

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF
CITY OF SALINA, KANSAS

300 West Ash Street
P.O. Box 736
Salina, Kansas 67402-0736

For the Fiscal Year Ended
December 31, 2011

Prepared by Department of Finance and Administration
of City of Salina, Kansas

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CITY OF SALINA, KANSAS

Comprehensive Annual Financial Report
For the year ended December 31, 2011

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INTRODUCTORY SECTION



October 24, 2012

To the Citizens of the City of Salina, Kansas:

The Comprehensive Annual Financial Report of the City of Salina, Kansas (the "City") for the year ended December 31, 2011, is hereby submitted. The City's Finance Department prepared the report. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of all various funds and account groups of the City. We believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Report Format

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The introductory section includes a description of the City, including services provided, and explanation of the City's accounting system and budgetary controls, and a brief discussion of the City's economic condition and outlook. The City's organizational chart is also included to assist the reader in understanding the structure of the City. The financial section includes the Independent auditor's report, Management's discussion & analysis, Government wide financial statements, Fund financial statements, Notes to the financial statements, and Individual and combining statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The reader is specifically directed to Management's Discussion and Analysis (MD&A) which immediately follows the independent auditor's report. MD&A provides a narrative explanation and overview of significant features and trends reflected by data in the financial statements.

Accounting Systems and Internal Controls

A critical part of the control system is the City's comprehensive Budgetary and Financial Policies, which establish guidelines for budgetary and financial practices. The Budgetary and Financial Policies are reviewed by the City Commission and updated each year as a part of the budget process.

City staff is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits require estimates and judgment by management.

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. The legal level of budgetary control is maintained at the Fund level, in accordance with State Statutes. However, management control is maintained at the department level. The City uses an encumbrance accounting system, in which estimated purchase amounts are recorded prior to the release of purchase orders to vendors. Open encumbrances are reported as reservations of fund balance at December 31, 2011 in the general fund and the special revenue funds. Various internal compliance procedures are implemented to insure proper implementation of the budget as well as to maintain a degree of accountability for both revenues and expenditures.

Independent Audit

Kansas Statutes Annotated 75-1122 requires an annual audit of the books of account, financial records and transactions of all administrative departments of the City by independent certified public accountants selected by the City Commission. This requirement has been complied with and the auditor's opinion has been included in this report.

Profile of the Community

The Town of Salina was organized in 1858 under the Town and Village Act in the State of Kansas, and became a City of the First Class on July 9, 1920. The City has had a Commission-City Manager form of government since 1921. The Commission is comprised of five members elected at large. Each year the commission chooses one member to act as Mayor. The City Manager is appointed by the Commission, and acts as it's primary agent in accordance with state statute. Other city officers and employees are appointed by the City Manager. The current population of the City is 47,707.

The reporting entity includes the City of Salina as well as two discretely presented component units, both proprietary fund types. The Salina Airport Authority operates the Salina Municipal Airport and Airport Industrial Center, and the Salina Housing Authority administers public housing programs within the City of Salina. In addition, the City of Salina participates in two joint ventures with Saline County, the Salina - Saline County Board of Health and the City-County Building Authority. This report includes all funds of the City.

The City provides a full range of services including police and fire protection, development services, construction and maintenance of streets, drainage facilities and other infrastructure; recreational activities and cultural events; emergency medical services and convention facilities. In addition to general government activities, the City also provides water, wastewater, sanitation, and solid waste services; therefore, these activities are included in the reporting entity.

Economic Outlook and Strength

The City benefits from its location at the junction of Interstate Highways 70 and 135. This convenient location has drawn numerous national and regional companies to open manufacturing or distribution centers in or adjacent to the community. Such companies include Pepsi-cola, Exide Battery, Philips Lighting, El Dorado Bus, and Schwans. Currently manufacturing, retail trade, and service industries rank as the three primary employers in the City. No single industry is dominant.

The City of Salina retains its position near the top of a list of first class cities with respect to 'trade pull factor.' The pull factor measures the degree to which a city or county area captures retail trade from outside the jurisdiction. A pull factor of greater than 1 indicates that a city is attracting more retail trade from outside the city/county than it is losing to other counties. It is apparent from this that Salina continues to serve as a regional economic hub in 2011.

Major Initiatives

In November, 2008, voters elected to increase the ¼ cent tax to .40 cent, and extend the sunset for an additional ten years. until March 31, 2018. Ninety-three percent (93%) of the tax is to be used for capital improvements and tax stabilization. The remaining tax is to be used for economic development programs.

In 2011 several major projects were initiated, including the reconstruction of Marymount Road, development of a Commercial Subdivision at the interchange of I-135 and Magnolia Road, installation of a Water Meter Automated Meter Infrastructure system, as well as several other smaller subdivision projects.

Solid Waste disposal is becoming a stable operation, with 80,000 to 90,000 tons being disposed of each year. The community remains committed to recycling and resource conservation, with several initiatives that began in 1997, including a yard waste recycling and composting program in addition to continuing a mulching mower rebate program. The community currently has about 4,700 yard carts placed to encourage recycling of yard waste as an alternative to disposal. A Pilot residential recycling program was continued in 2004. The curbside recycling program was converted to a permanent service in 2005, with 900 households participating.

Addressing fiduciary pressures generated by a recessionary economy has also been a challenge. The primary approach has been to reduce staffing through attrition, after careful evaluation of each vacancy. By the end of 2010, full time staffing had been reduced from 511 to 479.

The freeze on salaries was removed in 2011, with an allowance granted for an average 2% merit review.

Capital Improvement Planning

The City's Capital Improvement Plan (CIP) consists of two components. One component consists of “routine” capital—including vehicle and equipment replacement, technology replacement, building repair and improvement, routine pavement maintenance activity, utility system enhancements and similar items. The amount of funding for these projects may fluctuate based on needs and funding availability, however, planned amounts are allocated over a multi-year period. Source of funding for routine capital is current cash resources from the fund appropriate to the nature of the purchase.

The second component of the CIP includes major projects that typically require issuance of bonds or notes, although these projects may also be supplemented with available cash and grant financing. The plan is updated each year after an extensive evaluation of the demands on future financial resources. The Capital Improvement program is scheduled for a major revision as the result of the sales tax to be used for that purpose.

Construction Initiated*:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund	\$ 700,000	\$ 780,000	\$ 780,000	\$ 780,000
Sales Tax*	1,720,000	1,795,000	1,730,000	1,555,000
Flood and Drainage Fund	-	-	-	-
Special Park Fund	100,000	100,000	100,000	100,000
Gas Tax Fund	1,300,000	1,300,000	1,300,000	1,300,000
Solid Waste Fund	145,000	50,000	50,000	50,000
Sanitation Fund	136,300	136,300	136,300	136,300
Water & Wastewater Fund	4,500,000	4,500,000	4,500,000	4,500,000
General Obligation Bonds	4,500,000	-	1,600,000	3,400,000
Revenue Bonds	4,150,000	4,810,000	4,000,000	25,350,000
Other Sources	50,000	50,000	50,000	50,000
Total	<u>\$17,301,300</u>	<u>\$ 13,521,300</u>	<u>\$ 14,246,300</u>	<u>\$37,221,300</u>

*The year a project is scheduled reflects the year that construction is initiated. Preliminary work (design, acquisition) may precede this date by one or more years, and permanent financing may not occur until one (or more years depending on project magnitude) subsequent to this date.

Financial Policies

The City has adopted a formal set of Budgetary and Financial Policies, addressing such items as fund balances, capital improvements, operating budgets, long term debt management, accounting, auditing and financial reporting, revenues, cash management and investments. Financial policies contribute to financial stability by:

1. Providing consistent guidance in decision making
2. Establishing appropriate levels of fund balances
3. Governing the use of one time or unanticipated resources
4. Providing a multi-year capital improvements process
5. Establishing responsibilities and deadlines for budget preparation
6. Providing for a balanced annual operating budget
7. Providing guidelines on the use of debt, including appropriate purposes and terms
8. Provide a linkage between capital improvement scheduling and long term debt management planning
9. Require annual audits and financial reporting in conformance with Generally Accepted Accounting Procedures
10. Require timely and regular interim financial reporting to the Governing body
11. Insure the safety of cash and near cash resources (timely collection of Accounts Receivable, etc.).

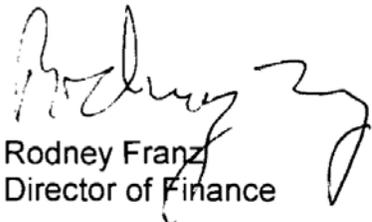
Acknowledgments

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated, professional advice and effort of the Mize Houser & Company auditing team. A special thank you needs to be given to Valerie Gebhardt, City Accountant, who is responsible for much of the data assembly and reconciliation. Finally, preparation of this report would not have been possible without the support of the City Commission.

Sincerely,

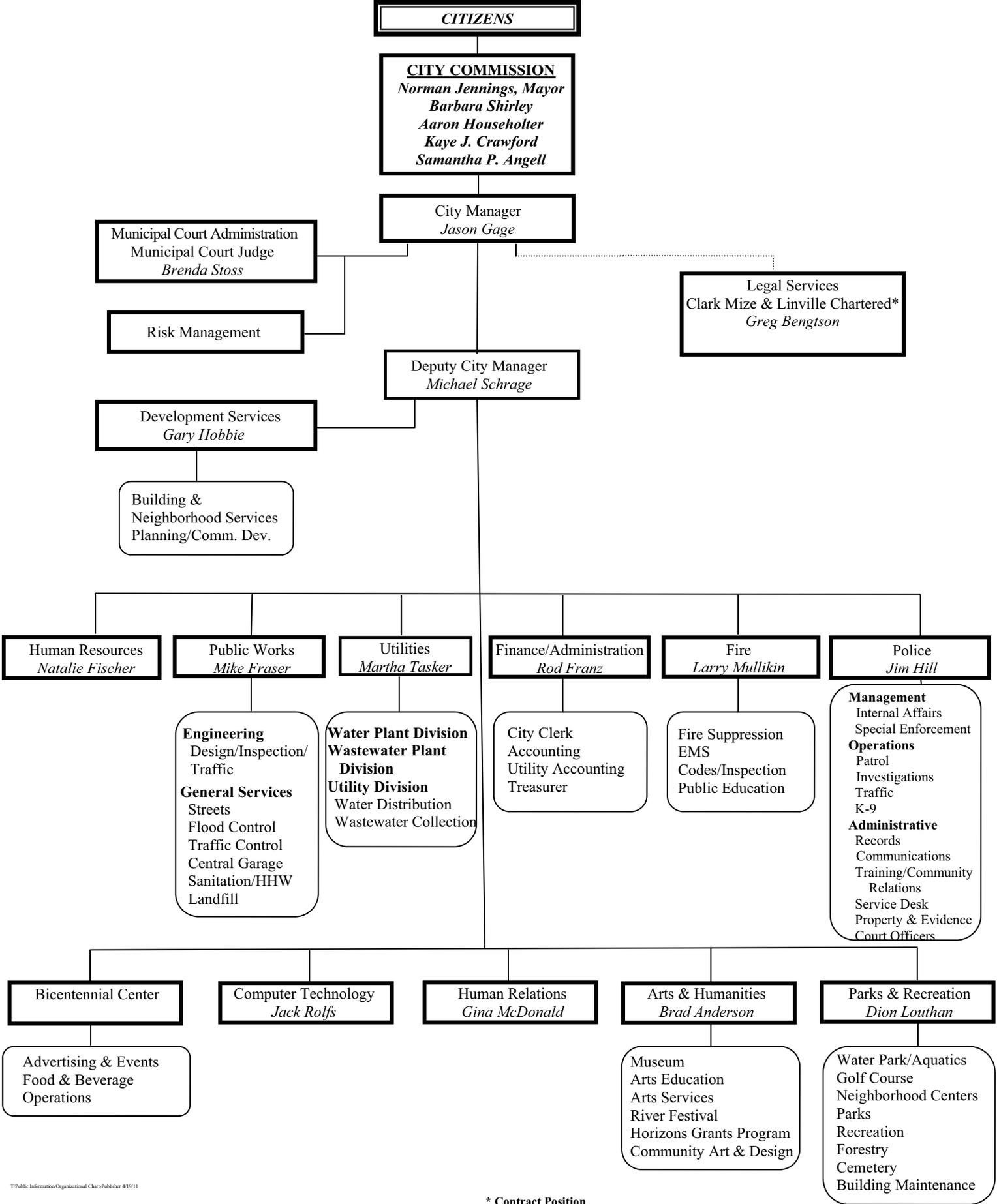


Jason A. Gage
City Manager



Rodney Franz
Director of Finance

City of Salina



City of Salina, Kansas

List of Principal Officials

City Commission

Norman Jennings, Mayor
Barbara Shirley, Vice-Mayor
Kaye J. Crawford, Commissioner
Aaron Householter, Commissioner
Samantha P. Angell, Commissioner

