proceeds were used to currently refund Series 202, Series 203, Series 205, and Series 206 General Obligation bonds in the amounts of \$380,000, \$900,000, \$2,230,000, and \$790,000, respectively. The refunding transaction resulted in a total economic gain or present value savings of approximately \$324,000. In addition, the refunding resulted in a cash flow difference of approximately \$324,000.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 3: Detailed Notes on All Funds (Continued)

H. Long-Term Debt (Continued)

Crossover Refunding

In the current year, the City issued Series 2009D General Obligation Refunding bonds in the amount of \$8,820,000. The proceeds were used to crossover refund Series 211, Series 214, Series 216, and Series 2002A General Obligation bonds in the amounts of \$540,000, \$1,755,000, \$1,915,000, and \$4,335,000, respectively. The proceeds were placed in an escrow account to provide for interest payments on the refunding bonds until the crossover dates. As a result, the refunded bonds are not considered to be defeased and the liability for the bonds and the assets of the related escrow account have been reported on the face of the financial statements. The refunding transaction resulted in a total economic gain or present value savings of approximately \$523,000. In addition, the refunding resulted in a cash flow difference of approximately \$579,000.

Note 4: Other Information

A. Risk Management

General

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

Self-Insured Health Care Fund

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

The internal service fund accrues the required amounts for the payment of these claims by rate charges to various City departments. These rate charges are reported as expenditures in the applicable funds. Health Care Fund net assets were \$1,570,646 at December 31, 2009. The claims liability of \$314,492 reported in the Fund at December 31, 2009 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 2009 and 2008 were:

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 4: Other Information

A. Risk Management (Continued)

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Paid	Balance at Fiscal Year End
2008-2009	\$ 494,597	\$ 2,442,731	\$ 2,622,836	\$ 314,492
2007-2008	\$ 234,521	\$ 3,067,822	\$ 2,807,746	\$ 494,597

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 2009 and 2008 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Paid	Balance at Fiscal Year End
2008-2009	\$ 378,997	\$ 40,027	\$ 153,281	\$ 265,743
2007-2008	\$ 326,857	\$ 207,252	\$ 155,112	\$ 378,997

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.

At December 31, 2009, the RCPD was the defendant in a lawsuit claiming damages of not less than \$15,000,000. A settlement was reached subsequent to December 31, 2009. The City's share of the settlement is \$1,424,000 and has been financed through the issuance of temporary notes on June 15, 2010.

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, 2009

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, 2009, is 6.54%. The employer contributions to KPERs for the years ended December 31, 2009, 2008 and 2007 were \$594,078, \$445,027, and \$356,150, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2009 is 13.51%. 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, 2009, 2008 and 2007 were \$598,214, \$558,258, and \$513,210, 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, 2009

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 2009, active and retired plan members contributed \$532,889 to the plan and the City contributed \$2,329,489 to the plan.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution (ARC)	\$ 317,615
Interest on net OPEB obligation	15,881
Adjustment to ARC	<u>(12,727)</u>
Annual OPEB cost (expense)	320,769
Contributions made	<u>29,317</u>
Increase in net OPEB obligation	350,086
Net OPEB obligation January 1, 2009	<u>317,615</u>
Net OPEB obligation December 31, 2009	<u>\$ 667,701</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 \$14,541,515 and the ratio of the UAAL to covered payroll was 20.5 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. Actuarially determined amounts reflect a long-term view and are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial liabilities and comparative costs were computed using the unprojected unit credit actuarial cost method and the following assumptions:

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2009

Note 4: Other Information (Continued)

D. Postemployment Benefits Other Than Pensions (Continued)

Actuarial Methods and Assumptions (Continued)

Amortization Method:	Level percent of pay, open
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:	7.3% grading down to 4.4%
Participation rate:	50% of members are assumed to elect coverage upon retirement

E. Subsequent Events

Debt Issued

On June 1, 2010, the City issued \$6,700,000 of general obligation bonds to retire temporary notes in the amount of \$6,190,000 used to finance various capital and special assessment projects and to directly finance a capital project. The coupon rates on the general obligation bonds range from 2.0% to 4.0% and the final maturity is on November 1, 2030. Debt service payments are scheduled semiannually with annual principal payments that range from \$160,000 to \$535,000.

Lawsuit Settlement

See Note 4.B for discussion of the lawsuit settlement related to the Riley County Police Department.

THIS PAGE INTENTIONALLY LEFT BLANK

NONMAJOR GOVERNMENTAL TAB

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. 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. 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.

Airport Federal Grant No. 36 Fund

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

Airport Federal Grant No. 37/38 Fund

This federal grant pays for 95% of the cost of the Runway 3/21 Safety Area Improvement project.

Airport Federal Grant No. 39 Fund

This federal grant pays for 100% of the cost of reconstructing and extending Runway 13/31 under the American Recovery and Reinvestment Act of 2009.

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.

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.

Community Planning Assistance Grant Fund-2008

Funds received from the Office of Economic Adjustment (Department of Defense) to procure professional services to assist in undertaking the creation of a regional planning organization (Flint Hills Regional Council) as recommended by the Flint Hills Regional Growth Coordination Plan.

Community Planning Assistance Grant Fund-Flint Hills Regional Council

Funds received from the Office of Economic Adjustment (Department of Defense) to fund the operation of the Flint Hills Regional Council (FHRC) for one year and to provide funding to continue the City's regional growth coordinator position until the FHRC is fully staffed.

Emergency Shelter Grant Fund - 2008

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

Emergency Shelter Grant Fund - 2009

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.

Firefighters Assistance Grant

Funds received from the U.S. Department of Homeland Security to purchase five self-contained breathing apparatus for the City's Fire Department.

Firefighter Memorial Fund

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

Hazardous Materials Emergency Preparedness Grant

Funds received from the Kansas Adjutant General for the City's Fire Department to conduct hazardous materials emergency planning.

SPECIAL REVENUE FUNDS

Historic Preservation Archaeological Grant fund

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

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.

Homeland Security Grant-Rescue Trailer and Equipment

Funds received from the Kansas Highway Patrol to purchase a technical search and rescue trailer and related equipment for the City's Fire Department.

Homeland Security Grant-Structural Collapse Course

Funds received from the Kansas Highway Patrol to reimburse the City for payroll costs incurred while some of the City's firefighters were attending structural collapse training courses.

Homeless Prevention Grant

Funds received from the Kansas Housing Resources Corporation to provide financial assistance and services to prevent individuals and families in the City from becoming homeless or help those who are experiencing homelessness to be quickly re-housed and stabilized.

Juneteenth Grant-2009

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

Kansas Bioscience Authority Innovation Center Grant

Funds received from the Kansas Bioscience Authority to build out the remaining pilot space at the Manhattan/K-State Innovation Center, which is intended to house additional laboratory and research uses. The City is to provide approximately 30% in matching funds from the Economic Development Fund.

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.

SPECIAL REVENUE FUNDS

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.

U.S. Small Business Administration Grant for Child Care

Funds received from the U.S. Small Business Administration through the 2008 Congressional Earmark Program for the construction of playground and outdoor learning environments for the K-State Center for Child Development and for the architectural design of a new Manhattan Day Care and Learning Center.

Wetland Development Grant

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

Woodward 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 - 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.

Yes! Grant Fund - 2009

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.

Downtown Redevelopment Subordinate Lien TIF Fund

This fund was established to account for the Subordinate Lien TIF Bonds that were issued, along with the Senior Lien TIF Bonds, to retire the Taxable Special Obligation Revenue Bonds for the North Project Area of the Downtown Redevelopment Project. These bonds are junior and subordinate with respect to the payment of debt service from the incremental tax revenues to the Senior Lien TIF Bonds.

DEBT SERVICE FUNDS

Downtown Redevelopment STAR Bonds Fund

This fund was established to account for the payment of principal and interest on the Sales Tax and Revenue (STAR) Bonds that were issued to retire the Taxable Special Obligation Revenue Bonds for the the South Project Area of the Downtown Redevelopment Project. State sales tax revenues from the North District and and state and local sales tax revenues from the South district, which are pledged as security on the bonds and will be used to retire the bonds, are also accounted for in this fund.

Downtown Redevelopment Taxable STAR Bonds Fund

This fund was established to account for the payment of principal and interest on the Taxable STAR Bonds that were issued to finance eligible facilities and infrastructure costs within the South Project Area of the Downtown Redevelopment Project. State sales tax revenues from the North District and and state and local sales tax revenues from the South district, which are pledged as security on the bonds and will be used to retire the bonds, are also accounted for in this fund.

Transportation Development District Fund

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

Downtown Redevelopment TDD Fund

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

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not

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.

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2009

	Aggieville Business Improvement District	Capital Improvement Reserve	City/ University Projects	Downtown Business Improvement District
ASSETS				
Cash	\$ 428	\$ 2,595,534	\$ 12,476	\$ 270
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	256
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
TOTAL ASSETS	\$ 428	\$ 2,595,534	\$ 12,476	\$ 526
LIABILITIES & FUND BALANCE				
Liabilities				
Accounts payable	\$ 24	\$ -	\$ -	\$ 73
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	256
Notes payable	-	-	-	-
Total Liabilities	24	-	-	329
Fund Balance				
Reserved for encumbrances	-	11,359	-	-
Reserved for investment in joint venture	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for perpetual care	-	-	-	-
Unreserved	404	2,584,175	12,476	197
Total Fund Balance	404	2,595,534	12,476	197
TOTAL LIABILITIES & FUND BALANCE	\$ 428	\$ 2,595,534	\$ 12,476	\$ 526

(Continued)

Special Revenue

Economic Development	Employee Benefit Contribution	Fire Equipment Reserve	Fire Pension KP&F	General Improvement	Industrial Promotion
\$ 6,582,210	\$ 3,361	\$ 476,547	\$ 21,657	\$ 84,461	\$ 288,202
-	-	-	-	-	-
637,628	-	-	-	-	-
-	-	-	-	-	-
427,789	-	-	-	-	-
-	-	-	-	-	-
-	318,232	50,000	150,000	-	-
2,369,173	-	-	-	-	-
<u>\$ 10,016,800</u>	<u>\$ 321,593</u>	<u>\$ 526,547</u>	<u>\$ 171,657</u>	<u>\$ 84,461</u>	<u>\$ 288,202</u>
\$ 124,845	\$ -	\$ -	\$ -	\$ -	\$ 1,058
898	-	-	-	-	-
-	-	-	-	-	-
-	318,232	50,000	150,000	-	-
-	-	-	-	-	-
<u>125,743</u>	<u>318,232</u>	<u>50,000</u>	<u>150,000</u>	<u>-</u>	<u>1,058</u>
-	-	6,669	-	-	-
637,628	-	-	-	-	-
2,369,173	-	-	-	-	-
-	-	-	-	-	-
6,884,256	3,361	469,878	21,657	84,461	287,144
<u>9,891,057</u>	<u>3,361</u>	<u>476,547</u>	<u>21,657</u>	<u>84,461</u>	<u>287,144</u>
<u>\$ 10,016,800</u>	<u>\$ 321,593</u>	<u>\$ 526,547</u>	<u>\$ 171,657</u>	<u>\$ 84,461</u>	<u>\$ 288,202</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2009

	<u>Library</u>	<u>Library Employee Benefit Contribution</u>	<u>Park Development</u>	<u>Riley County Health Department</u>
ASSETS				
Cash	\$ 15,741	\$ 2,024	\$ 72,504	\$ 1,311
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	1,834,103	402,296	-	229,207
Economic development loans	-	-	-	-
TOTAL ASSETS	<u>\$ 1,849,844</u>	<u>\$ 404,320</u>	<u>\$ 72,504</u>	<u>\$ 230,518</u>
LIABILITIES & FUND BALANCE				
Liabilities				
Accounts payable	\$ 195	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	1,834,103	402,296	-	229,207
Notes payable	-	-	-	-
Total Liabilities	<u>1,834,298</u>	<u>402,296</u>	<u>-</u>	<u>229,207</u>
Fund Balance				
Reserved for encumbrances	-	-	-	-
Reserved for investment in joint venture	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for perpetual care	-	-	-	-
Unreserved	15,546	2,024	72,504	1,311
Total Fund Balance	<u>15,546</u>	<u>2,024</u>	<u>72,504</u>	<u>1,311</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1,849,844</u>	<u>\$ 404,320</u>	<u>\$ 72,504</u>	<u>\$ 230,518</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>
\$ 714,854	\$ 205,137	\$ 786,854	\$ 608,471	\$ 48,205	\$ 373,704
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
780,088	-	-	-	-	-
-	-	-	-	-	220,642
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,494,942</u>	<u>\$ 205,137</u>	<u>\$ 786,854</u>	<u>\$ 608,471</u>	<u>\$ 48,205</u>	<u>\$ 594,346</u>
\$ -	\$ -	\$ 227	\$ 28,950	\$ 1,808	\$ -
-	-	-	-	1,453	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	300,000	-	-	-
<u>-</u>	<u>-</u>	<u>300,227</u>	<u>28,950</u>	<u>3,261</u>	<u>-</u>
-	-	46,775	151,760	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,494,942</u>	<u>205,137</u>	<u>439,852</u>	<u>427,761</u>	<u>44,944</u>	<u>594,346</u>
<u>1,494,942</u>	<u>205,137</u>	<u>486,627</u>	<u>579,521</u>	<u>44,944</u>	<u>594,346</u>
<u>\$ 1,494,942</u>	<u>\$ 205,137</u>	<u>\$ 786,854</u>	<u>\$ 608,471</u>	<u>\$ 48,205</u>	<u>\$ 594,346</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2009