City Executive Staff

Jason Gage, City Manager
Michael Schrage, Deputy City Manager
Rodney Franz, Director of Finance and Administration
Jim Hill, Chief of Police
Larry Mullikin, Fire Chief
Michael Fraser, Director of Public Works
Jack Rolfs, Director of Computer Technology
Gary Hobbie, Director of Development Services
Dion Louthan, Director of Parks and Recreation
Brad Anderson, Director of Arts and Humanities
Gina McDonald, Director of Human Relations
Natalie Fischer, Director of Human Resources
Martha Tasker, Director of Utilities
Greg Bengtson, City Attorney

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT
ON THE BASIC FINANCIAL STATEMENTS

Mayor and City Commissioners
City of Salina, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salina, Kansas, as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these basic financial statements based on our audit. We did not audit the financial statements of the Salina Airport Authority which statements reflect total assets of \$55,525,038 as of December 31, 2011 and total revenues of \$4,588,747 for the year then ended, and the Housing Authority of the City of Salina which statements reflect total assets of \$8,034,589 as of June 30, 2011 and total revenues of \$2,442,060 for the year then ended, which are discretely presented component units in the accompanying financial statements. 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 Salina Airport Authority and the Housing Authority of the City of Salina is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

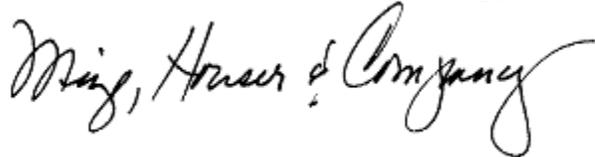
In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Salina, Kansas, at December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Flood & Drainage Improvement Fund, Tourism and Convention Fund, Special Gas Fund, Bicentennial Center Fund and the Sales Tax Capital Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 and the schedules of funding progress on page 52 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's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical tables as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying account 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.

A handwritten signature in black ink that reads "Ming, Horner & Company". The signature is written in a cursive, flowing style.

October 24, 2012

CITY OF SALINA, KANSAS
Management Discussion and Analysis

Year Ended December 31, 2011
(Unaudited)

Management Discussion and Analysis

This section of the report contains an overview and analysis of the City of Salina's financial statements for the fiscal year ended December 31, 2011. The information contained here, as well as the information contained in the letter of transmittal, are intended to provide the reader of the financial statements with a well rounded picture of the City's financial condition.

Financial Highlights

- ◆ Net Assets increased by \$5,912,298. Governmental Net Assets declined by \$463,769, while Business Type Net Assets increased by \$6,376,067. (After prior year adjustments)
- ◆ Liabilities also increased substantially due to the issuance of \$16,120,000 in Revenue Bonds.
- ◆ Sales taxes grew modestly (4.1%), a reversal of the previous two years of decline.
- ◆ In Business Type Activities, the Water and Sewer fund saw asset growth, despite increases in operating expenditures, due to good revenue production.
- ◆ The multi-year decline in fund balance for the General Fund was halted, with a slight recovery.
- ◆ Tax delinquency rates have declined to a relatively normal level of 2.7%.
- ◆ Personal property taxes continued to decline as a result of the exemption of business equipment from the tax rolls.
- ◆ Investment revenues continue to be very minimal, but levels have stabilized.
- ◆ The unemployment rate declined from 6.4% to 6.3%.

The Basic Financial Statements

The basic financial statements of the City include the government-wide financial statements and the fund financial statements. The notes to the financial statements follow the basic financial statements, and are essential for the reader's understanding of the financial statements. Other supplementary information, including the combining schedules for non-major funds and the budgetary comparison reports, are at the end of this report to provide additional information for the reader.

Government-wide Financial Statements

The government-wide financial statements present the results of the City's operations using the accrual basis of accounting, the same basis as is used by private sector businesses. These statements focus on the long-term financial picture of the City as a whole

The Statement of Net Assets reports all of the City's assets and liabilities. Net assets, the difference between assets and liabilities, are an important measure of the City's overall financial health. Net assets represent the total accumulated and unused resources available to the City for the purpose of providing services. Over time, the increases and decreases in net assets can be monitored to determine if the City's financial position is improving or deteriorating.

The Statement of Activities shows how the net assets have changed during the fiscal year. One unique feature of this statement is how it shows the revenues and expenses related to specific programs and how much of those programs were supported by the general taxes of the City. Since this statement is prepared on the accrual basis of accounting, all revenues and expenses are included, regardless of when cash is actually received. Both statements show the operations of the City broken down between governmental and business type activities. Governmental activities are the operations of the City generally supported by taxes, such as Public Safety (Police, Fire, and EMS), Public Works, Public Health, and Culture & Recreation. Business-type Activities are operations of the City that are intended to recover a significant portion of their costs through user fees and charges. These include Water and Sewer, Refuse collection, the Golf Course, and operation of the City Solid Waste Facility.

The government-wide financial statements include the Salina Airport Authority and Salina Housing Authority as discretely presented component units of the City. Note 1, item A in the Notes to the Financial Statements provides a more complete explanation of the relationship between these entities and the City of Salina.

CITY OF SALINA, KANSAS
Management Discussion and Analysis

Year Ended December 31, 2011
(Unaudited)

Fund Financial Statements

The City uses three types of funds to manage its resources: governmental funds, proprietary funds, and fiduciary funds. A fund is a fiscal entity with a set of self-balancing accounts recording financial resources together with all related liabilities and residual equities and balances, and the changes therein. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives in accordance with regulations, restrictions, or limitations.

Governmental fund financial statements are prepared on a modified accrual basis. Under this basis, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred with the exception of long term debt and similar items which are recorded when due. The focus is on the short-term financial picture of the operations of the individual fund, rather than long-term citywide view provided by the government-wide statements. Major Governmental Funds are presented in individual columns, while Non-major Governmental Funds are aggregated into an "Other Governmental Funds" column. A combining statement for the Non-major funds is presented as supplementary information in the back of the report. The information presented in these statements can be compared to the governmental activities information in the government-wide statements. The reconciliation at the end of the fund financial statements details the relationship between the two types of financial statements.

Proprietary funds fall into two categories: enterprise funds and internal service funds. All proprietary funds are prepared on the accrual basis of accounting, and are used to account for business-type activities. Enterprise fund statements present the same information that is in the government-wide statements for business-type activities, but in greater detail. The City of Salina currently operates four enterprise funds: Sanitation, Solid Waste Disposal, Golf Course, and Water and Sewer. Internal Service funds are used to account for the cost of operations shared by various departments of the City. The city operates five internal service funds. Three of these are for self-insurance activity: Risk Management, Workers' Compensation Reserve, and Health Insurance. The remaining two account for our Information Systems activity and for the Central Garage operation. A combining statement for these internal service funds can be found in the supplementary information following the notes to the financial statements.

Fiduciary funds are used by the City to account for resources held by the City for a third party. Agency funds are a special class of Fiduciary Fund in which liabilities always equal assets, and thus there are no net assets. The City of Salina operates nine Agency funds. Schedules for these funds may be viewed in the supplementary section of this report.

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used. Permanent funds operated by the City include the Cemetery and Mausoleum Endowments and the Tri-centennial Commission fund.

Notes to the Financial Statements

The notes to the financial statements are an integral part of the basic financial statements since they contain valuable additional information necessary for gaining a complete understanding of the City's financial statements.

Other Information

In addition to the basic financial statements and the notes described above, this report also presents the general fund and major special revenue fund's budgetary statements as required supplementary information directly following the notes to the basic financial statements. The combining statements for the non-major funds are shown after the required supplementary information. Finally, the statistical section includes selected statistical data about the City's operations and economy.

The City as a Whole

This section will identify, discuss, and analyze significant differences and trends that will enhance the reader's understanding of the City's financial position.

CITY OF SALINA, KANSAS
Management Discussion and Analysis

Year Ended December 31, 2011
(Unaudited)

Tax Base and Economy

The City of Salina relies on three major groups of revenues to support its operations. Each of these revenue streams has a different revenue base. In declining order of magnitude, they are charges for service, sales taxes, and property taxes. Sales taxes and property taxes apply primarily to Governmental Activities, while charges for services apply to both Governmental (36%) and Business-type (64%) activities.

Charges for Services account for about 46% (\$37,249,107) of the City's revenue stream. Charges for Service depend on both the rate that is set for the activity, as well as the volume of services provided. The following table illustrates service volume and rate adjustments for some of the more significant services for the year ending December 31, 2011.

Description	2010 Volume	2011 Volume	Change	Rate Comments
Golf Course:				
Rounds, 18 Hole	30,420	26,782	(3,638)	No fee increase
Rounds, Par 3	3,707	3,368	(339)	No fee increase
Annual Golf Members	33	18	(15)	No fee increase
River Festival Gate Count	64,835	72,664	7,829	\$2.00 per button increase
Development Services				
Inspections Performed	6,391	5,473	(918)	
Permits Issued	3,031	2,678	(353)	
Finance/Administration				
EMS Runs Billed	3,473	4,003	530	Five percent increase
Licenses Issued	1,296	1,358	62	
Water Billings Issued	238,635	239,448	813	
Water Metered (in Billion Gallons)	1.97	NA		
Parks and Recreation				
Kenwood Cove Attendance	119,000	111,063	(7,937)	No fee increase
Youth Teams	164	178	14	
Adult Teams	300	308	8	
Special Pops Programs	109	114	5	
Trips/Tours offered	31	54	23	
Youth Tournament Teams	424	388	(36)	
Adult Tournament Teams	140	164	24	
Public Works				
Sanitation Customers	14,520	14,604	84	3% fee increase
Landfill Tonnage	94,907	96,178	1,271	No fee increase
Street Cut and Excavation Permits	181	201	20	
Concrete Permits	155	143	(12)	
Water and Wastewater				
Water Treated (Billion Gallons)	2.30	2.30	-	\$2.00 per month per typical user
Wastewater Treated (Billion Gallons)	1.50	1.45	(0.05)	\$2.00 per month per typical user

**In general, if not specified in the table, rates were adjusted an average of about 2% for most services.

Sales taxes are the next largest component of the revenue mix, providing 20% (\$15,847,742) of the total revenues. This is a slightly smaller portion than 2010 (21%). The City receives a .90% City-wide sales tax, and also a portion of the County-wide 1% sales tax. Forty-four percent, (a rate of .4%) of the City-wide sales tax is required to be used for special purposes. The remaining .5%, along with the City portion of the Countywide tax is available for general purposes. Total revenue from the sales tax in 2011 was \$ 15,847,742, up from \$ 15,224,888 in 2010. This 4.1% increase follows a 4.7% decline (after adjustment for a change in rate) for 2010.

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A number of factors affect the sales tax. First are the regional and local economic conditions and relationships. These are most directly reflected in the proceeds of the City-wide tax, which grew by 5.8%.

The City was unfavorably affected by the formula used to distribute the County-wide sales tax among participating jurisdictions (only Cities and the County participate, School and other special districts do not). The formula is based, in part, on the property tax efforts of each jurisdiction. Because the portion of the overlapping levy attributable to the City of Salina was increased for 2011, the City's allocated portion of the County-wide sales tax was decreased from 63.3% in 2010 61.85% in 2011. Total Countywide taxes received in 2011 were approximately \$6,755,629. The change in formula thus resulted in a shift of about \$158,000 from the City of Salina to Saline County in 2011.

On November 4, 2008, Salina voters approved an increase of the special purpose .25% tax to a .40% tax. The extended tax is to sunset March 31, 2018. The tax was also modestly re-purposed, for Capital and Economic Development purposes only.

Property Taxes are the third major component of the revenue mix, accounting for 16% (\$11,711,254) of total revenues. Property taxes consist of two components: Real estate and personal property taxes which are determined by the mill levy set by the city and the assessed value of the property; and motor vehicle taxes, which are established by a countywide average tax rate, and the assessed value of the vehicle.

Real estate assessed value increased by 2.4%. The total City mill levy was increased slightly, by .2%, while the overlapping levy increased by .3%. Tax delinquency decreased from 5.6% to 2.7%.

Personal property value continued to slide, presumably as a result of removing business equipment from the tax base. Personal property value has now dropped to \$19.9 million from its peak of \$39.7 million in 2007. At the 2011 tax rate, this exemption is equivalent to \$514,546 in lost revenue for 2011.

Motor Vehicle value decreased by 5.8%. Motor vehicle taxes are distributed based on a formula using prior year's tax effort (similar to the Countywide Sales Tax Distribution).

The following table summarizes the comparative property assessed values and tax levy rates:

Comparative Property Values and Tax Levy Rates			
Fiscal (Budget) Year	2010	2011	Change
Real Estate and Personal Property Assessed Valuation	\$ 397,470,626	\$ 402,354,576	\$ 4,883,950
City Mill Levy (\$ per \$1,000)			
Operating (General Fund)	20.082	19.236	[0.846]
Debt Service	5.773	6.786	1.013
Total City Rate	25.855	26.022	0.167
Total Overlapping Levy	124.707	128.498	3.791
Percent of Total Taxes Collected	94.4%	97.3%	2.9%
Ratio of Total Taxes (including delinquent collections) to taxes levied	97.1%	99.9%	2.8%
Motor Vehicle Valuation	\$ 50,330,252	\$ 47,406,072	\$ [2,924,180]

The unemployment rate in Saline County declined very slightly from 6.4% in 2010 to 6.3% in 2011, reflecting general economic conditions. This is still slightly below the statewide and significantly below the national unemployment rate. The total labor force increased to 26,656, a change of 1.5%.

In 2011, the top ten property taxpayers accounted for 11.22% of total assessed value. This is slightly more concentrated than ten years ago (at 11.18%)

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Statement of Net Assets

Net assets may, over time, provide an indicator of a government's financial position. In the case of the City of Salina, assets exceeded liabilities by \$187,641,000 at December 31, 2011. This represents an increase in net assets of \$6,519,000 over 2010. A comparative condensed Statement of Net Assets at December 31, 2010 and 2011:

	Governmental Activities		Business-Type Activities		Total Primary Government				
	2010	2011	2010	2011	2010	% of Total	2011	% of Total	2011 Change
Cash and Investments	\$ 13,935	\$ 17,475	\$ 17,530	\$ 28,047	\$ 31,465	12%	\$ 45,522	16%	\$ 14,057
Other Current Assets	\$ 12,309	\$ 12,670	\$ 2,025	\$ 2,344	\$ 14,334	5%	\$ 15,014	5%	\$ 680
Noncurrent (Capital) Asset:	<u>\$ 166,122</u>	<u>\$ 164,515</u>	<u>\$ 58,273</u>	<u>\$ 67,639</u>	<u>\$ 224,395</u>	<u>83%</u>	<u>\$ 232,154</u>	<u>79%</u>	<u>\$ 7,759</u>
Total Assets	<u>\$ 192,366</u>	<u>\$ 194,660</u>	<u>\$ 77,828</u>	<u>\$ 98,030</u>	<u>\$ 270,194</u>	<u>100%</u>	<u>\$ 292,690</u>	<u>100%</u>	<u>\$ 22,496</u>
Current Liabilities	\$ 21,918	\$ 21,687	\$ 3,352	\$ 2,944	\$ 25,270	29%	\$ 24,631	23%	\$ (639)
Noncurrent Liabilities	<u>\$ 52,650</u>	<u>\$ 55,639</u>	<u>\$ 10,538</u>	<u>\$ 24,772</u>	<u>\$ 63,188</u>	<u>71%</u>	<u>\$ 80,411</u>	<u>77%</u>	<u>\$ 17,223</u>
Total Liabilities	<u>\$ 74,568</u>	<u>\$ 77,326</u>	<u>\$ 13,890</u>	<u>\$ 27,716</u>	<u>\$ 88,458</u>	<u>100%</u>	<u>\$ 105,042</u>	<u>100%</u>	<u>\$ 16,584</u>
Net Assets:									
Invested in capital assets, net of related debt	\$ 113,001	\$ 109,289	\$ 48,079	\$ 44,227	\$ 161,080	89%	\$ 153,516	82%	\$ (7,564)
Restricted for Permanent Funds	\$ 417	\$ 427	\$ -	\$ -	\$ 417	0%	\$ 427	0%	\$ 10
Restricted for Debt Service	\$ 572	\$ 1,285	\$ 1,553	\$ 1,553	\$ 2,125	1%	\$ 2,838	2%	\$ 713
Unrestricted	<u>\$ 3,808</u>	<u>\$ 6,333</u>	<u>\$ 14,306</u>	<u>\$ 24,534</u>	<u>\$ 18,114</u>	<u>10%</u>	<u>\$ 30,867</u>	<u>16%</u>	<u>\$ 12,753</u>
Total Net Assets	<u>\$ 117,798</u>	<u>\$ 117,334</u>	<u>\$ 63,938</u>	<u>\$ 70,314</u>	<u>\$ 181,736</u>	<u>100%</u>	<u>\$ 187,648</u>	<u>100%</u>	<u>\$ 5,912</u>
Percent of Total Assets	65%	63%	35%	37%	100%		100%		
Cash and Investments as a percentage of current liabilities	64%	81%	523%	953%	125%		185%		

The largest segment of the City's net assets (82%) reflects its investment in capital assets (land, buildings, streets and drainage facilities, utility plant, vehicles, equipment, etc.), less any debt used to acquire those assets that is still outstanding. These assets are used to provide services to citizens. As a result, resources required to retire related debt can not come from liquidation of the asset. Such resources generally must be provided from other sources, such as future taxes or user charges.

A small portion of net assets (2%) is restricted for debt service. The remainder (unrestricted) of net assets (16%) may be used to meet the City's obligations to citizens and creditors. This is comparable to previous years.

In 2011, the amount invested in capital assets net of related debt decreased by \$7,564,000. Unrestricted net assets increased by \$12,573,000. These represent diverse changes throughout the financial statement: Increases in cash in both Governmental and Business type activities, a decrease in Capital assets in Governmental Activities and an increase in Capital Assets in Business type activities.

Total liabilities remained much the same in Governmental Activities, but increased significantly in Business Type Activities, attributable to the issuance of Revenue Bonds to finance the Advanced Meter Infrastructure project.

During the year ended December 31, 2011, there were several significant events that changed the balance of net assets.

Governmental Activities. 2011 saw an increase in cash and investments in Governmental funds. This is due to controlled expenditures for both capital and operating requirements as well as improved revenues from the Sales Tax.

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Business-type Activities: The Water and Wastewater fund has a dominant influence on the Business Type Activities net assets. The increase in net assets is due to good revenue production and controlled expenses.

Statement of Activities

A condensed statement of activities is shown below.

Condensed Comparative Statement of Activities, 2010 and 2011
(In \$000's)

	Governmental Activities		Business-Type		Total Primary Government				
	2010	2011	2010	2011	2010	%	2011	%	2010 - 2011 Change
Program Revenues:									
Charges for Services	\$ 12,306	\$ 13,470	\$ 22,419	\$ 23,779	\$ 34,725	48%	\$ 37,249	47%	\$ 2,524
Operating Grants and Contributions	\$ 3,415	\$ 2,907		\$ 202	\$ 3,415	5%	\$ 3,109	4%	\$ (306)
Capital Grants and Contributions				\$ 3,804	\$ -	0%	\$ 3,804	5%	\$ 3,804
General Revenues:									
Property Taxes	\$ 11,179	\$ 11,712			\$ 11,179	16%	\$ 11,712	15%	\$ 533
Sales Taxes	\$ 15,225	\$ 15,848			\$ 15,225	21%	\$ 15,848	20%	\$ 623
Other Taxes	\$ 6,298	\$ 6,389			\$ 6,298	9%	\$ 6,389	8%	\$ 91
Investment Revenue	\$ 81	\$ 77	\$ 67	\$ 83	\$ 148	0%	\$ 160	0%	\$ 12
Other Miscellaneous	\$ 565	\$ 872	\$ 341	\$ 330	\$ 906	1%	\$ 1,202	2%	\$ 296
Total Revenues:	<u>\$ 49,069</u>	<u>\$ 51,275</u>	<u>\$ 22,827</u>	<u>\$ 28,198</u>	<u>\$ 71,896</u>	<u>100%</u>	<u>\$ 79,473</u>	<u>100%</u>	<u>\$ 7,577</u>
Expenses:									
General Government	\$ 10,845	\$ 13,615			\$ 10,845	15%	\$ 13,615	18%	\$ 2,770
Public Safety	\$ 18,592	\$ 18,579			\$ 18,592	25%	\$ 18,579	25%	\$ (13)
Public Works	\$ 9,782	\$ 9,858			\$ 9,782	13%	\$ 9,858	13%	\$ 76
Public Health and Sanitation	\$ 1,365	\$ 1,368			\$ 1,365	2%	\$ 1,368	2%	\$ 3
Culture and Recreation	\$ 6,572	\$ 6,693			\$ 6,572	9%	\$ 6,693	9%	\$ 121
Planning and Development	\$ 3,715	\$ 3,450			\$ 3,715	5%	\$ 3,450	5%	\$ (265)
Solid Waste Disposal			\$ 2,925	\$ 2,945	\$ 2,925	4%	\$ 2,945	4%	\$ 20
Water and Sewer			\$ 14,050	\$ 13,597	\$ 14,050	19%	\$ 13,597	18%	\$ (453)
Sanitation			\$ 2,261	\$ 2,261	\$ 2,261	3%	\$ 2,261	3%	\$ -
Golf Course			\$ 817	\$ 825	\$ 817	1%	\$ 825	1%	\$ 8
Interest on Long Term Debt	\$ 2,257	\$ 1,650			\$ 2,257	3%	\$ 1,650	2%	\$ (607)
Total Expenses	<u>\$ 53,128</u>	<u>\$ 55,213</u>	<u>\$ 20,053</u>	<u>\$ 19,628</u>	<u>\$ 73,181</u>	<u>100%</u>	<u>\$ 74,841</u>	<u>100%</u>	<u>\$ 1,660</u>
Increase in net assets before transfers	\$ (4,059)	\$ (3,938)	\$ 2,774	\$ 8,570	\$ (1,285)		\$ 4,632		\$ 5,917
Transfers and other extraordinary items	\$ 92	\$ 2,362	\$ (92)	\$ (2,163)	\$ -		\$ 199		\$ 199
Increase in Net Assets	<u>\$ (3,967)</u>	<u>\$ (1,576)</u>	<u>\$ 2,682</u>	<u>\$ 6,407</u>	<u>\$ (1,285)</u>		<u>\$ 4,831</u>		<u>\$ 6,116</u>
Net Assets, January 1	\$ 119,854	\$ 117,798	\$ 61,270	\$ 63,938	\$ 181,124		\$ 181,736		\$ 612
Prior Period Adjustment	\$ 1,911	\$ 1,112	\$ (14)	\$ (31)	\$ 1,897		\$ 1,081		\$ (816)
Net Assets, January 1, restated	<u>\$ 121,765</u>	<u>\$ 118,910</u>	<u>\$ 61,256</u>	<u>\$ 63,907</u>	<u>\$ 183,021</u>		<u>\$ 182,817</u>		<u>\$ (204)</u>
Net Assets December 31	<u>\$ 117,798</u>	<u>\$ 117,334</u>	<u>\$ 63,938</u>	<u>\$ 70,314</u>	<u>\$ 181,736</u>		<u>\$ 187,648</u>		<u>\$ 5,912</u>

Governmental Activities. Total expenses for Governmental Activities for the year ending December 31, 2011 were \$55,213,000 compared to \$53,128,000 in 2010. Governmental activities represent 74% of the City's total expenses. The largest element of Governmental Activity expense was Public Safety, accounting for 34% of the total.