	<u>Airport Federal Grant No. 32</u>	<u>Airport Federal Grant No. 34</u>	<u>Airport Federal Grant No. 35</u>	<u>Airport Federal Grant No. 36</u>
ASSETS				
Cash	\$ -	\$ 27,698	\$ -	\$ -
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	16,832	-	139,905	175
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 16,832</u>	<u>\$ 27,698</u>	<u>\$ 139,905</u>	<u>\$ 175</u>
LIABILITIES & FUND BALANCE				
Liabilities				
Accounts payable	\$ 415	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Interfund payable	16,417	-	139,905	175
Deferred revenue	-	-	-	-
Notes payable	-	-	-	-
Total Liabilities	<u>16,832</u>	<u>-</u>	<u>139,905</u>	<u>175</u>
Fund Balance				
Reserved for encumbrances	-	-	-	-
Reserved for investment in joint venture	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for perpetual care	-	-	-	-
Unreserved	-	27,698	-	-
Total Fund Balance	<u>-</u>	<u>27,698</u>	<u>-</u>	<u>-</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 16,832</u>	<u>\$ 27,698</u>	<u>\$ 139,905</u>	<u>\$ 175</u>

(Continued)

Special Revenue

Airport Federal Grant No. 37/38	Airport Federal Grant No. 39	Alcohol and Drug Safety	Community Planning Assistance Grant-2008	Community Planning Assistance Grant-Flint Hills Regional Council	Emergency Shelter 2009
\$ -	\$ -	\$ 23,972	\$ 13,173	\$ -	\$ 4,722
-	-	-	-	-	-
-	-	-	-	-	-
-	-	49,961	-	-	-
101,840	1,509,503	-	9,111	1,507	2,680
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 101,840</u>	<u>\$ 1,509,503</u>	<u>\$ 73,933</u>	<u>\$ 22,284</u>	<u>\$ 1,507</u>	<u>\$ 7,402</u>
\$ 84,676	\$ 433,281	\$ 4,731	\$ 22,284	\$ 1,507	\$ 7,402
-	-	-	-	-	-
17,164	1,076,222	-	-	-	-
-	-	46,481	-	-	-
-	-	-	-	-	-
<u>101,840</u>	<u>1,509,503</u>	<u>51,212</u>	<u>22,284</u>	<u>1,507</u>	<u>7,402</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	22,721	-	-	-
-	-	<u>22,721</u>	-	-	-
<u>\$ 101,840</u>	<u>\$ 1,509,503</u>	<u>\$ 73,933</u>	<u>\$ 22,284</u>	<u>\$ 1,507</u>	<u>\$ 7,402</u>

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

December 31, 2009

	Firefighter Memorial	Hazardous Materials Emergency Preparedness Grant	Home Investment Partnerships Program	Home Investment Partnerships Program-2007
ASSETS				
Cash	\$ 1,549	\$ 2,301	\$ 29,165	\$ 3,638
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	13,031
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
TOTAL ASSETS	\$ 1,549	\$ 2,301	\$ 29,165	\$ 16,669
LIABILITIES & FUND BALANCE				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 113	\$ 15,448
Accrued payroll	-	-	-	1,221
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
Notes payable	-	-	-	-
Total Liabilities	-	-	113	16,669
Fund Balance				
Reserved for encumbrances	-	-	-	-
Reserved for investment in joint venture	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for perpetual care	-	-	-	-
Unreserved	1,549	2,301	29,052	-
Total Fund Balance	1,549	2,301	29,052	-
TOTAL LIABILITIES & FUND BALANCE	\$ 1,549	\$ 2,301	\$ 29,165	\$ 16,669

(Continued)

Special Revenue

Homeland Security Grant-Rescue Trailer and Equipment	Homeland Security Grant-Structural Collapse Course	Homeless Prevention Grant	Juneteenth Grant-2009	Kansas Bioscience Authority Innovation Center Grant	KDHE Playground Surface Grant
\$ -	\$ -	\$ -	\$ 250	\$ 425,000	\$ 4,533
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,364	409	31,463	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>31,364</u>	<u>409</u>	<u>31,463</u>	<u>250</u>	<u>425,000</u>	<u>4,533</u>
<u>\$ 31,364</u>	<u>\$ 409</u>	<u>\$ 31,463</u>	<u>\$ 250</u>	<u>\$ 425,000</u>	<u>\$ 4,533</u>
\$ -	\$ -	\$ 26,457	\$ -	\$ 9,012	\$ 4,533
-	-	-	-	-	-
31,364	409	5,006	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>31,364</u>	<u>409</u>	<u>31,463</u>	<u>-</u>	<u>9,012</u>	<u>4,533</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	250	415,988	-
-	-	-	<u>250</u>	<u>415,988</u>	<u>-</u>
<u>\$ 31,364</u>	<u>\$ 409</u>	<u>\$ 31,463</u>	<u>\$ 250</u>	<u>\$ 425,000</u>	<u>\$ 4,533</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2009

	<u>Norvell Band Shell</u>	<u>Park Improvement</u>	<u>Special Taxi</u>	<u>Sunset Zoo Animals</u>
ASSETS				
Cash	\$ 1,864	\$ 33,967	\$ 43,262	\$ 660
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Economic development loans	-	-	-	-
	<u>1,864</u>	<u>33,967</u>	<u>43,262</u>	<u>660</u>
TOTAL ASSETS	<u>\$ 1,864</u>	<u>\$ 33,967</u>	<u>\$ 43,262</u>	<u>\$ 660</u>
LIABILITIES & FUND BALANCE				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 2,200	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Deferred revenue	-	-	-	-
Notes payable	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,200</u>	<u>-</u>
Fund Balance				
Reserved for encumbrances	-	-	-	-
Reserved for investment in joint venture	-	-	-	-
Reserved for loans receivable	-	-	-	-
Reserved for perpetual care	-	-	-	-
Unreserved	1,864	33,967	41,062	660
Total Fund Balance	<u>1,864</u>	<u>33,967</u>	<u>41,062</u>	<u>660</u>
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 1,864</u>	<u>\$ 33,967</u>	<u>\$ 43,262</u>	<u>\$ 660</u>

(Continued)

Special Revenue

U.S. Small Business Administration Grant for Child Care	Wetland Development Grant	Woodard	Yes! Grant-2009	Total
\$ -	\$ 2,294	\$ 180,667	\$ -	\$ 13,692,666
-	-	-	-	-
-	-	-	-	637,628
-	-	-	-	50,217
213	-	-	-	1,858,033
-	-	-	-	1,207,877
-	-	-	-	220,642
-	-	-	-	2,983,838
-	-	-	-	2,369,173
<u>\$ 213</u>	<u>\$ 2,294</u>	<u>\$ 180,667</u>	<u>\$ -</u>	<u>\$ 23,020,074</u>
\$ 213	\$ 111	\$ 7,562	\$ -	\$ 777,125
-	-	-	90	3,662
-	-	-	2,688	1,289,350
-	2,183	-	-	3,032,758
-	-	-	-	300,000
<u>213</u>	<u>2,294</u>	<u>7,562</u>	<u>2,778</u>	<u>5,402,895</u>
-	-	-	-	216,563
-	-	-	-	637,628
-	-	-	-	2,369,173
-	-	-	-	-
-	-	173,105	(2,778)	14,393,815
-	-	173,105	(2,778)	17,617,179
<u>\$ 213</u>	<u>\$ 2,294</u>	<u>\$ 180,667</u>	<u>\$ -</u>	<u>\$ 23,020,074</u>

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

December 31, 2009

	Debt		
	Downtown Redevelopment STAR Bonds	Downtown Redevelopment Taxable STAR Bonds	Transportation Development District
ASSETS			
Cash	\$ 1,103	\$ -	\$ 216,216
Cash with special obligation bonds trustee	51,182	2,506,396	-
Investment in joint venture	-	-	-
Receivables	-	-	-
Intergovernmental receivables	-	-	-
Sales tax receivable	-	-	-
Transient guest tax receivable	-	-	-
Property tax receivable	-	-	-
Economic development loans	-	-	-
	\$ 52,285	\$ 2,506,396	\$ 216,216
	\$ 52,285	\$ 2,506,396	\$ 216,216
LIABILITIES & FUND BALANCE			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Accrued payroll	-	-	-
Interfund payable	-	-	-
Deferred revenue	-	-	-
Notes payable	-	-	-
Total Liabilities	-	-	-
	-	-	-
Fund Balance			
Reserved for encumbrances	-	-	-
Reserved for investment in joint venture	-	-	-
Reserved for loans receivable	-	-	-
Reserved for perpetual care	-	-	-
Unreserved	52,285	2,506,396	216,216
Total Fund Balance	52,285	2,506,396	216,216
	52,285	2,506,396	216,216
	\$ 52,285	\$ 2,506,396	\$ 216,216

<u>Service</u>			<u>Permanent</u>	<u>Total</u>
<u>Downtown Redevelopment TDD</u>	<u>Limey Pointe TDD</u>	<u>Total</u>	<u>Sunrise Perpetual Care</u>	<u>Nonmajor Governmental Funds</u>
\$ 439,610	\$ 183,724	\$ 840,653	\$ 425,362	\$ 14,958,681
-	-	2,557,578	-	2,557,578
-	-	-	-	637,628
-	-	-	-	50,217
-	-	-	-	1,858,033
69,118	8,976	78,094	-	1,285,971
-	-	-	-	220,642
-	-	-	-	2,983,838
-	-	-	-	2,369,173
<u>\$ 508,728</u>	<u>\$ 192,700</u>	<u>\$ 3,476,325</u>	<u>\$ 425,362</u>	<u>\$ 26,921,761</u>
\$ -	\$ 6,482	\$ 6,482	\$ -	\$ 783,607
-	-	-	-	3,662
-	-	-	-	1,289,350
-	-	-	-	3,032,758
-	-	-	-	300,000
<u>-</u>	<u>6,482</u>	<u>6,482</u>	<u>-</u>	<u>5,409,377</u>
-	-	-	-	216,563
-	-	-	-	637,628
-	-	-	-	2,369,173
-	-	-	425,362	425,362
508,728	186,218	3,469,843	-	17,863,658
<u>508,728</u>	<u>186,218</u>	<u>3,469,843</u>	<u>425,362</u>	<u>21,512,384</u>
<u>\$ 508,728</u>	<u>\$ 192,700</u>	<u>\$ 3,476,325</u>	<u>\$ 425,362</u>	<u>\$ 26,921,761</u>

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

For The Year Ended December 31, 2009

	<u>Aggieville Business Improvement District</u>	<u>Capital Improvement Reserve</u>
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	31,862	-
Investment income	-	61,860
Miscellaneous	-	-
Total Revenue	<u>31,862</u>	<u>61,860</u>
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	-	-
Urban development and housing	31,641	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	299,725
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	<u>31,641</u>	<u>299,725</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>221</u>	<u>(237,865)</u>
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Temporary notes retired	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds issued	-	-
Transfers in	-	-
Transfers out	-	(50,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(50,000)</u>
NET CHANGE IN FUND BALANCES	221	(287,865)
FUND BALANCE-BEGINNING OF PERIOD	<u>183</u>	<u>2,883,399</u>
FUND BALANCE - END OF PERIOD	<u>\$ 404</u>	<u>\$ 2,595,534</u>

(Continued)