Charges for service attributable to Governmental Activities totaled \$13,470,000 and operating grants for those purposes were \$2,907,000. The balance was funded by general revenues. Sales taxes accounted for \$15,848,000 of the general revenues, with property taxes providing \$11,712,000. Net assets decreased by \$1,576,000 as a result of Governmental Activities.

Business Type Activities. Total expenses for Business-type Activities for the year were \$19,628,000, or 26% of the City's total expense. The majority of this expense (\$13,597,000) is attributable to Water and Sewer operations, with the other activities (Solid Waste Disposal, Sanitation, and Golf Course) costing a combined total of \$6,031,000. These activities are primarily supported by user charges, with only \$413,000 coming from general revenues, representing largely the interest earned on fund balances held by the City. Net assets increased by \$6,407,000 as a result of Business-type Activity operations.

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Fund Financial Analysis

Governmental Funds

Fund Balances:

The table below shows the Governmental Fund balances for major funds for the years ended December 31, 2010 and December 31, 2011.

Governmental Fund Balances, 2010 and 2011				
Fund	2010	2011	Change	
General	\$ 3,617,181	\$ 3,836,238	\$ 219,057	
Flood and Drainage	\$ 188,526	\$ 907	\$ (187,619)	
Tourism and Convention	\$ 367,197	\$ 340,473	\$ (26,724)	
Special Gas	\$ 1,484,641	\$ 1,417,743	\$ (66,898)	
Bicentennial Center	\$ 46,048	\$ 142,881	\$ 96,833	
Sales Tax Capital	\$ 2,154,367	\$ 1,397,571	\$ (756,796)	
Debt Service	\$ 571,873	\$ 1,285,130	\$ 713,257	
Capital Projects	\$ (2,610,001)	\$ 390,852	\$ 3,000,853	
Other Governmental Funds	\$ 2,981,652	\$ 2,792,546	\$ (189,106)	
Total	\$ 8,801,484	\$ 11,604,341	\$ 2,802,857	

Total Governmental Fund balances increased by \$2,802,857. The reasons for these changes are varied. The most significant change is in the Capital Projects Fund, and is largely the result of Project financing activities. General Fund balances stabilized and grew slightly in 2011. The Flood and Drainage Fund was scheduled for depletion in 2011. The Special Sales Tax Capital Outlay Fund shows a significant reduction in fund balance due to an aggressive capital improvements program, most notably the reconstruction of Marymount Road.

Revenues and Expenditures:

The following table shows a comparison of revenues and expenditures (including other sources and uses) for major funds for the years ending December 31, 2010 and 2011.

Consolidated Statement of Revenues and Expenditures for Major Funds, 2010 and 2011				
Modified Accrual Basis				
Fund	2010	2011	Change	
Revenues (Including Other Financing Sources)				
General	\$ 34,303,574	\$ 35,557,304	\$ 1,253,730	
Flood and Drainage Improvement	\$ 1,312	\$ 18,473	\$ 17,161	
Tourism and Convention	\$ 1,332,671	\$ 1,306,102	\$ (26,569)	
Special Gas	\$ 1,569,648	\$ 1,546,045	\$ (23,603)	
Bicentennial Center	\$ 1,702,066	\$ 1,656,762	\$ (45,304)	
Sales Tax Capital	\$ 3,815,966	\$ 3,777,286	\$ (38,680)	
Debt Service	\$ 7,943,865	\$ 6,844,521	\$ (1,099,344)	
Capital Projects	\$ 5,552,906	\$ 9,896,198	\$ 4,343,292	
Other Governmental Funds*	\$ 2,954,257	\$ 2,800,508	\$ (153,749)	
Total Revenues	\$ 59,176,265	\$ 63,403,199	\$ 4,226,934	
Less Other Sources	\$ 12,157,284	\$ 14,581,655	\$ 2,424,371	
Revenues, net of other sources	\$ 47,018,981	\$ 48,821,544	\$ 1,802,563	
Expenditures (Including Other Financing Uses)				
General	\$ 35,773,774	\$ 35,494,671	\$ (279,103)	
Flood and Drainage Improvement	\$ 3,223	\$ 206,092	\$ 202,869	
Tourism and Convention	\$ 1,228,789	\$ 1,332,826	\$ 104,037	
Special Gas	\$ 2,138,057	\$ 1,612,943	\$ (525,114)	
Bicentennial Center	\$ 1,768,246	\$ 1,559,929	\$ (208,317)	
Sales Tax Capital	\$ 3,289,009	\$ 4,534,082	\$ 1,245,073	
Debt Service	\$ 8,107,283	\$ 6,131,264	\$ (1,976,019)	
Capital Projects	\$ 15,936,269	\$ 6,895,345	\$ (9,040,924)	
Other Governmental Funds*	\$ 2,829,609	\$ 2,989,614	\$ 160,005	
Total Expenditures	\$ 71,074,259	\$ 60,756,766	\$ (10,317,493)	
Less Other Uses	\$ 4,983,834	\$ 5,692,077	\$ 708,243	
Expenditures, net of other uses	\$ 66,090,425	\$ 55,064,689	\$ (11,025,736)	

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Total revenues and other sources increased by \$4,226,934 from 2010 to 2011. The largest component of this change was in the Capital Projects accounts, and is related to Construction activities. Other changes include an increased General supplement for the Bi-Centennial Center and changes in temporary note activity.

Expenditures generally declined, with the notable exception of the Sales Tax Capital Fund, which was committed to the Marymount Road reconstruction, along with some smaller projects.

Proprietary Funds

The City of Salina operates four Enterprise Funds as well as five Internal Service Funds.

A summarized comparative Statement of Net Assets follows for each Enterprise Fund:

Comparative Summary Statement of Net Assets; 2010 - 2011
(in \$000's)

	Solid Waste Disposal			Water and Sewer		
	2010	2011	Change	2010	2011	Change
Current Assets	\$ 3,887	\$ 3,611	\$ (276)	\$ 14,755	\$ 25,988	\$ 11,233
Capital Assets	\$ 4,211	\$ 3,495	\$ (716)	\$ 53,075	\$ 63,184	\$ 10,109
Total Assets	<u>\$ 8,098</u>	<u>\$ 7,106</u>	<u>\$ (992)</u>	<u>\$ 67,830</u>	<u>\$ 89,172</u>	<u>\$ 21,342</u>
Current Liabilities	\$ 1,010	\$ 528	\$ (482)	\$ 2,091	\$ 2,363	\$ 272
Noncurrent Liabilities	\$ 3,192	\$ 2,868	\$ (324)	\$ 7,161	\$ 21,640	\$ 14,479
Total Liabilities	<u>\$ 4,202</u>	<u>\$ 3,396</u>	<u>\$ (806)</u>	<u>\$ 9,252</u>	<u>\$ 24,003</u>	<u>\$ 14,751</u>
Assets Invested in Capital, net of related debt	\$ 2,294	\$ 2,276	\$ (18)	\$ 45,567	\$ 40,991	\$ (4,576)
Restricted Net Assets	\$ -	\$ -	\$ -	\$ 1,553	\$ 1,553	\$ -
Unrestricted Net Assets	\$ 1,602	\$ 1,434	\$ (168)	\$ 11,458	\$ 22,625	\$ 11,167
Total Net Assets	<u>\$ 3,896</u>	<u>\$ 3,710</u>	<u>\$ (186)</u>	<u>\$ 58,578</u>	<u>\$ 65,169</u>	<u>\$ 6,591</u>
Current Assets as a percentage of current liabilities	385%	684%		706%	1100%	
	Sanitation			Golf Course		
	2010	2011	Change	2010	2011	Change
Current Assets	\$ 846	\$ 761	\$ (85)	\$ 66	\$ 32	\$ (34)
Capital Assets	\$ 639	\$ 646	\$ 7	\$ 348	\$ 314	\$ (34)
Total Assets	<u>\$ 1,485</u>	<u>\$ 1,407</u>	<u>\$ (78)</u>	<u>\$ 414</u>	<u>\$ 346</u>	<u>\$ (68)</u>
Current Liabilities	\$ 203	\$ 29	\$ (174)	\$ 48	\$ 24	\$ (24)
Noncurrent Liabilities	\$ 123	\$ 156	\$ 33	\$ 61	\$ 109	\$ 48
Total Liabilities	<u>\$ 326</u>	<u>\$ 185</u>	<u>\$ (141)</u>	<u>\$ 109</u>	<u>\$ 133</u>	<u>\$ 24</u>
Assets Invested in Capital, net of related debt	\$ 639	\$ 646	\$ 7	\$ 348	\$ 314	\$ (34)
Restricted Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted Net Assets	\$ 520	\$ 576	\$ 56	\$ (43)	\$ (101)	\$ (58)
Total Net Assets	<u>\$ 1,159</u>	<u>\$ 1,222</u>	<u>\$ 63</u>	<u>\$ 305</u>	<u>\$ 213</u>	<u>\$ (92)</u>
Current Assets as a percentage of current liabilities	417%	2624%		138%	133%	

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The Golf Course Fund shows declines in total net assets, due primarily to a reduction in current assets, however, capital assets also decline. Unrestricted net assets in this fund reflect a \$101,000 deficit balance, up from \$43,000 a year ago. The Solid Waste fund shows decreases in assets as well as liabilities, the result of constructing an additional cell. The Water and Sewer fund shows a significant increase in long term liabilities as a result of a Revenue Bond Issue. Both Current and Capital assets increase significantly within this fund.

Revenues, Expenses, and Changes in Net Assets

The Water and Wastewater Funds, showed healthy results from operations, with net assets increasing significantly due to a good revenue flow (attributable to both adequate rates and favorable weather conditions) and controlled expenses. The Golf Course showed a very significant loss on the year, requiring increased transfers from the General Fund to maintain cash liquidity. The Sanitation Fund is stable. Net assets declined slightly in the Solid Waste fund.

Comparative Summary of Revenues, Expenses and Changes in Net Assets, 2010 and 2011
(In \$000's)

	Solid Waste Disposal			Water and Sewer		
	2010	2011	Change	2010	2011	Change
Operating Revenues	\$ 2,878	\$ 2,929	\$ 51	\$ 16,789	\$ 18,361	\$ 1,572
Operating Expenses	\$ 2,852	\$ 2,829	\$ (23)	\$ 13,571	\$ 12,964	\$ (607)
Operating Income	\$ 26	\$ 100	\$ 74	\$ 3,218	\$ 5,397	\$ 2,179
Non-operating revenues (expenses)	\$ (55)	\$ (107)	\$ (52)	\$ (433)	\$ (561)	\$ (128)
Income (Loss) before Transfers	\$ (29)	\$ (7)	\$ 22	\$ 2,785	\$ 4,836	\$ 2,051
Transfers in (out)	\$ (139)	\$ (180)	\$ (41)	\$ 77	\$ (2,030)	\$ (2,107)
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ 3,804	\$ 3,804
Change in Net Assets	<u>\$ (168)</u>	<u>\$ (187)</u>	<u>\$ (19)</u>	<u>\$ 2,862</u>	<u>\$ 6,610</u>	<u>\$ 3,748</u>
Net Assets, January 1	\$ 4,121	\$ 3,896	\$ (225)	\$ 55,668	\$ 58,578	\$ 2,910
Restatement	\$ (57)	\$ 1	\$ 58	\$ 48	\$ (19)	\$ (67)
Net Assets, January 1, restated	<u>\$ 4,064</u>	<u>\$ 3,897</u>	<u>\$ (167)</u>	<u>\$ 55,716</u>	<u>\$ 58,559</u>	<u>\$ 2,843</u>
Net Assets, December 31	<u>\$ 3,896</u>	<u>\$ 3,710</u>	<u>\$ (186)</u>	<u>\$ 58,578</u>	<u>\$ 65,169</u>	<u>\$ 6,591</u>
	Sanitation			Golf Course		
	2010	2011	Change	2010	2011	Change
Operating Revenues	\$ 2,311	\$ 2,335	\$ 24	\$ 783	\$ 687	\$ (96)
Operating Expenses	\$ 2,276	\$ 2,292	\$ 16	\$ 817	\$ 825	\$ 8
Operating Income	\$ 35	\$ 43	\$ 8	\$ (34)	\$ (138)	\$ (104)
Non-operating revenues (expenses)	\$ 18	\$ 32	\$ 14	\$ -	\$ -	\$ -
Income (Loss) before Transfers	\$ 53	\$ 75	\$ 22	\$ (34)	\$ (138)	\$ (104)
Transfers in (out)	\$ (50)	\$ -	\$ 50	\$ 20	\$ 47	\$ 27
Capital Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in Net Assets	<u>\$ 3</u>	<u>\$ 75</u>	<u>\$ 72</u>	<u>\$ (14)</u>	<u>\$ (91)</u>	<u>\$ (77)</u>
Net Assets, January 1	\$ 1,166	\$ 1,159	\$ (7)	\$ 314	\$ 305	\$ (9)
Restatement	\$ (10)	\$ (12)	\$ (2)	\$ 5	\$ (1)	\$ (6)
Net Assets, January 1, restated	<u>\$ 1,156</u>	<u>\$ 1,147</u>	<u>\$ (9)</u>	<u>\$ 319</u>	<u>\$ 304</u>	<u>\$ (15)</u>
Net Assets, December 31	<u>\$ 1,159</u>	<u>\$ 1,222</u>	<u>\$ 63</u>	<u>\$ 305</u>	<u>\$ 213</u>	<u>\$ (92)</u>

CITY OF SALINA, KANSAS
Management Discussion and Analysis

Year Ended December 31, 2011
(Unaudited)

Budgetary Highlights

The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Commission. The legal level of budgetary control is maintained at the Fund level, in accordance with State Statutes. Management control is maintained at the departmental level. Within the departments, considerable discretion is permitted. The City uses an encumbrance accounting system, in which estimated purchase orders are recorded prior to the release of purchase orders to vendors. Open purchase orders are reported as reservations of budgetary basis fund balances at December 31, 2011. Formal budgetary amendments are limited to those circumstances in which the need is perceived to alter the total fund budget. Re-allocation among departments or line items are not typically recorded as budgetary amendments.

However, in addition to formal amendments, departments within the City are allowed to transfer budget between line items within a department. Budgets may also be transferred from department to department within each fund. As a result of these transfers, the original budget and the final budgets may not be the same for departments within a fund.

There were a number of funds in which the budgets were amended, including the Flood and Drainage Improvement Fund, Sales Tax Capital Fund, Risk Management Fund, Central Garage Fund and the Water and Sewer Fund.

The City experienced a number of significant variances from budgeted items in the General Fund, however, the total fund was within budgeted expenses. Motor vehicle taxes fell short of budget due to a delayed distribution from the County. Public Safety charges for service were significantly short of budget. This includes Court Revenues and EMS fees due from Saline County. Sales taxes exceeded budgetary levels slightly.

Several expenditure items were also significantly over or under budget. Several Departments exceeded budgeted expenditures. In general, retirement system contributions exceeded budget

Capital Assets and Debt Administration

Capital Assets

The total amount invested in Capital Assets for the City at December 31, 2011 was \$232,153,260 net of accumulated depreciation.

The following table illustrates the Capital Asset balance by various classes of assets at December 31, 2010 and 2011:

Capital Asset Balances Net of Depreciation, 12/31/2010 and 12/31/2011
(In 000's)

	Governmental Activity		Business-type Activity		Total	
	2010	2011	2010	2011	2010	2011
Equipment, Furniture and Fixtures	\$ 1,314	\$ 1,288	\$ 1,982	\$ 1,729	\$ 3,296	\$ 3,017
Vehicles	\$ 2,445	\$ 2,996	\$ 903	\$ 812	\$ 3,348	\$ 3,808
Buildings and Improvements	\$ 23,625	\$ 22,591	\$ 12,345	\$ 11,904	\$ 35,970	\$ 34,495
Land	\$ 22,477	\$ 22,477	\$ 1,541	\$ 1,541	\$ 24,018	\$ 24,018
Infrastructure	\$ 83,712	\$ 82,609	\$ 39,985	\$ 40,591	\$ 123,697	\$ 123,200
Construction in Progress	\$ 32,549	\$ 32,554	\$ 1,517	\$ 11,062	\$ 34,066	\$ 43,616
Total	\$ 166,122	\$ 164,515	\$ 58,273	\$ 67,639	\$ 224,395	\$ 232,154

* Net of Accumulated Depreciation

CITY OF SALINA, KANSAS
Management Discussion and Analysis

Year Ended December 31, 2011
(Unaudited)

Changes to capital assets may be summarized as follows:

Changes to Capital Assets, 2011			
(in 000's)			
	Governmental Activity	Business-Type Activity	Total
Additions	\$ 547	\$ 10,633	\$ 11,180
Retirements	\$ (3,110)	\$ (1,236)	\$ (4,346)
Adjustments	\$ 956	\$ (31)	\$ 925
Net Additions	<u>\$ (1,607)</u>	<u>\$ 9,366</u>	<u>\$ 7,759</u>
Depreciation Expense Applied	<u>\$ 4,730</u>	<u>\$ 2,653</u>	<u>\$ 7,383</u>

Additional information on the City's capital assets can be found in Note 4.D. of the notes to the basic financial statements.

Debt Management

The City's general policy for General Obligation Bonds is to issue them for no more than 10 years for the City at Large portion, with some exceptions permitted for extraordinary projects. On special assessment bonds, the maturity may extend to 15 years.

The outstanding General Obligation Bonds for Governmental activities at December 31, 2011 totaled \$55,225,670. In addition, there were temporary notes outstanding in the amount of \$3,400,000.

Business-type activities had \$16,193,925 in Revenue Bonds outstanding, as well as \$7,217,907 in General Obligation Bonds. Revenues generated by user fees are pledged to retire all of the Bonds issued by Business-type activities.

The City engaged in several debt transactions during 2011. On August 1st, the City issued \$6,565,000 in internal improvement bonds. The bulk of the proceeds (\$3,765,836) were used to finance an industrial fire protection system located at the Salina Airport Industrial Center. The balance of the proceeds were used to finance several residential subdivisions.

Also on August 1st, the City issued \$3,400,000 in temporary notes to finance public facilities to serve a commercial subdivision development. These note will be refinanced into a long term bond issue in August, 2012.

Additional information on the City's debt can be found in Note 4, E. of the notes to the basic financial statements.

Requests for Information

This financial report is intended to give the reader a general overview of the City's finances. Questions about information in this report or requests for additional information should be directed to the Director of Finance, Room 206, 300 West Ash Street, Salina, Kansas, 67401.

BASIC FINANCIAL STATEMENTS

CITY OF SALINA, KANSAS

STATEMENT OF NET ASSETS
December 31, 2011

	Primary Government			Component Units	
	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Salina Housing Authority	Salina Airport Authority
ASSETS					
Current assets:					
Cash and investments	\$ 17,475,299	\$ 28,047,281	\$ 45,522,580	\$ 1,549,189	\$ 5,308,083
Receivables (net of allowance for uncollectibles)					
Accounts	1,122,221	1,396,659	2,518,880	39,676	106,659
Taxes	10,848,090	-	10,848,090	-	1,638,423
Interest	35,877	16	35,893	-	-
Inventory	205,410	571,702	777,112	15,828	1,722
Restricted cash and investments	-	-	-	196,148	-
Prepaid expenses	-	-	-	33,224	945
Deferred charges	458,315	375,179	833,494	-	205,317
Total current assets	<u>30,145,212</u>	<u>30,390,837</u>	<u>60,536,049</u>	<u>1,834,065</u>	<u>7,261,149</u>
Noncurrent assets:					
Notes receivable	-	-	-	3,304	-
Capital assets, nondepreciable					
Construction in progress	32,554,357	11,062,055	43,616,412	516,945	1,570,190
Land	22,477,191	1,541,002	24,018,193	1,456,891	10,818,059
Capital assets, depreciable	196,166,753	101,308,419	297,475,172	7,357,626	62,449,020
Less: Accumulated depreciation	86,683,788	46,272,729	132,956,517	3,134,242	26,573,380
Total noncurrent assets	<u>164,514,513</u>	<u>67,638,747</u>	<u>232,153,260</u>	<u>6,200,524</u>	<u>48,263,889</u>
Total assets	<u>\$ 194,659,725</u>	<u>\$ 98,029,584</u>	<u>\$ 292,689,309</u>	<u>\$ 8,034,589</u>	<u>\$ 55,525,038</u>
Liabilities:					
Current liabilities:					
Accounts payable	\$ 788,731	\$ 294,449	\$ 1,083,180	\$ 14,447	\$ 221,039
Retainage payable	468,309	608,219	1,076,528	-	-
Accrued liabilities	563,720	-	563,720	46,395	169,143
Matured bond principal and interest	5,145	-	5,145	-	-
Accrued interest payable	512,680	211,291	723,971	-	404,167
Deposits payable	-	163,904	163,904	84,154	-
Unearned revenue	10,315,524	-	10,315,524	29,165	1,720,237
Due to other governments	-	-	-	25,115	-
Current portion of compensated absences	581,694	122,301	703,995	16,811	-
Current portion of temporary notes payable	3,400,000	-	3,400,000	-	-
Current portion of revenue bonds payable	-	343,696	343,696	-	-
Current portion of financing leases payable	-	-	-	-	42,941
Current portion of special assessment debt payable	-	-	-	-	21,066
Current portion of general obligation bonds payable	5,051,038	1,200,048	6,251,086	-	1,090,000
Total current liabilities	<u>21,686,841</u>	<u>2,943,908</u>	<u>24,630,749</u>	<u>216,087</u>	<u>3,668,593</u>
Noncurrent liabilities:					
Accrued liabilities	149,245	-	149,245	50,090	-
Compensated absences	2,507,440	527,190	3,034,630	4,203	-
Net OPEB obligation	2,807,425	334,458	3,141,883	-	-
Revenue bonds payable	-	15,850,229	15,850,229	-	-
Financing leases payable	-	-	-	-	202,617
Temporary notes payable	-	-	-	-	-
Special assessment debt payable	-	-	-	-	103,946
General obligation bonds payable	50,174,632	6,017,859	56,192,491	-	24,718,985
Landfill post-closure care liabilities	-	2,042,254	2,042,254	-	-
Total noncurrent liabilities	<u>55,638,742</u>	<u>24,771,990</u>	<u>80,410,732</u>	<u>54,293</u>	<u>25,025,548</u>
Total liabilities	<u>\$ 77,325,583</u>	<u>\$ 27,715,898</u>	<u>\$ 105,041,481</u>	<u>\$ 270,380</u>	<u>\$ 28,694,141</u>
Net Assets					
Invested in capital assets, net of related debt	\$ 109,288,843	\$ 44,226,915	\$ 153,515,758	\$ 6,197,219	\$ 22,084,333
Restricted for:					
Permanent funds:					
Expendable	426,741	-	426,741	146,058	-
Debt service	1,285,130	1,553,016	2,838,146	-	-
Unrestricted	6,333,428	24,533,755	30,867,183	1,420,932	4,746,564
Total net assets	<u>\$ 117,334,142</u>	<u>\$ 70,313,686</u>	<u>\$ 187,647,828</u>	<u>\$ 7,764,209</u>	<u>\$ 26,830,897</u>