Special Revenue

City/ University Projects	Downtown Business Improvement District	Economic Development	Employee Benefit Contribution	Fire Equipment Reserve	Fire Pension KP&F	General Improvement
\$ 269,000	\$ -	\$ 2,493,954	\$ 173,588	\$ 56,985	\$ 91,057	\$ 1
-	-	-	-	-	-	-
-	54,583	-	-	-	-	-
-	-	150,150	-	11,092	-	1,348
-	-	100,000	-	1,522	-	-
<u>269,000</u>	<u>54,583</u>	<u>2,744,104</u>	<u>173,588</u>	<u>69,599</u>	<u>91,057</u>	<u>1,349</u>
-	-	-	1,123,402	-	-	-
-	-	-	-	266,986	634,304	-
-	-	-	-	-	-	-
-	54,626	1,057,650	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
268,800	-	301,184	-	6,450	-	50,215
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>268,800</u>	<u>54,626</u>	<u>1,358,834</u>	<u>1,123,402</u>	<u>273,436</u>	<u>634,304</u>	<u>50,215</u>
<u>200</u>	<u>(43)</u>	<u>1,385,270</u>	<u>(949,814)</u>	<u>(203,837)</u>	<u>(543,247)</u>	<u>(48,866)</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
244,500	-	-	953,175	-	556,850	92,393
(265,224)	-	(1,164,756)	-	(5,320)	-	(12,716)
<u>(20,724)</u>	<u>-</u>	<u>(1,164,756)</u>	<u>953,175</u>	<u>(5,320)</u>	<u>556,850</u>	<u>79,677</u>
(20,524)	(43)	220,514	3,361	(209,157)	13,603	30,811
33,000	240	9,670,543	-	685,704	8,054	53,650
<u>\$ 12,476</u>	<u>\$ 197</u>	<u>\$ 9,891,057</u>	<u>\$ 3,361</u>	<u>\$ 476,547</u>	<u>\$ 21,657</u>	<u>\$ 84,461</u>

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

For The Year Ended December 31, 2009

	Industrial Promotion	Library
REVENUES		
Taxes	\$ 6,638	\$ 1,625,320
Intergovernmental	-	-
Charges for services	-	-
Investment income	7,154	4,332
Miscellaneous	45,105	-
Total Revenue	58,897	1,629,652
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	-	-
Urban development and housing	67,308	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	1,926,251
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	67,308	1,926,251
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(8,411)	(296,599)
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Temporary notes retired	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds issued	-	-
Transfers in	-	311,750
Transfers out	(26,700)	-
Total Other Financing Sources (Uses)	(26,700)	311,750
NET CHANGE IN FUND BALANCES	(35,111)	15,151
FUND BALANCE-BEGINNING OF PERIOD	322,255	395
FUND BALANCE - END OF PERIOD	\$ 287,144	\$ 15,546

(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
\$ 401,092	\$ 2	\$ 240,502	\$ 4,734,914	\$ -	\$ -	\$ -
-	-	-	-	406,339	406,339	1,454,412
-	-	-	-	-	-	-
922	2,905	-	-	2,477	15,091	17,989
-	-	-	-	4,135	200	5,545
<u>402,014</u>	<u>2,907</u>	<u>240,502</u>	<u>4,734,914</u>	<u>412,951</u>	<u>421,630</u>	<u>1,477,946</u>
-	-	239,191	-	396,337	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	798,010
-	-	-	-	-	-	-
-	-	-	-	-	4,408	-
400,000	-	-	-	-	-	-
-	23,735	-	-	-	447,762	726,777
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>400,000</u>	<u>23,735</u>	<u>239,191</u>	<u>-</u>	<u>396,337</u>	<u>452,170</u>	<u>1,524,787</u>
2,014	(20,828)	1,311	4,734,914	16,614	(30,540)	(46,841)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	20,129	-	-	-	68,685	12,717
-	(78,217)	-	(4,912,175)	-	(194,662)	(155,140)
-	(58,088)	-	(4,912,175)	-	(125,977)	(142,423)
2,014	(78,916)	1,311	(177,261)	16,614	(156,517)	(189,264)
10	151,420	-	1,672,203	188,523	643,144	768,785
<u>\$ 2,024</u>	<u>\$ 72,504</u>	<u>\$ 1,311</u>	<u>\$ 1,494,942</u>	<u>\$ 205,137</u>	<u>\$ 486,627</u>	<u>\$ 579,521</u>

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

For The Year Ended December 31, 2009

	Special Sunset Zoo	Tourism and Convention Promotion
REVENUES		
Taxes	\$ -	\$ 844,129
Intergovernmental	-	-
Charges for services	209,584	-
Investment income	2,063	-
Miscellaneous	8,544	-
Total Revenue	220,191	844,129
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	-	-
Urban development and housing	-	635,800
Culture/recreation	201,146	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	201,146	635,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,045	208,329
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Temporary notes retired	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds issued	-	-
Transfers in	-	-
Transfers out	(58,935)	(72,000)
Total Other Financing Sources (Uses)	(58,935)	(72,000)
NET CHANGE IN FUND BALANCES	(39,890)	136,329
FUND BALANCE-BEGINNING OF PERIOD	84,834	458,017
FUND BALANCE - END OF PERIOD	\$ 44,944	\$ 594,346

(Continued)

Special Revenue

Airport Federal Grant No. 30	Airport Federal Grant No. 32	Airport Federal Grant No. 34	Airport Federal Grant No. 35	Airport Federal Grant No. 36	Airport Federal Grant No. 37/38	Airport Federal Grant No. 39
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
649	107,952	27,698	210,824	1,796,712	1,356,357	2,353,808
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
649	107,952	27,698	210,824	1,796,712	1,356,357	2,353,808
8,391	107,952	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	113,906	1,891,074	1,773,538	2,353,808
-	-	-	-	-	-	-
-	-	-	-	638	2,819	-
-	-	-	3,763	-	-	-
8,391	107,952	-	117,669	1,891,712	1,776,357	2,353,808
(7,742)	-	27,698	93,155	(95,000)	(420,000)	-
-	-	-	-	95,000	420,000	-
-	-	-	(175,000)	-	-	-
-	-	-	-	-	-	-
7,742	-	-	-	-	-	-
-	-	-	-	-	-	-
7,742	-	-	(175,000)	95,000	420,000	-
-	-	27,698	(81,845)	-	-	-
-	-	-	81,845	-	-	-
\$ -	\$ -	\$ 27,698	\$ -	\$ -	\$ -	\$ -

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

For The Year Ended December 31, 2009

	Alcohol and Drug Safety	CDBG Economic Development 1992
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	-
Investment income	-	-
Miscellaneous	5,245	-
Total Revenue	5,245	-
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	5,245	-
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Temporary notes retired	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds issued	-	-
Transfers in	-	-
Transfers out	(5,607)	(175)
Total Other Financing Sources (Uses)	(5,607)	(175)
NET CHANGE IN FUND BALANCES	(362)	(175)
FUND BALANCE-BEGINNING OF PERIOD	23,083	175
FUND BALANCE - END OF PERIOD	\$ 22,721	\$ -

(Continued)

Special Revenue

Community Planning Assistance Grant	Community Planning Assistance Grant-2008	Community Planning Assistance Grant-Flint Hills Regional Council	Emergency Shelter 2008	Emergency Shelter 2009	FEMA Flood Events Grants	Firefighters Assistance Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	284,197	1,507	18,156	23,742	10,096	21,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	284,197	1,507	18,156	23,742	10,096	21,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,713	284,197	1,507	16,785	23,742	-	-
-	-	-	-	-	15,278	-
-	-	-	-	-	-	-
-	-	-	-	-	-	26,320
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,713	284,197	1,507	16,785	23,742	15,278	26,320
(4,713)	-	-	1,371	-	(5,182)	(5,320)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	5,320
(128)	-	-	(1,371)	-	(1,665)	-
(128)	-	-	(1,371)	-	(1,665)	5,320
(4,841)	-	-	-	-	(6,847)	-
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, 2009

	Firefighter Memorial	Hazardous Materials Emergency Preparedness Grant
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	21,679
Charges for services	-	-
Investment income	-	-
Miscellaneous	596	-
Total Revenue	596	21,679
EXPENDITURES		
Current		
General government	-	-
Public safety	-	19,378
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	-	19,378
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	596	2,301
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Temporary notes retired	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds issued	-	-
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCES	596	2,301
FUND BALANCE-BEGINNING OF PERIOD	953	-
FUND BALANCE - END OF PERIOD	\$ 1,549	\$ 2,301

(Continued)

Special Revenue

Historic Preservation Archaeological Grant	Home Investment Partnerships Program	Home Investment Partnerships Program-2007	Homeland Security Grant-Rescue Trailer and Equipment	Homeland Security Grant-Structural Collapse Course	Homeless Prevention Grant	Juneteenth Grant-2009
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12,000	3,761	130,046	40,625	20,488	31,463	-
-	-	-	-	-	-	-
-	-	-	-	-	-	500
12,000	3,761	130,046	40,625	20,488	31,463	500
-	-	-	-	-	-	-
-	-	-	-	20,488	-	-
-	-	-	-	-	-	-
18,000	10,948	224,127	-	-	31,463	-
-	-	-	-	-	-	250
-	-	-	40,625	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
18,000	10,948	224,127	40,625	20,488	31,463	250
(6,000)	(7,187)	(94,081)	-	-	-	250
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	16,226	-	-	-	-
-	(12,607)	-	-	-	-	-
-	(12,607)	16,226	-	-	-	-
(6,000)	(19,794)	(77,855)	-	-	-	250
6,000	48,846	77,855	-	-	-	-
\$ -	\$ 29,052	\$ -	\$ -	\$ -	\$ -	\$ 250

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

For The Year Ended December 31, 2009

	Kansas Bioscience Authority Innovation Center Grant	KDHE Playground Surface Grant
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	4,533
Charges for services	-	-
Investment income	-	-
Miscellaneous	-	-
Total Revenue	-	4,533
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	-	-
Urban development and housing	-	-
Culture/recreation	-	4,533
Culture/recreation-payments to Library	-	-
Capital Outlay	9,012	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	9,012	4,533
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,012)	-
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Temporary notes retired	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds issued	-	-
Transfers in	425,000	-
Transfers out	-	-
Total Other Financing Sources (Uses)	425,000	-
NET CHANGE IN FUND BALANCES	415,988	-
FUND BALANCE-BEGINNING OF PERIOD	-	-
FUND BALANCE - END OF PERIOD	\$ 415,988	\$ -

(Continued)

Special Revenue

Norvell Band Shell	Park Improvement	Special Taxi	Sunset Zoo Animals	U.S. Small Business Administration Grant for Child Care	Wetland Development Grant	Woodard
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	213	7,785	-
-	-	8,808	-	-	-	-
-	-	-	17	-	-	3,974
465	4,605	15,000	-	-	-	-
<u>465</u>	<u>4,605</u>	<u>23,808</u>	<u>17</u>	<u>213</u>	<u>7,785</u>	<u>3,974</u>
-	-	13,275	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	213	-	-
-	7,574	-	150	-	7,785	-
-	-	-	-	-	-	-
-	-	-	-	-	-	7,562
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>7,574</u>	<u>13,275</u>	<u>150</u>	<u>213</u>	<u>7,785</u>	<u>7,562</u>
465	(2,969)	10,533	(133)	-	-	(3,588)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>465</u>	<u>(2,969)</u>	<u>10,533</u>	<u>(133)</u>	<u>-</u>	<u>-</u>	<u>(3,588)</u>
1,399	36,936	30,529	793	-	-	176,693
<u>\$ 1,864</u>	<u>\$ 33,967</u>	<u>\$ 41,062</u>	<u>\$ 660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,105</u>

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

For The Year Ended December 31, 2009

	Special
	Yes!
	Grant-2008
REVENUES	
Taxes	\$ -
Intergovernmental	-
Charges for services	-
Investment income	-
Miscellaneous	-
Total Revenue	-
EXPENDITURES	
Current	
General government	-
Public safety	-
Public works	-
Urban development and housing	-
Culture/recreation	2,456
Culture/recreation-payments to Library	-
Capital Outlay	-
Debt service	
Principal	-
Bond issuance costs	-
Interest and fiscal charges	-
Total Expenditures	2,456
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,456)
OTHER FINANCING SOURCES (USES)	
Temporary notes issued	-
Temporary notes retired	-
Special obligation bonds issued	-
Discount on special obligation bonds issued	-
Transfers in	4,350
Transfers out	-
Total Other Financing Sources (Uses)	4,350
NET CHANGE IN FUND BALANCES	1,894
FUND BALANCE-BEGINNING OF PERIOD	(1,894)
FUND BALANCE - END OF PERIOD	\$ -