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

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

	Net [Expenses] Revenue and Changes in Net Assets								
	Program Revenues				Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Total Business-type Activities	Total Primary Government	Salina Housing Authority	Salina Airport Authority
Governmental activities:									
General government	\$ 13,614,508	\$ 6,106,067	\$ 359,148	\$ -	\$ [7,149,293]	\$ -	\$ [7,149,293]	\$ -	\$ -
Public safety	18,579,041	3,766,156	631,417	-	[14,181,468]	-	[14,181,468]	-	-
Public works	9,858,199	261,707	1,368,577	-	[8,227,915]	-	[8,227,915]	-	-
Public health and sanitation	1,367,825	42,729	153,566	-	[1,171,530]	-	[1,171,530]	-	-
Culture and recreation	6,693,341	3,140,025	177,048	-	[3,376,268]	-	[3,376,268]	-	-
Planning and development	3,450,078	153,675	217,643	-	[3,078,760]	-	[3,078,760]	-	-
Interest on long-term debt	1,650,426	-	-	-	[1,650,426]	-	[1,650,426]	-	-
Total governmental activities	55,213,418	13,470,359	2,907,399	-	[38,835,660]	-	[38,835,660]	-	-
Business-type activities:									
Solid Waste Disposal	2,944,765	2,904,371	-	-	-	[40,394]	[40,394]	-	-
Water and Sewer	13,596,918	17,904,056	201,700	3,803,565	-	8,312,403	8,312,403	-	-
Sanitation	2,261,462	2,334,119	-	-	-	72,657	72,657	-	-
Golf Course	825,057	636,202	-	-	-	[188,855]	[188,855]	-	-
Total business-type activities	19,628,202	23,778,748	201,700	3,803,565	-	8,155,811	8,155,811	-	-
Total primary government	\$ 74,841,620	\$ 37,249,107	\$ 3,109,099	\$ 3,803,565	[38,835,660]	8,155,811	[30,679,849]	-	-
Component units:									
Salina Housing Authority	\$ 2,256,924	\$ 624,322	\$ 1,629,627	\$ 168,427	-	-	-	165,452	-
Salina Airport Authority	5,548,077	2,273,000	-	457,227	-	-	-	-	[2,817,850]
Total component units	\$ 7,805,001	\$ 2,897,322	\$ 1,629,627	\$ 625,654	-	-	-	165,452	[2,817,850]
General Revenues:									
Property taxes levied for									
General purposes					7,782,768	-	7,782,768	-	1,795,660
Debt service					2,778,845	-	2,778,845	-	-
Motor vehicle tax									
General purposes					1,149,641	-	1,149,641	-	-
Sales tax									
General purposes					11,767,400	-	11,767,400	-	-
Selective purposes					4,080,342	-	4,080,342	-	-
Other taxes									
General purposes					6,389,878	-	6,389,878	-	-
Investment revenues					77,095	83,399	160,494	19,684	9,856
Miscellaneous					871,904	330,351	1,202,255	-	53,004
Transfers, net					2,361,593	[2,162,772]	198,821	-	-
Subtotal general revenues					37,259,466	[1,749,022]	35,510,444	19,684	1,858,520
Change in net assets					[1,576,194]	6,406,789	4,830,595	185,136	[959,330]
Net assets - beginning					117,797,911	63,937,619	181,735,530	7,580,003	27,790,227
Prior period adjustment					1,112,425	[30,722]	1,081,703	[930]	-
Net assets - beginning, restated					118,910,336	63,906,897	182,817,233	7,579,073	27,790,227
Net assets - ending					\$ 117,334,142	\$ 70,313,686	\$ 187,647,828	\$ 7,764,209	\$ 26,830,897

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

CITY OF SALINA, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2011

	<u>General</u>	<u>Flood & Drainage Improvement</u>	<u>Tourism and Convention</u>	<u>Special Gas</u>
ASSETS				
Cash and investments	\$ 3,153,960	\$ 907	\$ 2,202	\$ 1,195,840
Receivables (net)				
Accounts	677,815	-	338,271	-
Taxes	8,094,093	-	-	312,648
Interest	35,877	-	-	-
Inventory	89,716	-	-	-
Due from other funds	9,375	-	-	-
Cash with fiscal agent	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 12,060,836</u>	<u>\$ 907</u>	<u>\$ 340,473</u>	<u>\$ 1,508,488</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 301,319	\$ -	\$ -	\$ 46,356
Retainage payable	-	-	-	44,389
Deferred revenue	7,923,279	-	-	-
Due to other funds	-	-	-	-
Matured principal and interest	-	-	-	-
Temporary notes payable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>8,224,598</u>	<u>-</u>	<u>-</u>	<u>90,745</u>
Fund balance:				
Nonspendable	89,716	-	-	-
Restricted	-	-	340,473	1,094,720
Committed	-	-	-	-
Assigned	292,816	907	-	323,023
Unassigned	3,453,706	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>3,836,238</u>	<u>907</u>	<u>340,473</u>	<u>1,417,743</u>
Total liabilities and fund balance	<u>\$ 12,060,836</u>	<u>\$ 907</u>	<u>\$ 340,473</u>	<u>\$ 1,508,488</u>

<u>Bicentennial Center</u>	<u>Sales Tax Capital</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 117,993	\$ 1,397,571	\$ 1,236,026	\$ 4,503,053	\$ 2,773,395	\$ 14,380,947
54,966	-	-	-	51,169	1,122,221
-	-	2,441,349	-	-	10,848,090
-	-	-	-	-	35,877
-	-	-	-	-	89,716
-	-	-	-	-	9,375
-	-	5,145	-	-	5,145
<u>\$ 172,959</u>	<u>\$ 1,397,571</u>	<u>\$ 3,682,520</u>	<u>\$ 4,503,053</u>	<u>\$ 2,824,564</u>	<u>\$ 26,491,371</u>
\$ 30,078	\$ -	\$ -	\$ 288,281	\$ 22,643	\$ 688,677
-	-	-	423,920	-	468,309
-	-	2,392,245	-	-	10,315,524
-	-	-	-	9,375	9,375
-	-	5,145	-	-	5,145
-	-	-	3,400,000	-	3,400,000
<u>30,078</u>	<u>-</u>	<u>2,397,390</u>	<u>4,112,201</u>	<u>32,018</u>	<u>14,887,030</u>
-	-	-	-	-	89,716
-	-	1,285,130	-	891,254	3,611,577
142,881	610,134	-	[2,477,564]	1,851,292	126,743
-	787,437	-	2,868,416	50,000	4,322,599
-	-	-	-	-	3,453,706
<u>142,881</u>	<u>1,397,571</u>	<u>1,285,130</u>	<u>390,852</u>	<u>2,792,546</u>	<u>11,604,341</u>
<u>\$ 172,959</u>	<u>\$ 1,397,571</u>	<u>\$ 3,682,520</u>	<u>\$ 4,503,053</u>	<u>\$ 2,824,564</u>	<u>\$ 26,491,371</u>

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

CITY OF SALINA, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2011

Total Governmental Fund Balances		\$ 11,604,341
Amounts reported for governmental activities in the statement of net assets are different because		
Bond issuance costs are shown as current year expenditures in the funds.		
Bond issuance costs		458,315
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	250,331,663	
Accumulated depreciation is	<u>85,844,940</u>	164,486,723
An internal service fund is used by the City's management to charge the costs of the worker's compensation program. The assets and liabilities of the internal service fund are included with governmental activities.		
		2,327,348
The following liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year end consist of:		
Compensated absences	2,996,810	
Net OPEB obligation	2,807,425	
Bonds payable	55,225,670	
Accrued interest on the bonds	<u>512,680</u>	<u>[61,542,585]</u>
Net Assets of Governmental Activities		<u>\$ 117,334,142</u>

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

CITY OF SALINA, KANSAS

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2011

	<u>General</u>	<u>Flood & Drainage Improvement</u>	<u>Tourism and Convention</u>	<u>Special Gas</u>
REVENUES:				
Taxes				
Real estate taxes	\$ 7,564,508	\$ -	\$ -	\$ -
Delinquent taxes	212,244	6,016	-	-
Motor vehicle taxes	894,671	-	-	-
General sales taxes	11,767,400	-	-	-
Selective sales taxes	-	-	-	-
Other taxes	5,083,919	-	1,305,959	-
Intergovernmental	813,185	-	-	1,362,327
Special assessments	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	7,822,307	-	-	-
Investment revenue	28,972	-	143	3,718
Reimbursements	-	-	-	-
Miscellaneous	501,260	11,550	-	-
Total revenues	<u>34,688,466</u>	<u>17,566</u>	<u>1,306,102</u>	<u>1,366,045</u>
EXPENDITURES:				
Current				
General government	3,461,488	-	-	-
Public safety	18,117,827	-	-	-
Public works	6,132,020	9,784	-	427,429
Public health and sanitation	1,176,082	-	-	-
Culture and recreation	2,734,957	-	-	-
Planning and development	2,319,300	-	736,386	-
Miscellaneous	-	-	-	-
Capital outlay	555,048	196,308	-	1,183,678
Debt service				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Total expenditures	<u>34,496,722</u>	<u>206,092</u>	<u>736,386</u>	<u>1,611,107</u>
Excess [deficiency] of revenue and other sources over [under] expenditures and other [uses]	<u>191,744</u>	<u>[188,526]</u>	<u>569,716</u>	<u>[245,062]</u>
OTHER FINANCING SOURCES [USES]				
Issuance of bonds	-	-	-	-
Bond premium	-	-	-	-
Transfers in	868,838	907	-	180,000
Transfers [out]	[997,949]	-	[596,440]	[1,836]
Total other financing sources [uses]	<u>[129,111]</u>	<u>907</u>	<u>[596,440]</u>	<u>178,164</u>
Net change in fund balance	<u>62,633</u>	<u>[187,619]</u>	<u>[26,724]</u>	<u>[66,898]</u>
Fund balance - Beginning of year	3,617,181	188,526	367,197	1,484,641
Restatement of prior year fund balance	156,424	-	-	-
FUND BALANCE - Beginning of year, as restated	<u>3,773,605</u>	<u>188,526</u>	<u>367,197</u>	<u>1,484,641</u>
Fund balance - End of year	<u>\$ 3,836,238</u>	<u>\$ 907</u>	<u>\$ 340,473</u>	<u>\$ 1,417,743</u>

<u>Bicentennial Center</u>	<u>Sales Tax Capital</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 2,723,262	\$ -	\$ -	\$ 10,287,770
-	-	55,583	-	-	273,843
-	-	254,970	-	-	1,149,641
-	-	-	-	-	11,767,400
-	3,763,045	-	-	317,297	4,080,342
-	-	-	-	-	6,389,878
-	-	-	-	725,637	2,901,149
-	-	1,535,487	-	-	1,535,487
-	-	-	-	6,250	6,250
783,028	-	-	-	1,125,022	9,730,357
193	5,683	13,686	9,634	6,620	68,649
-	-	-	32,000	-	32,000
692	-	12,983	-	72,293	598,778
<u>783,913</u>	<u>3,768,728</u>	<u>4,595,971</u>	<u>41,634</u>	<u>2,253,119</u>	<u>48,821,544</u>
-	-	-	-	-	3,461,488
-	-	-	-	-	18,117,827
-	-	-	-	-	6,569,233
-	-	-	-	153,730	1,329,812
1,548,901	-	-	-	1,616,170	5,900,028
-	-	-	-	288,275	3,343,961
-	-	-	-	35	35
11,028	1,032,526	-	6,338,741	529,401	9,846,730
-	-	4,276,195	-	135,000	4,411,195
-	-	1,771,581	151,055	161,744	2,084,380
<u>1,559,929</u>	<u>1,032,526</u>	<u>6,047,776</u>	<u>6,489,796</u>	<u>2,884,355</u>	<u>55,064,689</u>
<u>[776,016]</u>	<u>2,736,202</u>	<u>[1,451,805]</u>	<u>[6,448,162]</u>	<u>[631,236]</u>	<u>[6,243,145]</u>
-	-	-	6,565,000	-	6,565,000
-	-	22,985	-	-	22,985
872,849	8,558	2,225,565	3,289,564	547,389	7,993,670
-	[3,501,556]	[83,488]	[405,549]	[105,259]	[5,692,077]
<u>872,849</u>	<u>[3,492,998]</u>	<u>2,165,062</u>	<u>9,449,015</u>	<u>442,130</u>	<u>8,889,578</u>
<u>96,833</u>	<u>[756,796]</u>	<u>713,257</u>	<u>3,000,853</u>	<u>[189,106]</u>	<u>2,646,433</u>
46,048	2,154,367	571,873	[2,610,001]	2,981,652	8,801,484
-	-	-	-	-	156,424
<u>46,048</u>	<u>2,154,367</u>	<u>571,873</u>	<u>[2,610,001]</u>	<u>2,981,652</u>	<u>8,957,908</u>
<u>\$ 142,881</u>	<u>\$ 1,397,571</u>	<u>\$ 1,285,130</u>	<u>\$ 390,852</u>	<u>\$ 2,792,546</u>	<u>\$ 11,604,341</u>

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

CITY OF SALINA, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011

Total Net Change In Fund Balances - Governmental Funds		\$ 2,646,433
Amounts reported for governmental activities in the statement of activities are different because		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Gain on sale of assets	[77,143]	
Proceeds from sale of assets	[10,070]	
Capital outlays	2,254,765	
Depreciation expense	<u>[4,725,361]</u>	[2,557,809]
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest decreased.		
		314,150
An internal service fund is used by the city's management to charge the costs of certain activities to the individual funds. The revenues and expenses of certain internal service fund is reported with governmental activities.		
		584,822
Some expenses reported in the statement of activities, such as compensated absences and other post employment benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		[523,988]
Bond and temporary note proceeds are other financing sources in the governmental funds, but they increase long-term liabilities in the statement of net assets and do not affect the statement of activities. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
		[6,570,801]
Repayment of bond principal and bond issuance costs is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		
		<u>4,530,999</u>
Changes In Net Assets of Governmental Activities		<u>\$ [1,576,194]</u>

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

CITY OF SALINA, KANSAS

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 December 31, 2011

	Business-Type Activities: Enterprise Funds				Total Enterprise Funds	Internal Service Funds
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course		
ASSETS						
Current assets:						
Cash and investments	\$ 3,379,526	\$ 24,042,117	\$ 621,683	\$ 3,955	\$ 28,047,281	\$ 3,089,207
Receivables (net of allowance for uncollectibles)						
Accounts	231,123	1,026,364	139,172	-	1,396,659	-
Interest	16	-	-	-	16	-
Inventory and prepaid supplies	-	544,052	-	27,650	571,702	115,694
Deferred charges	-	375,179	-	-	375,179	-
Total current assets	<u>3,610,665</u>	<u>25,987,712</u>	<u>760,855</u>	<u>31,605</u>	<u>30,390,837</u>	<u>3,204,901</u>
Capital assets:						
Nondepreciable capital assets:						
Construction in progress	-	11,062,055	-	-	11,062,055	-
Land	682,000	844,002	-	15,000	1,541,002	-
Depreciable capital assets:						
Capital assets	8,278,501	90,480,372	1,557,447	992,099	101,308,419	866,638
Less: accumulated depreciation	<u>5,465,856</u>	<u>39,202,619</u>	<u>911,117</u>	<u>693,137</u>	<u>46,272,729</u>	<u>838,848</u>
Total capital assets	<u>3,494,645</u>	<u>63,183,810</u>	<u>646,330</u>	<u>313,962</u>	<u>67,638,747</u>	<u>27,790</u>
Total assets	<u>\$ 7,105,310</u>	<u>\$ 89,171,522</u>	<u>\$ 1,407,185</u>	<u>\$ 345,567</u>	<u>\$ 98,029,584</u>	<u>\$ 3,232,691</u>
Liabilities:						
Current liabilities						
Accounts payable	\$ 22,192	\$ 262,444	\$ 6,859	\$ 2,954	\$ 294,449	\$ 100,054
Retainage payable	-	608,219	-	-	608,219	-
Interest payable	8,514	202,777	-	-	211,291	-
Meter deposits payable	-	163,904	-	-	163,904	-
Current portion of compensated absences payable	11,215	68,382	22,203	20,501	122,301	17,384
Current portion of accrued claims payable	-	-	-	-	-	563,720
Current portion of general obligation bonds payable	486,302	713,746	-	-	1,200,048	-
Current portion of revenue bonds payable	-	343,696	-	-	343,696	-
Total current liabilities	<u>528,223</u>	<u>2,363,168</u>	<u>29,062</u>	<u>23,455</u>	<u>2,943,908</u>	<u>681,158</u>
Noncurrent liabilities:						
Compensated absences payable	48,340	294,765	95,709	88,376	527,190	74,940
Accrued claims payable	-	-	-	-	-	149,245
Net OPEB Obligation	43,944	209,872	59,830	20,812	334,458	-
Payable from restricted assets						
General obligation bonds payable	732,806	5,285,053	-	-	6,017,859	-
Revenue bonds payable	-	15,850,229	-	-	15,850,229	-
Landfill post-closure care liabilities	<u>2,042,254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,042,254</u>	<u>-</u>
Total noncurrent liabilities	<u>2,867,344</u>	<u>21,639,919</u>	<u>155,539</u>	<u>109,188</u>	<u>24,771,990</u>	<u>224,185</u>
Total liabilities	<u>\$ 3,395,567</u>	<u>\$ 24,003,087</u>	<u>\$ 184,601</u>	<u>\$ 132,643</u>	<u>\$ 27,715,898</u>	<u>\$ 905,343</u>
Net Assets						
Invested in capital assets, net of related debt	\$ 2,275,537	\$ 40,991,086	\$ 646,330	\$ 313,962	\$ 44,226,915	\$ 27,790
Restricted						
Restricted for bond retirement	-	1,553,016	-	-	1,553,016	-
Unrestricted	<u>1,434,206</u>	<u>22,624,333</u>	<u>576,254</u>	<u>[101,038]</u>	<u>24,533,755</u>	<u>2,299,558</u>
Total net assets	<u>\$ 3,709,743</u>	<u>\$ 65,168,435</u>	<u>\$ 1,222,584</u>	<u>\$ 212,924</u>	<u>\$ 70,313,686</u>	<u>\$ 2,327,348</u>

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

CITY OF SALINA, KANSAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
For the Year Ended December 31, 2011

	Business-Type Activities: Enterprise Funds				Total Enterprise Funds	Internal Service Funds
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course		
Operating revenues						
Charges for services	\$ 2,904,371	\$ 17,904,056	\$ 2,334,119	\$ 636,202	\$ 23,778,748	\$ 9,881,156
Federal grants	-	201,700	-	-	201,700	-
Miscellaneous	24,491	255,256	424	50,180	330,351	251,196
Total operating revenues	<u>2,928,862</u>	<u>18,361,012</u>	<u>2,334,543</u>	<u>686,382</u>	<u>24,310,799</u>	<u>10,132,352</u>
Operating expenses						
General government	-	-	-	-	-	9,611,278
Public works	2,088,843	11,205,114	2,170,663	-	15,464,620	-
Recreation	-	-	-	791,488	791,488	-
Depreciation	740,047	1,758,777	120,799	33,569	2,653,192	4,698
Total operating expenses	<u>2,828,890</u>	<u>12,963,891</u>	<u>2,291,462</u>	<u>825,057</u>	<u>18,909,300</u>	<u>9,615,976</u>
Operating income [loss]	<u>99,972</u>	<u>5,397,121</u>	<u>43,081</u>	<u>[138,675]</u>	<u>5,401,499</u>	<u>516,376</u>
Nonoperating revenues [expenses]						
Investment revenue	9,072	72,452	1,839	36	83,399	8,446
Debt service	[115,875]	[632,390]	-	-	[748,265]	-
Gain/[loss] on disposal of fixed assets	-	2,550	30,000	-	32,550	1,129
Accretion of bond premium	-	7,864	-	-	7,864	-
Amortization of bond issuance costs	-	[11,051]	-	-	[11,051]	-
Total nonoperating revenues [expenses]	<u>[106,803]</u>	<u>[560,575]</u>	<u>31,839</u>	<u>36</u>	<u>[635,503]</u>	<u>9,575</u>
Income [loss] before transfers	<u>[6,831]</u>	<u>4,836,546</u>	<u>74,920</u>	<u>[138,639]</u>	<u>4,765,996</u>	<u>525,951</u>
Transfers from [to] other funds						
Transfers in	-	-	-	47,228	47,228	60,000
Transfers [out]	[180,000]	[2,030,000]	-	-	[2,210,000]	-
Total transfers	<u>[180,000]</u>	<u>[2,030,000]</u>	<u>-</u>	<u>47,228</u>	<u>[2,162,772]</u>	<u>60,000</u>
Capital contributions	-	3,803,565	-	-	3,803,565	-
Change in net assets	<u>[186,831]</u>	<u>6,610,111</u>	<u>74,920</u>	<u>[91,411]</u>	<u>6,406,789</u>	<u>585,951</u>
Net assets, January 1	3,895,812	58,578,036	1,159,149	304,622	63,937,619	1,737,815
Restatement	<u>762</u>	<u>[19,712]</u>	<u>[11,485]</u>	<u>[287]</u>	<u>[30,722]</u>	<u>3,582</u>
Net assets, January 1, restated	<u>3,896,574</u>	<u>58,558,324</u>	<u>1,147,664</u>	<u>304,335</u>	<u>63,906,897</u>	<u>1,741,397</u>
Net assets, December 31	<u>\$ 3,709,743</u>	<u>\$ 65,168,435</u>	<u>\$ 1,222,584</u>	<u>\$ 212,924</u>	<u>\$ 70,313,686</u>	<u>\$ 2,327,348</u>

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

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

	Business-Type Activities: Enterprise Funds				Total Enterprise Funds	Internal Service Funds
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course		
Cash flows from operating activities						
Cash received from customers and users	\$ 2,948,382	\$ 17,850,055	\$ 2,332,281	\$ 636,201	\$ 23,766,919	\$ 9,786,038
Cash paid to suppliers of goods or services	[1,722,492]	[7,552,182]	[1,616,344]	[391,100]	[11,282,118]	[8,955,819]
Cash paid to employees	[454,426]	[2,945,574]	[696,074]	[386,401]	[4,482,475]	[631,488]
Other operating receipts	24,491	456,956	424	50,180	532,051	251,196
Net cash provided by [used in] operating activities	<u>795,955</u>	<u>7,809,255</u>	<u>20,287</u>	<u>[91,120]</u>	<u>8,534,377</u>	<u>449,927</u>
Cash flows from capital and related financing activities						
Purchase and construction of capital assets	[23,446]	[11,886,827]	[139,452]	-	[12,049,725]	-
Capital contributions	-	3,803,565	-	-	3,803,565	-
Debt issuance costs incurred	-	[315,426]	-	-	[315,426]	-
Proceeds from sale of capital assets	-	2,550	30,000	-	32,550	1,129
Principal payments - general obligation bonds	[697,396]	[691,410]	-	-	[1,388,806]	-
Principal payments - revenue bonds	-	[1,580,000]	-	-	[1,580,000]	-
Proceeds from issuance of revenue bonds	-	16,193,925	-	-	16,193,925	-
Interest paid	[136,908]	[496,760]	-	-	[633,668]	-
Net cash provided by [used in] capital and related financing activities	<u>[857,750]</u>	<u>5,029,617</u>	<u>[109,452]</u>	<u>-</u>	<u>4,062,415</u>	<u>1,129</u>
Cash flows from investing activities						
Interest received	<u>9,072</u>	<u>72,453</u>	<u>1,839</u>	<u>37</u>	<u>83,401</u>	<u>8,445</u>
Cash flows from noncapital financing activities						
Transfers in	-	-	-	47,228	47,228	60,000
Transfers [out]	[180,000]	[2,030,000]	-	-	[2,210,000]	-
Net cash provided by [used in] noncapital financing activities	<u>[180,000]</u>	<u>[2,030,000]</u>	<u>-</u>	<u>47,228</u>	<u>[2,162,772]</u>	<u>60,000</u>
Net increase [decrease] in cash and cash equivalents	[232,723]	10,881,325	[87,326]	[43,855]	10,517,421	519,501
Cash and cash equivalents, January 1	<u>3,612,249</u>	<u>13,160,792</u>	<u>709,009</u>	<u>47,810</u>	<u>17,529,860</u>	<u>2,569,706</u>
Cash and cash equivalents, December 31	<u>\$ 3,379,526</u>	<u>\$ 24,042,117</u>	<u>\$ 621,683</u>	<u>\$ 3,955</u>	<u>\$ 28,047,281</u>	<u>\$ 3,089,207</u>