(Continued)

Revenue		Debt Service				
Yes!		North	South	Downtown	Downtown	Downtown
Grant-2009	Total	Downtown	Downtown	Redevelopment	Redevelopment	Redevelopment
		Redevelopment	Redevelopment	Subordinate Lien	STAR Bonds	Taxable
		TIF	TIF	TIF		STAR Bonds
\$ -	\$ 10,937,182	\$ 505,789	\$ 109,544	\$ -	\$ 1	\$ -
5,000	8,757,381	-	-	-	-	-
-	304,837	-	-	-	-	-
-	281,374	-	410	-	-	-
-	191,462	-	-	-	-	-
5,000	20,472,236	505,789	109,954	-	1	-
-	1,888,548	-	-	-	-	-
-	941,156	-	-	-	-	-
-	798,010	-	-	-	-	-
-	2,462,720	42,326	-	-	-	-
7,778	251,358	-	-	-	-	-
-	2,326,251	-	-	-	-	-
-	8,340,493	-	-	-	-	-
-	-	711,242	-	4,160,000	15,500,000	-
-	3,457	-	-	-	79,881	157,108
-	3,763	1,617,198	294,279	-	319,471	7,563
7,778	17,015,756	2,370,766	294,279	4,160,000	15,899,352	164,671
(2,778)	3,456,480	(1,864,977)	(184,325)	(4,160,000)	(15,899,351)	(164,671)
-	515,000	-	-	-	-	-
-	(175,000)	-	-	-	-	-
-	-	516,557	-	4,160,000	16,515,007	3,300,205
-	-	-	-	-	(564,474)	(629,138)
-	2,718,837	1,251,013	-	-	1,103	-
-	(7,017,398)	(59,192)	(206,290)	-	-	-
-	(3,958,561)	1,708,378	(206,290)	4,160,000	15,951,636	2,671,067
(2,778)	(502,081)	(156,599)	(390,615)	-	52,285	2,506,396
-	18,119,260	156,599	390,615	-	-	-
\$ (2,778)	\$ 17,617,179	\$ -	\$ -	\$ -	\$ 52,285	\$ 2,506,396

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

For The Year Ended December 31, 2009

	Debt	
	Transportation Development District	Downtown Redevelopment TDD
REVENUES		
Taxes	\$ -	\$ 223,463
Intergovernmental	-	-
Charges for services	-	-
Investment income	4,756	-
Miscellaneous	-	-
Total Revenue	4,756	223,463
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	4,756	223,463
OTHER FINANCING SOURCES (USES)		
Temporary notes issued	-	-
Temporary notes retired	-	-
Special obligation bonds issued	-	-
Discount on special obligation bonds issued	-	-
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCES	4,756	223,463
FUND BALANCE-BEGINNING OF PERIOD	211,460	285,265
FUND BALANCE - END OF PERIOD	\$ 216,216	\$ 508,728

Service		Permanent		Total
Limey Pointe TDD	Total	Sunrise Perpetual Care	Nonmajor Governmental Funds	
\$ 83,997	\$ 922,794	\$ -	\$ 11,859,976	
-	-	-	8,757,381	
-	-	8,175	313,012	
14	5,180	9,252	295,806	
-	-	-	191,462	
84,011	927,974	17,427	21,417,637	
-	-	-	1,888,548	
-	-	-	941,156	
-	-	-	798,010	
-	42,326	-	2,505,046	
-	-	361	251,719	
-	-	-	2,326,251	
-	-	-	8,340,493	
-	20,371,242	-	20,371,242	
6,546	243,535	-	246,992	
-	2,238,511	-	2,242,274	
6,546	22,895,614	361	39,911,731	
77,465	(21,967,640)	17,066	(18,494,094)	
-	-	-	515,000	
-	-	-	(175,000)	
27,021	24,518,790	-	24,518,790	
-	(1,193,612)	-	(1,193,612)	
-	1,252,116	-	3,970,953	
-	(265,482)	-	(7,282,880)	
27,021	24,311,812	-	20,353,251	
104,486	2,344,172	17,066	1,859,157	
81,732	1,125,671	408,296	19,653,227	
\$ 186,218	\$ 3,469,843	\$ 425,362	\$ 21,512,384	

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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 636,780	\$ 636,780	\$ 622,155	\$ (14,625)
Special assessments	5,090,397	5,090,397	5,780,384	689,987
Investment income	-	-	56,513	56,513
Miscellaneous revenues	-	-	499,331	499,331
Total Revenues	<u>5,727,177</u>	<u>5,727,177</u>	<u>6,958,383</u>	<u>1,231,206</u>
EXPENDITURES				
Current				
General government	106,406	106,406	112,162	(5,756)
Debt service				
Bonds to be issued	498,000	498,000	-	498,000
Principal	6,824,541	6,824,541	11,714,541	(4,890,000)
Interest and fiscal charges	4,526,620	4,526,620	3,422,515	1,104,105
Bond issuance costs	-	-	133,871	(133,871)
Refunding costs	-	-	198,523	(198,523)
Total Expenditures	<u>11,955,567</u>	<u>11,955,567</u>	<u>15,581,612</u>	<u>(3,626,045)</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	<u>(6,228,390)</u>	<u>(6,228,390)</u>	<u>(8,623,229)</u>	<u>(2,394,839)</u>
OTHER FINANCING SOURCES (USES)				
Refunding general obligation bonds issued	-	-	13,145,000	13,145,000
Premium on refunding general obligation bonds issued	-	-	212,685	212,685
Temporary notes retired	-	-	(75,000)	(75,000)
Transfers in	3,550,927	3,550,927	1,986,341	(1,564,586)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>3,550,927</u>	<u>3,550,927</u>	<u>15,269,026</u>	<u>11,718,099</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,677,463)</u>	<u>\$ (2,677,463)</u>	<u>6,645,797</u>	<u>\$ 9,323,260</u>
FUND BALANCE-BEGINNING OF YEAR			<u>5,766,501</u>	
FUND BALANCE - END OF YEAR			12,412,298	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE - GAAP BASIS			<u>\$ 12,412,298</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2009

	<u>Aggieville Business Improvement District</u>			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	36,000	36,000	31,862	(4,138)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	<u>36,000</u>	<u>36,000</u>	<u>31,862</u>	<u>(4,138)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	36,000	36,000	31,641	4,359
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>36,000</u>	<u>36,000</u>	<u>31,641</u>	<u>4,359</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>221</u>	<u>221</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>\$ -</u>	<u>\$ -</u>	<u>221</u>	<u>\$ 221</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>183</u>	
FUND BALANCE - END OF PERIOD			404	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 404</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		
\$ -	\$ -	\$ -	\$ -	\$ 269,000	\$ 269,000	\$ 269,000	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25,000	25,000	61,860	36,860	-	-	-	-
-	-	-	-	-	-	-	-
<u>25,000</u>	<u>25,000</u>	<u>61,860</u>	<u>36,860</u>	<u>269,000</u>	<u>269,000</u>	<u>269,000</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,875,000	2,875,000	311,084	2,563,916	290,800	290,800	235,800	55,000
-	-	-	-	-	-	-	-
<u>2,875,000</u>	<u>2,875,000</u>	<u>311,084</u>	<u>2,563,916</u>	<u>290,800</u>	<u>290,800</u>	<u>235,800</u>	<u>55,000</u>
(2,850,000)	(2,850,000)	(249,224)	2,600,776	(21,800)	(21,800)	33,200	55,000
-	-	-	-	-	-	-	-
-	-	-	-	241,800	241,800	244,500	2,700
-	-	(50,000)	(50,000)	(220,000)	(220,000)	(265,224)	(45,224)
-	-	(50,000)	(50,000)	21,800	21,800	(20,724)	(42,524)
<u>\$ (2,850,000)</u>	<u>\$ (2,850,000)</u>	<u>(299,224)</u>	<u>\$ 2,550,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>12,476</u>	<u>\$ 12,476</u>
		<u>2,883,399</u>				-	
		2,584,175				12,476	
		<u>11,359</u>				-	
		<u>\$ 2,595,534</u>				<u>\$ 12,476</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, 2009

	Downtown Business Improvement District			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	60,000	60,000	54,583	(5,417)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	60,000	60,000	54,583	(5,417)
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	60,000	60,000	54,626	5,374
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	60,000	60,000	54,626	5,374
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(43)	(43)
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ -	\$ -	(43)	\$ (43)
FUND BALANCE - BEGINNING OF PERIOD			240	
FUND BALANCE - END OF PERIOD			197	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			\$ 197	

(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		
\$ 2,600,000	\$ 2,600,000	\$ 2,493,954	\$ (106,046)	\$ 169,325	\$ 169,325	\$ 173,588	\$ 4,263
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
220,000	220,000	150,150	(69,850)	-	-	-	-
401,500	401,500	100,000	(301,500)	-	-	-	-
3,221,500	3,221,500	2,744,104	(477,396)	169,325	169,325	173,588	4,263
-	-	-	-	1,122,500	1,122,500	1,123,402	(902)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,704,860	8,704,860	1,057,650	7,647,210	-	-	-	-
-	-	-	-	-	-	-	-
-	-	301,184	(301,184)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,704,860	8,704,860	1,358,834	7,346,026	1,122,500	1,122,500	1,123,402	(902)
(5,483,360)	(5,483,360)	1,385,270	6,868,630	(953,175)	(953,175)	(949,814)	3,361
-	-	-	-	-	-	-	-
-	-	-	-	953,175	953,175	953,175	-
(739,756)	(739,756)	(1,164,756)	(425,000)	-	-	-	-
(739,756)	(739,756)	(1,164,756)	(425,000)	953,175	953,175	953,175	-
\$ (6,223,116)	\$ (6,223,116)	220,514	\$ 6,443,630	\$ -	\$ -	3,361	\$ 3,361
		9,670,543				-	
		9,891,057				3,361	
		-				-	
		\$ 9,891,057				\$ 3,361	

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, 2009

	Fire Equipment Reserve			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ 54,530	\$ 54,530	\$ 56,985	\$ 2,455
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	11,092	11,092
Miscellaneous	-	-	1,522	1,522
Total Revenue	<u>54,530</u>	<u>54,530</u>	<u>69,599</u>	<u>15,069</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	686,262	686,262	260,650	425,612
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	6,450	(6,450)
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>686,262</u>	<u>686,262</u>	<u>267,100</u>	<u>419,162</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(631,732)</u>	<u>(631,732)</u>	<u>(197,501)</u>	<u>434,231</u>
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	(5,320)	(5,320)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(5,320)</u>	<u>(5,320)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (631,732)</u>	<u>\$ (631,732)</u>	<u>(202,821)</u>	<u>\$ 428,911</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>672,699</u>	
FUND BALANCE - END OF PERIOD			469,878	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>6,669</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 476,547</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		
\$ 89,526	\$ 89,526	\$ 91,057	\$ 1,531	\$ -	\$ -	\$ 1	\$ 1
-	-	-	-	-	-	-	-
-	-	-	-	2,000	2,000	1,348	(652)
-	-	-	-	-	-	-	-
89,526	89,526	91,057	1,531	2,000	2,000	1,349	(651)
-	-	-	-	-	-	-	-
652,120	652,120	634,304	17,816	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	119,345	119,345	3,134	116,211
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
652,120	652,120	634,304	17,816	119,345	119,345	3,134	116,211
(562,594)	(562,594)	(543,247)	19,347	(117,345)	(117,345)	(1,785)	115,560
-	-	-	-	-	-	-	-
556,850	556,850	556,850	-	114,320	114,320	92,393	(21,927)
-	-	-	-	-	-	(12,716)	(12,716)
556,850	556,850	556,850	-	114,320	114,320	79,677	(34,643)
\$ (5,744)	\$ (5,744)	13,603	\$ 19,347	\$ (3,025)	\$ (3,025)	77,892	\$ 80,917
		8,054				6,569	
		21,657				84,461	
		-				-	
		\$ 21,657				\$ 84,461	

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, 2009

	Industrial Promotion			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ 4,468	\$ 4,468	\$ 6,638	\$ 2,170
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	5,000	5,000	7,154	2,154
Miscellaneous	109,600	109,600	45,105	(64,495)
Total Revenue	<u>119,068</u>	<u>119,068</u>	<u>58,897</u>	<u>(60,171)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	395,125	395,125	67,308	327,817
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>395,125</u>	<u>395,125</u>	<u>67,308</u>	<u>327,817</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(276,057)</u>	<u>(276,057)</u>	<u>(8,411)</u>	<u>267,646</u>
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(27,975)	(27,975)	(26,700)	1,275
Total Other Financing Sources (Uses)	<u>(27,975)</u>	<u>(27,975)</u>	<u>(26,700)</u>	<u>1,275</u>
NET CHANGE IN FUND BALANCES	<u>\$ (304,032)</u>	<u>\$ (304,032)</u>	<u>(35,111)</u>	<u>\$ 268,921</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>322,255</u>	
FUND BALANCE - END OF PERIOD			287,144	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			<u>\$ 287,144</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		
\$ 1,609,450	\$ 1,609,450	\$ 1,625,320	\$ 15,870	\$ 400,000	\$ 400,000	\$ 401,092	\$ 1,092
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	4,332	4,332	-	-	922	922
-	-	-	-	-	-	-	-
<u>1,609,450</u>	<u>1,609,450</u>	<u>1,629,652</u>	<u>20,202</u>	<u>400,000</u>	<u>400,000</u>	<u>402,014</u>	<u>2,014</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,926,383	1,926,383	1,926,251	132	400,000	400,000	400,000	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>1,926,383</u>	<u>1,926,383</u>	<u>1,926,251</u>	<u>132</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
(316,933)	(316,933)	(296,599)	20,334	-	-	2,014	2,014
-	-	-	-	-	-	-	-
311,750	311,750	311,750	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>311,750</u>	<u>311,750</u>	<u>311,750</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (5,183)</u>	<u>\$ (5,183)</u>	15,151	<u>\$ 20,334</u>	<u>\$ -</u>	<u>\$ -</u>	2,014	<u>\$ 2,014</u>
		395				10	
		15,546				2,024	
		-				-	
		<u>\$ 15,546</u>				<u>\$ 2,024</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, 2009

	Park Development			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 2	\$ 2
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	5,810	5,810	2,905	(2,905)
Miscellaneous	-	-	-	-
Total Revenue	<u>5,810</u>	<u>5,810</u>	<u>2,907</u>	<u>(2,903)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	47,000	47,000	-	47,000
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	24,000	24,000	23,735	265
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>71,000</u>	<u>71,000</u>	<u>23,735</u>	<u>47,265</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(65,190)</u>	<u>(65,190)</u>	<u>(20,828)</u>	<u>44,362</u>
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	-	-	20,129	20,129
Transfers out	(79,810)	(79,810)	(78,217)	1,593
Total Other Financing Sources (Uses)	<u>(79,810)</u>	<u>(79,810)</u>	<u>(58,088)</u>	<u>21,722</u>
NET CHANGE IN FUND BALANCES	<u>\$ (145,000)</u>	<u>\$ (145,000)</u>	<u>(78,916)</u>	<u>\$ 66,084</u>
FUND BALANCE - BEGINNING OF PERIOD			151,420	
FUND BALANCE - END OF PERIOD			72,504	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			<u>\$ 72,504</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		
\$ 239,191	\$ 239,191	\$ 240,502	\$ 1,311	\$ 4,685,000	\$ 4,685,000	\$ 4,734,914	\$ 49,914
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
239,191	239,191	240,502	1,311	4,685,000	4,685,000	4,734,914	49,914
239,191	239,191	239,191	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
239,191	239,191	239,191	-	-	-	-	-
-	-	1,311	1,311	4,685,000	4,685,000	4,734,914	49,914
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	(5,201,295)	(5,201,295)	(4,912,175)	289,120
-	-	-	-	(5,201,295)	(5,201,295)	(4,912,175)	289,120
\$ -	\$ -	1,311	\$ 1,311	\$ (516,295)	\$ (516,295)	(177,261)	\$ 339,034
		-				1,672,203	
		1,311				1,494,942	
		-				-	
		\$ 1,311				\$ 1,494,942	

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, 2009

	Special Alcohol Programs			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	355,000	355,000	406,339	51,339
Charges for services	-	-	-	-
Investment income	500	500	2,477	1,977
Miscellaneous	400	400	4,135	3,735
Total Revenue	<u>355,900</u>	<u>355,900</u>	<u>412,951</u>	<u>57,051</u>
EXPENDITURES				
Current				
General government	426,600	426,600	396,337	30,263
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>426,600</u>	<u>426,600</u>	<u>396,337</u>	<u>30,263</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(70,700)</u>	<u>(70,700)</u>	<u>16,614</u>	<u>87,314</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>\$ (70,700)</u>	<u>\$ (70,700)</u>	<u>16,614</u>	<u>\$ 87,314</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>188,523</u>	
FUND BALANCE - END OF PERIOD			205,137	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 205,137</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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
355,000	355,000	406,339	51,339	1,673,050	1,673,050	1,454,412	(218,638)
-	-	-	-	-	-	-	-
15,000	15,000	15,091	91	-	-	17,989	17,989
-	-	200	200	-	-	5,545	5,545
<u>370,000</u>	<u>370,000</u>	<u>421,630</u>	<u>51,630</u>	<u>1,673,050</u>	<u>1,673,050</u>	<u>1,477,946</u>	<u>(195,104)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	2,045,650	2,045,650	712,131	1,333,519
-	-	-	-	-	-	-	-
338,927	338,927	4,408	334,519	-	-	-	-
-	-	-	-	-	-	-	-
240,400	240,400	456,392	(215,992)	-	-	726,777	(726,777)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>579,327</u>	<u>579,327</u>	<u>460,800</u>	<u>118,527</u>	<u>2,045,650</u>	<u>2,045,650</u>	<u>1,438,908</u>	<u>606,742</u>
<u>(209,327)</u>	<u>(209,327)</u>	<u>(39,170)</u>	<u>170,157</u>	<u>(372,600)</u>	<u>(372,600)</u>	<u>39,038</u>	<u>411,638</u>
-	-	-	-	-	-	-	-
-	-	68,685	68,685	-	-	12,717	12,717
(290,733)	(290,733)	(194,662)	96,071	(174,107)	(174,107)	(155,140)	18,967
<u>(290,733)</u>	<u>(290,733)</u>	<u>(125,977)</u>	<u>164,756</u>	<u>(174,107)</u>	<u>(174,107)</u>	<u>(142,423)</u>	<u>31,684</u>
<u>\$ (500,060)</u>	<u>\$ (500,060)</u>	<u>(165,147)</u>	<u>\$ 334,913</u>	<u>\$ (546,707)</u>	<u>\$ (546,707)</u>	<u>(103,385)</u>	<u>\$ 443,322</u>
		<u>604,999</u>				<u>531,146</u>	
		439,852				427,761	
		<u>46,775</u>				<u>151,760</u>	
		<u>\$ 486,627</u>				<u>\$ 579,521</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, 2009

	Special Sunset Zoo			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	215,000	215,000	209,584	(5,416)
Investment income	2,390	2,390	2,063	(327)
Miscellaneous	13,000	13,000	8,544	(4,456)
Total Revenue	<u>230,390</u>	<u>230,390</u>	<u>220,191</u>	<u>(10,199)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	236,180	236,180	201,146	35,034
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	25,000	25,000	-	25,000
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>261,180</u>	<u>261,180</u>	<u>201,146</u>	<u>60,034</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(30,790)</u>	<u>(30,790)</u>	<u>19,045</u>	<u>49,835</u>
OTHER FINANCING SOURCES (USES)				
Special obligation bonds issued	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(54,585)	(54,585)	(58,935)	(4,350)
Total Other Financing Sources (Uses)	<u>(54,585)</u>	<u>(54,585)</u>	<u>(58,935)</u>	<u>(4,350)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (85,375)</u>	<u>\$ (85,375)</u>	<u>(39,890)</u>	<u>\$ 45,485</u>
FUND BALANCE - BEGINNING OF PERIOD			<u>84,384</u>	
FUND BALANCE - END OF PERIOD			44,494	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE-GAAP BASIS			<u>\$ 44,494</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		
\$ 661,245	\$ 661,245	\$ 844,129	\$ 182,884	\$ 1,395,000	\$ 1,395,000	\$ 505,789	\$ (889,211)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
661,245	661,245	844,129	182,884	1,395,000	1,395,000	505,789	(889,211)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
635,800	635,800	635,800	-	-	-	42,326	(42,326)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,395,000	1,395,000	711,242	683,758
-	-	-	-	-	-	1,617,198	(1,617,198)
635,800	635,800	635,800	-	1,395,000	1,395,000	2,370,766	(975,766)
25,445	25,445	208,329	182,884	-	-	(1,864,977)	(1,864,977)
-	-	-	-	-	-	516,557	516,557
-	-	-	-	-	-	1,251,013	1,251,013
(72,000)	(72,000)	(72,000)	-	-	-	(59,192)	(59,192)
(72,000)	(72,000)	(72,000)	-	-	-	1,708,378	1,708,378
\$ (46,555)	\$ (46,555)	136,329	\$ 182,884	\$ -	\$ -	(156,599)	\$ (156,599)
		458,017				156,599	
		594,346				-	
		-				-	
		\$ 594,346				\$ -	

THIS PAGE INTENTIONALLY LEFT BLANK

INTERNAL SERVICE TAB

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, 2009

	Motor Pool	Health Care	Workers' Compensation
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 62,329	\$ 1,891,538	\$ 1,128,068
Inventories	15,078	-	-
Total Current Assets	77,407	1,891,538	1,128,068
Capital Assets			
Equipment and improvements	-	19,673	-
Less accumulated depreciation	-	(19,673)	-
Net Capital Assets	-	-	-
TOTAL ASSETS	77,407	1,891,538	1,128,068
LIABILITIES			
Current Liabilities			
Accounts payable	29,836	6,400	2,481
Estimated insurance claims payable	-	314,492	265,743
TOTAL LIABILITIES	29,836	320,892	268,224
NET ASSETS			
Unrestricted	47,571	1,570,646	859,844
TOTAL NET ASSETS	\$ 47,571	\$ 1,570,646	\$ 859,844

<u>Photocopy Services</u>	<u>Total</u>
\$ 21,898	\$ 3,103,833
864	15,942
<u>22,762</u>	<u>3,119,775</u>
-	19,673
-	<u>(19,673)</u>
-	<u>-</u>
<u>22,762</u>	<u>3,119,775</u>
14,749	53,466
-	580,235
<u>14,749</u>	<u>633,701</u>
8,013	2,486,074
<u>\$ 8,013</u>	<u>\$ 2,486,074</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, 2009

	<u>Motor Pool</u>	<u>Health Care</u>	<u>Workers'</u> <u>Compensation</u>
OPERATING REVENUES			
Service charges	\$ 29,130	\$ 3,621,754	\$ 2,903
OPERATING EXPENSES			
Commodities	20,992	-	-
Contractual services	5,114	2,919,728	106,096
Depreciation	-	1,968	-
Total Operating Expenses	<u>26,106</u>	<u>2,921,696</u>	<u>106,096</u>
OPERATING INCOME (LOSS)	<u>3,024</u>	<u>700,058</u>	<u>(103,193)</u>
NON-OPERATING REVENUE			
Investment income	-	39,217	27,344
INCOME (LOSS) BEFORE TRANSFERS	3,024	739,275	(75,849)
Transfers in	-	-	-
Transfers (out)	-	-	-
CHANGE IN NET ASSETS	3,024	739,275	(75,849)
TOTAL NET ASSETS - BEGINNING	<u>44,547</u>	<u>831,371</u>	<u>935,693</u>
TOTAL NET ASSETS - ENDING	<u>\$ 47,571</u>	<u>\$ 1,570,646</u>	<u>\$ 859,844</u>

Photocopy Services	Total
<u>\$ 87,468</u>	<u>\$ 3,741,255</u>
8,108	29,100
80,629	3,111,567
-	1,968
<u>88,737</u>	<u>3,142,635</u>
<u>(1,269)</u>	<u>598,620</u>
-	66,561
<u>(1,269)</u>	<u>665,181</u>
-	-
<u>-</u>	<u>-</u>
<u>(1,269)</u>	<u>665,181</u>
<u>9,282</u>	<u>1,820,893</u>
<u><u>\$ 8,013</u></u>	<u><u>\$ 2,486,074</u></u>

CITY OF MANHATTAN, KANSAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2009

	<u>Motor Pool</u>	<u>Health Care</u>	<u>Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 33,084	\$ 3,634,134	\$ 2,903
Payments to suppliers	(32,441)	(3,097,693)	(221,458)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>643</u>	<u>536,441</u>	<u>(218,555)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	-
Transfers (out)	-	-	-
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	-	39,217	27,344
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	643	575,658	(191,211)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>61,686</u>	<u>1,315,880</u>	<u>1,319,279</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 62,329</u>	<u>\$ 1,891,538</u>	<u>\$ 1,128,068</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 3,024	\$ 700,058	\$ (103,193)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	1,968	-
(Increase) decrease in receivables	3,954	12,380	-
(Increase) decrease in inventory	6,969	-	-
Increase (decrease) in accounts payable and accrued expenses	(13,304)	(177,965)	(115,362)
Total Adjustments	<u>(2,381)</u>	<u>(163,617)</u>	<u>(115,362)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 643</u>	<u>\$ 536,441</u>	<u>\$ (218,555)</u>

<u>Photocopy Services</u>	<u>Total</u>
\$ 87,468	\$ 3,757,589
<u>(87,435)</u>	<u>(3,439,027)</u>
33	318,562
-	-
-	-
-	-
-	-
-	66,561
33	385,123
<u>21,865</u>	<u>2,718,710</u>
<u>\$ 21,898</u>	<u>\$ 3,103,833</u>
<u>\$ (1,269)</u>	<u>\$ 598,620</u>
-	1,968
-	16,334
161	7,130
<u>1,141</u>	<u>(305,490)</u>
<u>1,302</u>	<u>(280,058)</u>
<u>\$ 33</u>	<u>\$ 318,562</u>

THIS PAGE INTENTIONALLY LEFT BLANK

STATISTICAL TAB

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.	149
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales tax.	157
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.	166
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.	172
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.	174

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 Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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	\$ (9,600,155)
Restricted	61,203,349	59,477,736	56,889,324	69,905,265	79,516,619	100,974,706	123,438,073
Unrestricted	4,297,947	7,337,888	8,807,348	9,864,936	(1,888,077)	(1,972,316)	(14,904,643)
Total governmental activities net assets	\$ 61,720,382	\$ 67,017,649	\$ 72,525,579	\$ 84,405,446	\$ 77,479,305	\$ 99,506,062	\$ 98,933,275
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	\$ 74,558,929
Restricted	-	-	-	-	-	-	-
Unrestricted	12,128,351	12,119,057	11,359,296	10,521,740	10,020,584	7,862,491	7,886,180
Total business-type activities net assets	\$ 57,397,114	\$ 59,218,432	\$ 60,721,739	\$ 68,723,592	\$ 78,595,932	\$ 80,359,924	\$ 82,445,109
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	\$ 64,958,774
Restricted	61,203,349	59,477,736	56,889,324	69,905,265	79,516,619	100,974,706	123,438,073
Unrestricted	16,426,298	19,456,945	20,166,644	20,386,676	8,132,507	5,890,175	(7,018,463)
Total primary government net assets	\$ 119,117,496	\$ 126,236,081	\$ 133,247,318	\$ 153,129,038	\$ 156,075,237	\$ 179,865,986	\$ 181,378,384

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

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF MANHATTAN, KANSAS

**Changes in Net Assets
Last Seven Fiscal Years**

(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Expenses							
Governmental activities:							
General government	\$ 7,890,776	\$ 8,405,577	\$ 10,240,520	\$ 10,748,824	\$ 11,364,213	\$ 12,829,036	\$ 14,306,640
Public safety	11,326,669	12,266,826	12,401,548	13,418,804	14,676,580	15,917,237	17,410,323
Public works	3,491,469	4,571,078	4,695,232	5,461,465	7,079,426	7,689,400	7,853,696
Urban development and housing	2,424,974	2,301,003	2,703,449	2,258,671	12,242,830	3,966,578	13,113,182
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	5,242,521
Culture and recreation (payments to Library)	1,560,926	1,558,731	1,587,345	1,743,149	1,900,410	2,147,807	2,326,251
Interest on long-term debt	2,551,319	2,511,063	2,359,332	2,600,729	4,134,577	5,215,511	6,143,930
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>	<u>66,396,543</u>
Business-type activities:							
Water	5,157,935	4,995,699	5,184,961	5,689,352	5,850,953	6,573,170	7,045,534
Wastewater	3,686,358	4,328,771	4,524,149	4,745,418	4,773,432	5,138,975	5,506,505
Storm water management	284,063	257,659	254,922	416,347	436,351	828,879	617,627
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>	<u>13,169,666</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>	<u>\$ 79,566,209</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	\$ 4,511,875
Public safety	489,795	510,236	564,509	823,472	639,711	565,892	576,964
Public works	190,189	196,250	112,693	250,362	414,376	754,083	446,133
Urban development and housing	130,497	129,507	120,861	109,518	98,658	108,026	101,495
Culture and recreation	928,078	940,178	908,643	910,804	913,578	983,589	950,140
Operating grants and contributions	2,283,275	2,300,825	2,776,439	2,759,823	3,482,457	3,554,445	3,253,286
Capital grants and contributions	7,994,152	3,463,519	7,710,363	15,543,263	17,655,503	25,874,349	19,810,546
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>	<u>29,650,439</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	5,989,318
Wastewater	4,061,419	3,971,491	3,948,617	4,133,820	4,133,603	4,049,883	4,819,899
Storm water management	541,766	557,361	562,844	566,361	826,176	1,033,734	1,178,772
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>	<u>11,987,989</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>	<u>\$ 41,638,428</u>
Net (expense)/revenue							
Governmental activities	\$ (17,127,963)	\$ (23,605,050)	\$ (24,482,287)	\$ (15,687,392)	\$ (28,301,776)	\$ (16,085,240)	\$ (36,746,104)
Business-type activities	785,432	176,648	(145,025)	(3,139)	(614,397)	(1,661,274)	(1,181,677)
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>	<u>\$ (37,927,781)</u>

(Continued)

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

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
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	\$ 15,461,552
Property taxes, levied for debt service	2,177,349	2,674,630	2,603,273	1,897,069	593,988	514,484	622,156
Franchise taxes	1,845,487	1,934,748	2,020,220	2,166,221	2,478,108	2,964,974	3,023,374
Sales taxes	8,681,946	11,551,508	12,713,367	14,673,231	15,496,467	15,895,779	16,214,434
Transient guest taxes	540,365	648,461	598,740	658,142	684,047	902,088	844,129
Unrestricted grants and contributions	248,453	254,785	284,806	324,810	346,241	401,352	406,339
Investment earnings	193,716	302,617	482,126	1,333,615	1,714,084	1,042,391	545,131
Miscellaneous	1,513,440	2,370,064	1,503,288	2,433,531	1,292,569	5,204,348	2,009,066
Transfers	(1,180,624)	(1,364,193)	(1,105,188)	(7,141,881)	(9,601,446)	(2,969,407)	(2,952,864)
Total governmental activities	23,748,817	28,902,317	29,990,217	27,567,259	25,866,431	38,111,997	36,173,317
Business-type activities:							
Investment earnings	127,687	204,470	383,140	716,960	668,525	260,900	98,606
Miscellaneous	285,474	76,007	160,004	146,151	216,766	194,959	215,392
Transfers	1,180,624	1,364,193	1,105,188	7,141,881	9,601,446	2,969,407	2,952,864
Total business-type activities	1,593,785	1,644,670	1,648,332	8,004,992	10,486,737	3,425,266	3,266,862
Total primary government	\$ 25,342,602	\$ 30,546,987	\$ 31,638,549	\$ 35,572,251	\$ 36,353,168	\$ 41,537,263	\$ 39,440,179
Change in Net Assets							
Governmental activities	\$ 6,620,854	\$ 5,297,267	\$ 5,507,930	\$ 11,879,867	\$ (2,435,345)	\$ 22,026,757	\$ (572,787)
Business-type activities	2,379,217	1,821,318	1,503,307	8,001,853	9,872,340	1,763,992	2,085,185
Total primary government	\$ 9,000,071	\$ 7,118,585	\$ 7,011,237	\$ 19,881,720	\$ 7,436,995	\$ 23,790,749	\$ 1,512,398

NOTE: Due to the City's implementation of GASB Statement No. 34 in 2003, only seven 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				
	2000	2001	2002	2003	2004
General fund					
Reserved	\$ 275,455	\$ 138,906	\$ 53,188	\$ 1,063	\$ 53,601
Unreserved	1,671,543	1,974,192	2,388,478	2,383,098	4,080,056
Total general fund	<u>\$ 1,946,998</u>	<u>\$ 2,113,098</u>	<u>\$ 2,441,666</u>	<u>\$ 2,384,161</u>	<u>\$ 4,133,657</u>
All other governmental funds					
Reserved	\$ 3,245,103	\$ 2,553,567	\$ 2,636,667	\$ 2,862,608	\$ 3,228,170
Unreserved, reported in:					
Special revenue funds	4,793,849	4,588,898	4,994,479	5,235,177	5,648,375
Debt service funds	3,444,663	2,053,345	2,098,230	4,956,626	4,623,098
Capital projects funds	(4,192,500)	2,677,904	1,079,074	2,252,314	1,220,135
Total all other governmental funds	<u>\$ 7,291,115</u>	<u>\$ 11,873,714</u>	<u>\$ 10,808,450</u>	<u>\$ 15,306,725</u>	<u>\$ 14,719,778</u>

2005	2006	2007	2008	2009
\$ -	\$ 116,173	\$ 50,262	\$ 178,129	\$ 139,851
5,476,384	5,775,764	3,911,850	5,670,740	4,732,050
<u>\$ 5,476,384</u>	<u>\$ 5,891,937</u>	<u>\$ 3,962,112</u>	<u>\$ 5,848,869</u>	<u>\$ 4,871,901</u>
\$ 2,498,191	\$ 2,735,051	\$ 3,488,115	\$ 3,581,928	\$ 3,648,726
7,101,786	10,533,120	12,107,549	14,945,628	14,453,466
4,071,638	4,531,301	4,840,072	6,892,172	18,969,751
(850,085)	1,087,930	(793,492)	(2,353,806)	32,937,186
<u>\$ 12,821,530</u>	<u>\$ 18,887,402</u>	<u>\$ 19,642,244</u>	<u>\$ 23,065,922</u>	<u>\$ 70,009,129</u>

CITY OF MANHATTAN, KANSAS
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2000	2001	2002	2003	2004
Revenues					
Taxes	\$ 19,026,897	\$ 20,772,566	\$ 21,715,367	\$ 22,973,830	\$ 27,339,044
Special assessments	3,143,602	2,261,100	4,384,661	1,845,244	3,921,310
Licenses and permits	357,668	432,663	454,274	571,228	603,382
Intergovernmental revenues	7,855,035	4,897,768	5,938,863	3,135,294	3,105,803
Charges for services	3,288,468	3,218,414	2,710,558	2,931,532	2,956,824
Fines and forfeitures	980,516	912,110	1,419,322	1,604,782	1,650,071
Investment income	1,433,220	892,109	285,797	167,508	256,125
Miscellaneous revenues	823,277	744,801	1,034,282	4,073,526	2,803,331
Total revenues	<u>36,908,683</u>	<u>34,131,531</u>	<u>37,943,124</u>	<u>37,302,944</u>	<u>42,635,890</u>
Expenditures					
General government	6,939,211	7,153,014	7,545,535	6,956,494	7,016,098
Public safety	8,925,064	9,920,683	10,597,731	10,900,974	11,725,804
Public works	2,832,826	3,352,357	2,801,680	2,748,273	2,782,868
Urban development and housing	4,100,866	2,790,752	1,901,077	2,253,832	2,117,240
Culture/recreation	3,610,941	3,669,217	3,626,412	3,625,881	3,755,808
Culture/recreation-payments to Library	1,447,347	1,496,579	1,527,282	1,560,926	1,558,731
Capital outlay	15,996,571	9,271,262	7,934,028	7,668,230	4,647,333
Debt service					
Principal	8,803,000	7,714,000	15,175,000	10,218,435	9,466,000
Bond issuance costs	-	-	-	93,858	145,288
Interest and fiscal charges	2,040,162	2,172,410	2,333,916	2,452,117	2,516,692
Refunding costs	-	58,824	22,159	59,763	-
Total expenditures	<u>54,695,988</u>	<u>47,599,098</u>	<u>53,464,820</u>	<u>48,538,783</u>	<u>45,731,862</u>
Excess of revenues over (under) expenditures	(17,787,305)	(13,467,567)	(15,521,696)	(11,235,839)	(3,095,972)
Other financing sources (uses)					
General obligation bonds issued	5,071,063	6,780,000	10,175,000	5,590,000	2,080,000
Discount on general obligation bonds	-	-	-	-	-
Special obligation bonds issued	-	-	-	2,365,000	-
Discount on special obligation bonds	-	-	-	-	-
Temporary notes issued	5,600,057	12,040,000	4,615,000	2,926,000	2,185,000
Temporay notes retired	-	-	-	-	-
Transportation revolving fund loan	-	-	-	-	-
Capital leases	511,006	-	-	862,943	44,171
Transfers in	6,807,032	5,291,588	4,674,843	5,564,569	5,298,592
Transfers out	(6,823,181)	(5,962,097)	(4,704,843)	(5,333,671)	(5,349,242)
Insurance recoveries	-	-	-	-	-
Refunding bonds issued	-	4,955,000	680,000	3,415,000	-
Premium on refunding bonds	-	-	-	-	-
Refunding special obligation bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	(4,888,225)	(655,000)	(470,000)	-
Total other financing sources (uses)	<u>11,165,977</u>	<u>18,216,266</u>	<u>14,785,000</u>	<u>14,919,841</u>	<u>4,258,521</u>
Net change in fund balances	<u>\$ (6,621,328)</u>	<u>\$ 4,748,699</u>	<u>\$ (736,696)</u>	<u>\$ 3,684,002</u>	<u>\$ 1,162,549</u>
Debt service as a percentage of noncapital expenditures	28.0%	25.9%	38.5%	31.4%	29.5%

2005	2006	2007	2008	2009
\$ 28,825,185	\$ 30,617,183	\$ 32,114,981	\$ 35,620,565	\$ 36,165,644
4,118,716	4,737,898	4,352,940	5,475,190	5,844,297
623,469	924,647	714,917	620,719	638,579
5,642,983	3,963,034	4,629,131	5,590,098	9,459,687
3,212,670	3,391,900	3,630,468	4,131,180	3,822,507
1,699,568	1,540,085	1,608,250	1,775,516	1,503,776
377,956	1,135,688	1,496,784	954,355	478,569
1,854,337	2,892,416	1,621,878	6,583,038	2,495,786
46,354,884	49,202,851	50,169,349	60,750,661	60,408,845
8,141,725	8,345,149	8,513,849	9,519,200	10,255,979
12,058,163	13,132,569	14,354,830	15,453,858	17,167,683
2,621,363	3,200,313	3,904,928	4,225,414	3,588,161
2,382,727	2,241,255	12,208,269	3,943,454	13,080,747
3,809,089	3,950,140	4,159,424	4,584,179	4,672,874
1,587,345	1,743,149	1,900,410	2,147,807	2,326,251
9,839,956	34,087,262	31,971,763	24,935,200	28,034,313
10,255,000	15,225,000	21,612,181	26,972,384	48,920,416
93,838	200,794	218,190	346,994	481,642
2,400,661	2,517,571	3,979,874	4,945,877	6,100,062
83,127	-	-	65,117	205,865
53,272,994	84,643,202	102,823,718	97,139,484	134,833,993
(6,918,110)	(35,440,351)	(52,654,369)	(36,388,823)	(74,425,148)
2,805,000	7,800,000	15,710,000	16,555,000	12,875,000
(86,773)	(229,159)	(337,053)	(280,170)	(267,630)
-	4,610,321	11,722,828	10,799,228	86,393,577
-	-	-	-	(1,843,090)
2,955,000	24,980,000	23,370,000	5,150,000	20,475,000
-	-	-	-	(10,675,000)
592,176	3,474,605	541,090	-	-
61,954	86,000	447,827	622,452	85,000
6,532,881	9,187,196	8,120,145	7,569,335	9,198,522
(6,580,776)	(7,987,187)	(8,095,451)	(7,570,402)	(9,207,677)
-	-	-	1,497,829	-
6,150,000	-	-	2,495,000	13,145,000
-	-	-	-	212,685
-	-	-	4,860,986	-
(6,066,873)	-	-	-	-
6,362,589	41,921,776	51,479,386	41,699,258	120,391,387
\$ (555,521)	\$ 6,481,425	\$ (1,174,983)	\$ 5,310,435	\$ 45,966,239

29.5%

35.5%

37.2%

44.7%

52.2%

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Transient Guest Tax	Total
2003	\$ 11,906,034	\$ 8,681,946	\$ 1,845,487	\$ 540,365	\$ 22,973,832
2004	13,204,327	11,551,508	1,934,748	648,461	27,339,044
2005	13,492,858	12,713,367	2,020,220	598,740	28,825,185
2006	13,119,590	14,673,231	2,166,221	658,142	30,617,184
2007	13,456,361	15,496,467	2,478,108	684,047	32,114,983
2008	14,670,472	15,895,779	2,964,974	902,088	34,433,313
2009	16,083,708	16,214,434	3,023,374	844,129	36,165,645

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

THIS PAGE INTENTIONALLY LEFT BLANK

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
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
2009	401,976,282	2,832,096,061	16,602,368	73,753,880	11,398,227	34,540,082

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

<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>
\$ 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%
429,976,877	34.268	2,940,390,023	14.62%

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

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<i>Fund Levies In Mills</i>										
General Operating	2.988	4.272	0.700	0.666	2.070	2.510	3.077	2.730	2.976	2.787
Bond & Interest ¹	10.561	5.048	3.847	8.623	9.025	7.869	5.006	1.078	1.037	1.361
Employment Benefit Contribution	2.665	2.186	1.808	-	0.753	0.610	0.664	0.757	0.627	0.344
Fire Equipment Reserve	0.975	0.467	-	-	0.030	0.316	0.314	0.276	0.122	0.119
Fire Pension KP&F	0.971	1.163	0.417	0.027	0.233	0.141	0.318	0.259	0.211	0.193
General Improvement	-	0.418	-	-	-	-	-	-	-	-
Industrial Promotion	0.975	0.977	0.533	0.811	0.747	0.187	0.994	0.249	0.121	-
Library ²	5.862	5.523	5.239	5.059	4.532	4.314	0.645	3.644	3.378	3.499
Library-Employee Benefit Contributor	0.768	0.228	0.813	0.741	0.552	0.559	0.641	0.645	0.723	0.878
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	0.519
Riley County Police Department	15.423	22.585	28.343	27.742	24.962	23.713	24.001	22.929	22.001	24.568
TOTAL: City Mill Rate	42.813	44.147	42.460	44.388	43.540	40.832	36.235	33.088	31.683	34.268

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>
2000	42.813	34.488	23.823	45.691
2001	44.147	34.637	23.774	48.969
2002	42.460	34.628	25.529	48.047
2003	44.388	34.573	25.743	48.027
2004	43.540	34.360	25.399	41.090
2005	40.832	34.341	27.362	43.832
2006	36.235	34.278	27.079	43.783
2007	33.088	32.182	22.680	43.821
2008	31.683	31.140	22.217	43.440
2009	34.268	30.030	26.137	43.448

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>2009</u>			<u>2000</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	\$12,012,406	1	2.78%	\$6,741,475	1	3.19%
Western Resources	Utility	4,909,280	2	1.14%	4,126,887	2	1.95%
Westloop Center Association	Retail	3,739,550	3	0.87%	3,076,475	4	1.46%
Kansas Farm Bureau	Insurance	3,709,742	4	0.86%	2,921,081	5	1.38%
Southwestern Bell Telephone	Telecommunications	2,819,211	5	0.65%	3,580,424	3	1.69%
Professional Center Medical Complex	Real Estate-Commercial	2,602,796	6	0.60%	1,775,473	6	0.84%
University Commons	Real Estate-Residential	2,580,152	7	0.60%	1,487,226	9	0.70%
Kansas Gas Service	Utility	2,411,002	8	0.56%	-	-	-
Target Corporation	Retail	2,308,214	9	0.53%	-	-	-
WP Partners	Real Estate-Commercial	2,059,547	10	0.48%	-	-	-
Kansas Hotel Partners (Holidome)	Hotel	-	-	-	1,601,275	7	0.76%
Wal Mart Stores, Inc.	Retail	-	-	-	1,572,360	8	0.74%
Western Wireless Corp.	Telecommunications	-	-	-	1,305,176	10	0.62%
Total		<u>\$39,151,900</u>		<u>9.07%</u>	<u>\$28,187,852</u>		<u>13.33%</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>	<u>Percentage of Current Collections to Current Levy</u>	<u>Delinquent Property Taxes Collected</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Collections to Current Levy</u>
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%
2009	14,734,675	14,366,090	97.50%	209,513	14,575,603	98.92%

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>	<u>2009</u>
Utilities	\$ 37,230,900	\$ 39,169,620	\$ 41,960,320	\$ 48,810,744	\$ 53,483,039	\$ 46,844,368
Construction	14,604,000	15,407,340	21,928,000	25,710,753	20,900,046	17,814,284
Manufacturing	14,806,200	19,152,320	27,501,280	27,546,189	22,774,274	19,365,639
Wholesale	32,308,500	25,643,640	45,122,320	51,267,430	48,857,423	40,752,414
Retail	449,079,500	468,009,540	482,844,000	491,433,252	570,245,375	590,686,296
Information	33,481,900	29,235,980	31,151,360	48,622,705	41,723,079	47,878,972
Accommodation and food services	80,260,000	81,930,220	91,023,200	111,952,779	105,188,266	98,851,406
Services	19,903,300	22,734,100	20,986,160	21,635,358	20,722,647	19,472,283
Other	41,441,400	41,530,140	53,410,400	64,303,790	61,538,038	48,312,789
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>	<u>\$ 929,978,451</u>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.25% (1)

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

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

Source: Kansas Department of Revenue

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>
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%	-
2009	1.25% (3)	1.00%	1.00%	-

(1) Effective April 1, 2005.

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

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

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

Source: Finance Department

CITY OF MANHATTAN, KANSAS
Sales Tax Revenue Payers by Industry
Fiscal Years 2009 and 2004

	2009				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	666	29.88%	\$ 6,067,013	63.51%	620	31.06%	\$4,490,795	62.10%
Accommodation and food services	134	6.01%	1,015,315	10.63%	109	5.46%	802,600	11.10%
Other	415	18.62%	496,227	5.20%	351	17.59%	414,414	5.73%
Information	122	5.47%	491,771	5.15%	173	8.67%	334,819	4.63%
Utilities	14	0.63%	481,144	5.04%	10	0.50%	372,309	5.15%
Wholesale	286	12.83%	418,573	4.38%	227	11.37%	323,085	4.47%
Services	188	8.43%	200,002	2.09%	202	10.12%	199,033	2.75%
Manufacturing	164	7.36%	198,907	2.08%	136	6.81%	148,062	2.05%
Construction	240	10.77%	182,973	1.92%	168	8.42%	146,040	2.02%
Total	2,229	100.00%	\$ 9,551,925	100.00%	1,996	100.00%	\$7,231,157	100.00%

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

THIS PAGE INTENTIONALLY LEFT BLANK

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

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Special Assessment Bonds	Special Obligation Bonds	Temporary Notes	Notes Payable	Sales Tax Revenue Bonds	Transportation Revolving Fund Loan
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
2009	19,900,461	71,939,539	75,380,000	25,890,000	300,000	505,000	4,000,070

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.

Business-type Activities				Total Primary Government	Percentage of Personal Income¹	Per Capita¹
Capital Leases	General Obligation Bonds	State Revolving Loan	Capital Leases			
\$ 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	5.8%	1,414.60
970,055	3,715,000	5,263,917	-	73,424,972	6.0%	1,568.81
844,843	2,685,000	5,559,373	-	68,194,216	5.2%	1,423.20
746,550	2,210,000	5,297,404	-	63,206,130	4.6%	1,276.89
672,175	2,925,000	5,027,531	-	89,356,808	5.7%	1,761.18
861,598	2,325,000	4,749,118	-	119,759,794	6.5%	2,315.23
1,231,605	2,405,000	5,248,561	-	137,032,074	6.9%	2,630.28
1,000,393	4,130,000	5,986,497	100,000	209,131,960	9.5%	3,958.13

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
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
2009	19,900,461	71,939,539	12,412,298	79,427,702	2.7%	1,503.29

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, 2009

<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	\$ 107,280,000	76.76%	\$ 82,348,128
Riley County	6,015,000	73.32%	4,410,198
Pottawatomie County	6,105,000	8.43%	<u>514,652</u>
Total overlapping debt			<u>87,272,978</u>
Direct debt			
Bonded debt:			
General obligation debt			19,900,461
Special assessment debt			<u>71,939,539</u>
Total general obligation bonded debt			91,840,000
Temporary note debt			<u>25,890,000</u>
Total direct debt			<u>117,730,000</u>
Total Direct and Overlapping Debt			<u>\$ 205,002,978</u>

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>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Debt limit ¹	\$72,149,605	\$76,989,959	\$81,635,415	\$81,620,626
Total net debt applicable to limit	<u>38,932,915</u>	<u>41,596,804</u>	<u>42,404,518</u>	<u>42,023,981</u>
Legal debt margin	<u>\$33,216,690</u>	<u>\$35,393,155</u>	<u>\$39,230,897</u>	<u>\$39,596,645</u>
Total net debt applicable to the limit as a percentage of debt limit	53.96%	54.03%	51.94%	51.49%

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

Fiscal Year	2005	2006	2007	2008	2009
2004					
\$90,897,770	\$98,691,193	\$106,939,202	\$121,577,656	\$135,179,174	\$140,411,233
37,224,713	33,733,161	47,015,307	54,967,050	59,027,855	67,946,855
\$53,673,057	\$64,958,032	\$59,923,895	\$66,610,606	\$76,151,319	\$72,464,378
40.95%	34.18%	43.96%	45.21%	43.67%	48.39%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Valuation of Taxable Tangible Property	\$ 429,976,877
Motor Vehicle Valuation	<u>38,060,566</u>
Total Valuation	<u>468,037,443</u>
Debt Limit Ratio	<u>30%</u>
December 31, 2009 Debt Limit	<u>\$140,411,233</u>
Outstanding Debt Subject to Debt Limit	* <u>67,946,855</u>
Debt Authority Remaining December 31, 2009	<u>\$ 72,464,378</u>

12/31/09 G.O.Bonds Outstanding	\$ 87,425,000
Add: Amount for Refunded Bonds	5,951,878
Less: Amount for Refunding, Water, Sewer and Storm water projects	<u>46,618,023</u>
	<u>46,758,855</u>
12/31/08 Temporary Notes Outstanding	25,890,000
Less: Amount for Water, Sewer & Storm water Projects	<u>4,702,000</u>
	<u>21,188,000</u>
Total Outstanding Debt Subject to Debt Limit 12/31/09	* <u>\$ 67,946,855</u>

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

<u>Fiscal Year</u>	<u>Population¹</u>	<u>Public School Enrollment²</u>	<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Average Wage per Job³</u>	<u>Unemployment Rate⁴</u>
2000	44,831	5,724	\$ 991,596,751	\$ 22,119	\$ 21,712	3.0%
2001	46,135	5,452	1,059,649,864	22,968	22,948	3.3%
2002	46,531	5,369	1,138,893,039	24,476	24,408	3.5%
2003	46,803	5,376	1,221,931,300	26,108	25,122	3.5%
2004	48,214	5,214	1,302,332,919	27,012	26,791	4.3%
2005	49,462	5,149	1,372,718,579	27,753	27,241	3.6%
2006	50,111	5,467	1,557,955,382	31,090	28,801	3.5%
2007	51,661	5,764	1,837,602,270	35,570	29,600	3.1%
2008	52,174	6,141	1,983,964,420	38,026	30,488	3.1%
2009	52,836	6,193	2,193,365,098	41,513	unavailable	4.3%

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^{1,2}</u>	<u>Riley County Population³</u>	<u>City of Manhattan Population</u>	<u>Population as a Percentage of Riley County Population</u>	<u>City of Manhattan Personal Income</u>
2000	\$ 1,389,959,000	62,843	44,831	71.34%	\$ 991,596,751
2001	1,455,563,000	63,371	46,135	72.80%	1,059,649,864
2002	1,560,555,000	63,755	46,531	72.98%	1,138,893,039
2003	1,709,473,000	65,474	46,803	71.48%	1,221,931,300
2004	1,786,710,000	66,144	48,214	72.89%	1,302,332,919
2005	1,873,507,000	67,507	49,462	73.27%	1,372,718,579
2006	2,150,387,000	69,164	50,111	72.45%	1,557,955,382
2007	2,468,900,000	69,406	51,661	74.43%	1,837,602,270
2008	2,704,054,000	71,113	52,174	73.37%	1,983,964,420
2009	2,961,605,587	71,341	52,836	74.06%	2,193,365,098

¹U.S. Bureau of Economic Analysis

²2009 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>2009</u>			<u>2000</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	18,458	1		10,057	1	
Fort Riley Military Base (civilian) ¹	7,500	2		3,606	3	
Kansas State University	6,424	3	17.07%	4,790	2	15.72%
U.S.D. No. 383 - Manhattan Schools	1,584	4	4.21%	1,279	4	4.20%
Mercy Health Center	1000	5	2.66%	630	5	2.07%
GTM Sportswear	585	6	1.55%	-	-	-
Wal-Mart	477	7	1.27%	350	9	1.15%
Meadowlark Hills Retirement Community	380	8	1.01%	-	-	-
City of Manhattan	320	9	0.85%	292	10	0.96%
Big Lakes Developmental Center	250	10	0.66%	-	-	-
Sykes Enterprises	-	-	-	416	7	1.36%
Kansas Farm Bureau	-	-	-	506	6	1.66%
Manhattan Medical Center	-	-	-	353	8	1.16%
Total	<u>36,978</u>		<u>29.28%</u>	<u>22,279</u>		<u>28.28%</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>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>	<u>2009</u>
General government										
Full-time	53	53	53	58	58	61	61	50	52	56
Part-time	4	3	3	3	4	3	3	4	4	4
Seasonal/temporary	19	16	13	14	14	15	13	13	13	13
Public safety										
Full-time	67	77	77	76	78	79	79	81	81	81
Part-time	10	1	1	1	2	2	2	2	3	3
Seasonal/temporary	-	4	9	9	9	9	9	10	10	11
Public works										
Full-time	44	44	44	40	39	40	40	44	46	47
Part-time	-	-	-	2	-	1	3	1	0	0
Seasonal/temporary	14	10	11	14	5	7	8	9	8	9
Urban development and housing										
Full-time	8	9	9	8	8	8	8	9	9	9
Part-time	1	1	-	1	1	-	-	-	-	-
Seasonal/temporary	1	1	1	1	1	1	1	1	1	2
Culture and recreation										
Full-time	53	60	60	55	52	52	56	66	72	74
Part-time	19	11	12	9	12	10	8	8	6	7
Seasonal/temporary	960	982	980	1407	1400	1383	1144	1146	912	818
Water										
Full-time	33	27	28	22	22	23	24	25	26	26
Part-time	-	-	-	-	-	1	-	-	-	-
Seasonal/temporary	2	3	4	1	3	1	1	1	3	3
Wastewater										
Full-time	27	25	25	25	24	24	22	24	24	24
Part-time	-	-	-	-	-	-	-	-	-	-
Seasonal/temporary	-	-	-	-	-	2	-	-	-	-
Storm Water Management										
Full-time	-	-	-	1	1	-	1	1	1	2
Totals										
Full-time	285	295	296	285	282	287	291	300	311	319
Part-time	34	16	16	16	19	17	16	15	13	14
Seasonal/temporary	996	1016	1018	1446	1432	1418	1176	1180	947	856

Source: Finance Department

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

	<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>	<u>2009</u>
Public safety										
Incident responses	1,109	1,128	1,181	1,099	1,318	2,142	2,333	2,554	2,511	2,514
Fire inspections	3,541	2,359	2,935	2,645	2,511	2,428	2,615	2,700	2,562	2,567
Construction inspections	4,366	4,341	4,575	4,735	5,146	5,448	8,914	7,361	5,885	6,476
Public works										
Road added (square yards)	210,633	233,559	16,962	21,628	27,009	54,664	160,855	105,009	72,804	26,769
Asphalt placed for street repairs (tons)	1,111	395	437	244	254	178	119	257	248	379
Call backs for signal problems	47	31	37	29	60	43	31	62	43	43
Urban development and housing										
Annexations	7	2	7	3	4	6	8	5	2	2
Rezoning	14	10	21	27	21	22	33	18	19	10
Culture and recreation										
Annual swimming pool attendance	N/A	N/A	73,271	64,066	51,465	56,615	63,994	60,049	55,507	39,115 ⁽¹⁾
Annual zoo attendance	55,181	55,686	52,200	50,006	56,741	49,751	52,769	60,206	51,985	57,969
Annual registrations in recreation programs	16,177	16,112	15,629	15,575	14,785	15,902	16,110	13,267	11,828	11,630
Water										
New taps	178	222	357	448	375	301	912	551	254	414
Total water metered in distribution system (MG)	2,204	2,165	2,429	2,300	2,217	2,359	2,450	3,176	2,286	2,391
Wastewater										
Total influent flow (MG)	1,773	1,806	1,739	1,766	1,781	1,741	1,659	1,824	1,859	1,780

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

⁽¹⁾ City Park Pool was closed for the entire summer season of 2009.

Sources: Various City departments

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

	<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>	<u>2009</u>
Public safety										
Fire stations	3	3	4	4	4	4	4	4	4	4
Public works										
Streets (miles)	169.8	172.3	173.9	174.5	176.7	183.7	190.6	194.9	196.03	201.53
Traffic signals	51	53	54	55	55	55	57	63	64	64
Culture and recreation										
Park acreage (developed)	457	536	536	536	536	536	550	555	555	561
Parks (developed)	15	16	16	16	16	16	16	16	16	17
Swimming pools	4	4	4	4	3	3	3	3	2	2
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (lineal feet)	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	1,400,490
Maximum daily capacity (millions of gallons)	20	20	20	20	20	20	20	20	20	20
Wastewater										
Sewer lines (lineal feet)	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	1,262,509
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

SINGLE AUDIT TAB



July 26, 2010

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, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 26, 2010. 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 26, 2010
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.

Varney & Associates, CPAs, LLC

Certified Public Accountants



July 26, 2010

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, 2009. 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 \$1,895,347 in federal awards which are not included in the schedule of expenditures of federal awards during the year ended December 31, 2009. 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, 2009.

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

July 26, 2010
City of Manhattan, Kansas
Page two

Internal Control Over Compliance (Continued)

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.

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.

Varney & Associates, CPAs, LLC
Certified Public Accountants

CITY OF MANHATTAN, KANSAS
 Manhattan, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Expenditures
U.S. Department of Housing & Urban Development		
Passed through the Kansas Housing Resources Corp.		
HOME Investments Partnership Program	14.239	\$ 133,807
ARRA - Homeless Prevention and Rapid Re-Housing Program	14.257	31,463
Emergency Shelter Grants Program	14.231	<u>41,898</u>
Total U.S. Department of Housing & Urban Development		<u>\$ 207,168</u>
U.S. Department of Defense		
Office of Economic Adjustment		
Community Economic Adjustment Planning Assistance	12.607	<u>\$ 257,197</u>
Environmental Protection Agency:		
Passed through the Kansas Department of Health and Environment		
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 1,098,762
Passed through Kansas Alliance for Wetlands and Streams		
Regional Wetland Program Development Grants	66.461	<u>7,785</u>
Total Environmental Protection Agency		<u>\$ 1,106,547</u>
U.S. Department of Homeland Security		
Assistance to Firefighters Grant	97.044	\$ 21,000
Passed through the Kansas Adjutant General		
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	225,106
Passed through the Kansas Adjutant General/Riley County		
Hazardous Materials Assistance Program	97.021	21,679
Passed through the Kansas Highway Patrol/North Central		
Regional Planning Commission		
Assistance to Firefighters Grant	97.044	<u>61,113</u>
Total U.S. Department of Homeland Security		<u>\$ 328,898</u>
U.S. Department of the Interior:		
Passed through the Kansas State Historical Society		
Historic Preservation Fund Grants-in-Aid	15.904	<u>\$ 12,000</u>
Total U.S. Department of the Interior		
U.S. Department of Transportation		
Airport Improvement Program	20.106	\$ 3,500,192
ARRA - Airport Improvement Program	20.106	<u>2,353,808</u>
Total U.S. Department of Transportation		<u>\$ 5,854,000</u>
TOTAL		<u><u>\$ 7,765,810</u></u>

See notes to schedule of expenditures of federal awards.

CITY OF MANHATTAN, KANSAS
Manhattan, Kansas
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2009

Note 1: General

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

Note 2: Basis of Accounting

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

CITY OF MANHATTAN, KANSAS
 Manhattan, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 December 31, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified	
Internal control over financial reporting:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal controls over major programs:		
Material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> 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)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
---	------------------------------	--

Identification of major programs:

Name of Federal program	<u>CFDA Number</u>
Airport Improvement Program	20.106
ARRA - 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?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> 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, 2009

None.