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

CITY OF SALINA, KANSAS

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (Continued)
 For the Year Ended December 31, 2011

	Business-Type Activities:				Total Enterprise Funds	Internal Service Funds
	Enterprise Funds					
	Solid Waste Disposal	Water and Sewer	Sanitation	Golf Course		
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities						
Operating income [loss]	\$ 99,972	\$ 5,397,121	\$ 43,081	\$ [138,675]	\$ 5,401,499	\$ 516,376
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities						
Depreciation expense	740,047	1,758,777	120,799	33,569	2,653,192	4,698
[Increase] decrease in accounts receivable	44,011	[79,017]	[1,838]	-	[36,844]	-
[Increase] decrease in inventory	-	31,950	-	[9,113]	22,837	6,646
Increase [decrease] in accounts payable	[218,286]	35,620	[120,339]	[1,394]	[304,399]	14,032
Increase [decrease] in retainage payable	[12,979]	591,610	-	-	578,631	-
Increase [decrease] in accrued compensated absences	[342]	[1,806]	[35,666]	19,536	[18,278]	3,294
Increase [decrease] in claims payable	-	-	-	-	-	[95,119]
Increase [decrease] in landfill postclosure liabilities	133,066	-	-	-	133,066	-
Increase [decrease] in net OBEB obligation	10,466	49,984	14,250	4,957	79,657	-
Increase [decrease] in meter deposits payable	-	25,016	-	-	25,016	-
Net cash provided by [used in] operating activities	<u>\$ 795,955</u>	<u>\$ 7,809,255</u>	<u>\$ 20,287</u>	<u>\$ [91,120]</u>	<u>\$ 8,534,377</u>	<u>\$ 449,927</u>

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

CITY OF SALINA, KANSAS
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
December 31, 2011

ASSETS

Cash and investments	\$ 313,300
Total assets	<u>\$ 313,300</u>

LIABILITIES AND FUND BALANCES

Liabilities	
Accounts payable	\$ 313,300
Total liabilities	<u>\$ 313,300</u>

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

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Salina, Kansas (the City) is a municipal corporation governed by a mayor and a five-member commission. These financial statements present the City and its component units, entities for which the government is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the government wide statements to emphasize that it is legally separated from the government.

Discretely Presented Component Units

City of Salina Airport Authority - The Salina Airport Authority was created for the purpose of accepting as surplus property portions of the former Schilling A.F.B that was closed by the United States Department of Defense in June 1965. One of the primary functions of the Airport Authority is to facilitate the continued growth of jobs and payroll at the Airport Industrial Center. The Airport Authority is managed and controlled by a five-member Board of Directors appointed by the Salina City Commission. Any director may be removed by a majority vote of the Salina City Commission. The Airport Authority's basic mill levy (up to 3 mills) requires the approval of the City Commission. The Commission must also approve the issuance of general obligation debt by the Airport Authority. The Airport Authority has a December 31 fiscal year end.

Housing Authority of the City of Salina - The purpose of the Housing Authority of the City of Salina (Housing Authority) is to administer Public Housing Programs authorized by the United States Housing Act of 1937. The Mayor of the City of Salina appoints the governing board. The City Commission may remove commissioners of the Housing Authority. The City must issue revenue bonds for the Housing Authority. The financial liability of the Housing Authority is essentially supported by the operating and debt service subsidies received under contract from the Federal government. The Housing Authority has a June 30 fiscal year end. Information in the accompanying financial statements covers the fiscal year ended June 30, 2011.

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

Salina Airport Authority
3237 Arnold Ave.
Salina, KS

Housing Authority of
the City of Salina
469 S. 5th
Salina, KS

Joint Ventures

The City of Salina also participates with Saline County in two joint ventures. The Salina-Saline County Board of Health was organized by the City and County to promote public health. The City and County organized the Salina County-City Building Authority to acquire, operate and maintain facilities for the administrative offices of both governments. The primary governments each have an ongoing financial responsibility for the joint ventures. Separate financial statements are available from the governing boards of each joint venture.

	(GAAP Basis)	(Kansas Prescribed Basis)
	Board of Health (Audited)	Building Authority (Audited)
Total net assets/unencumbered cash, December 31, 2011	\$ 1,697,636	\$ 931,040
Total change in net assets/change in unencumbered cash, year ended December 31, 2011	[62,456]	[247,094]
Total revenues/cash receipts, year ended December 31, 2011	3,856,055	748,166
Total revenues/cash receipts from City of Salina	1,018,101	278,756

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Joint Ventures (Continued)

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

Salina-Saline County Board of Health 125 West Elm Street Salina, KS	Salina County-City Building Authority 300 West Ash Street Salina, KS
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B. Government-wide and fund financial statements

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Taxes and other items, which are not classified as program revenues, are presented as general revenues of the city.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund. 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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions, and ARBs.

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

The internal service funds account for risk management, worker's compensation, health insurance, central garage and information services that are provided to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do however use the accrual basis of accounting. Agency funds are used to account for assets held as an agent for individuals, other governmental units, private organizations and/or other funds.

The City reports the following major governmental funds:

General fund - To account for resources traditionally associated with government, which are not required legally, or by sound financial management to be accounted for in another fund.

Flood and drainage improvement fund - To account for property tax revenues to be used for capital improvements to the flood control and stormwater drainage systems.

Tourism and convention fund - To account for transient guest tax revenues, which are specifically restricted to promotion and tourism activities.

Special gas fund - To account for the City's share of motor fuel tax revenues, which are legally restricted to the maintenance, or improvement of streets within the City.

Bicentennial Center fund - To account for the activities of the City's convention center.

Sales tax capital fund - To account for 87.5% of the 1/4 cent sales tax designated for capital, debt, and human services purposes.

Debt service fund - To account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Capital projects fund - To account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

The City reports the following major proprietary funds:

Sanitation fund - To account for the operations of the City's refuse collection service.

Solid waste disposal fund - To account for the activities of the City's landfill.

Golf course fund - To account for the operations of the municipal golf course.

Water and sewer fund - To account for the activities of the City's water and sewer operations.

D. Assets, Liabilities, Fund Balance, and Net Assets

1. Pooled cash and investments

The City maintains a cash and investment pool that is available for use by all funds managed by the city. Each fund type's portion of this pool is displayed in the financial statements as "Cash and Investments." The city's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments in the Kansas Municipal Pool are carried at fair value.

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

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Accounts Receivable. The City records revenues when services are provided. All receivables are shown net of an allowance for doubtful accounts.

Property taxes receivable. Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City and, therefore, are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2012. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the accounting period, and further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

2. Receivables and Payables (Continued)

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

3. Inventories and Prepaid Items

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

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

4. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental fund types of the City are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Other equipment	5 -15
Vehicles	6 -10
Infrastructure	30 -50

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Fund Balance, and Net Assets (Continued)

5. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All employees of the City, except temporary and part time employees, may accumulate sick leave at a rate of 8 or 11 hours per month depending on their work duty schedule. There is no limit on the amount of sick leave that can be accumulated. Employees with more than five years of service with the City are paid for one-third of their accumulated sick leave at their current wage scale upon termination of employment in good standing. In 2001, a limited buy back policy was instituted.

All regular employees are entitled to paid vacation time. Such leave is granted each year of employment. Employees must use 50% of leave accrued each calendar year and an employee's maximum accrued vacation leave balance cannot exceed 250 hours (or 350 hours for employees working 24 hour shifts). Employees are paid for all accumulated vacation leave at their current wage scale upon termination of employment.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability in the government fund financial statements that will pay it. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Vested or accumulated vacation leave of the business-type funds and government wide financial statements are recorded as an expense and liability of those funds as the benefits accrue to employees. A liability is recorded for accumulated rights to receive sick pay benefits that are payable upon termination of employment.

The General Fund, Bicentennial Center Fund, Central Garage Fund, Information Systems Fund, Sanitation Fund, Solid Waste Fund, Golf Course Fund, and Water and Sewer Fund have been used in prior years to liquidate the liability for compensated absences.

6. Temporary Notes

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. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds.

7. Long-term Obligations

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

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

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Fund Balance, and Net Assets (Continued)

8. Fund Balances

In the fund financial statements, governmental funds report fund balance in the following classifications: nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Restricted fund balance indicates that constraints have been placed on the use of resources either by being externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the city commission. Assigned fund balances include amounts that are constrained by the City management's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available restricted amounts are considered to be spent first. When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, the following is the order in which resources will be expended: committed, assigned and unassigned.

The following is the detail for fund balance classifications in the financial statements:

	Major Governmental Funds								Other Governmental Funds	Total Governmental Funds
	General	Flood & Drainage Improvement	Tourism and Convention	Special Gas	Bicentennial Center	Sales Tax Capital	Debt Service	Capital Projects		
Fund Balances:										
Nonspendable for:										
Inventory	\$ 89,716	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,716
Restricted for:										
Public works	-	-	-	1,094,720	-	-	-	-	-	1,094,720
Public health and sanitation	-	-	-	-	-	-	-	-	4	4
Culture and recreation	-	-	-	-	-	-	-	-	45,236	45,236
Planning and development	-	-	340,473	-	-	-	-	-	298,015	638,488
Debt payments	-	-	-	-	-	-	1,285,130	-	547,999	1,833,129
Committed for:										
Public safety	-	-	-	-	-	-	-	-	[7,866]	[7,866]
Culture and recreation	-	-	-	-	142,881	-	-	-	524,907	667,788
Planning and development	-	-	-	-	-	-	-	-	6,102	6,102
Cemetery	-	-	-	-	-	-	-	-	421,037	421,037
Capital improvements	-	-	-	-	-	610,134	-	[2,477,564]	907,112	[960,318]
Assigned for:										
General government	18,450	-	-	-	-	-	-	-	-	18,450
Public works	36,755	907	-	323,023	-	-	-	-	-	360,685
Planning and development	11,376	-	-	-	-	-	-	-	-	11,376
Capital improvements	226,235	-	-	-	-	787,437	-	2,868,416	50,000	3,932,088
Unassigned:	<u>3,453,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,453,706</u>
Total Fund Balances	<u>\$ 3,836,238</u>	<u>\$ 907</u>	<u>\$ 340,473</u>	<u>\$ 1,417,743</u>	<u>\$ 142,881</u>	<u>\$ 1,397,571</u>	<u>\$ 1,285,130</u>	<u>\$ 390,852</u>	<u>\$ 2,792,546</u>	<u>\$ 11,604,341</u>

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2011

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, Fund Balance, and Net Assets (Continued)

9. Use of Estimates

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

10. Net Assets

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

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service fund, and enterprise funds.

The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding year on or before August 1.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
3. Public hearing on or before August 15, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25.

The statutes allow the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The 2011 budget was amended for the Flood & Drainage Improvement Fund, Sales Tax Capital Fund, Water and Sewer Fund, Risk Management Fund and Central Garage Fund.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

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

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

A legal operating budget is not required for capital projects funds, non-major debt service funds, trust funds, and the following special revenue funds: Bicentennial Center Event, HUD Community Development, Community Development Revolving, Heritage Commission, CDBG-ED, HOME V, Special Law Enforcement, Police Grants, DARE Donations, War Memorial Maintenance and Federal Care Grant. A legal operating budget is not required for the following Enterprise funds: Solid Waste Construction, Water and Sewer Principal and Interest, Water and Sewer Bond Reserve, Water and Sewer Construction and Reserve funds. A legal operating budget is also not required for the Internal Service funds. Actual to budget comparisons for these funds that present budgets to the Commissioners are shown strictly for informational purposes.

Spending in funds, which are not subject to the legal annual operating budget requirements are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

B. Statutory Violations

Actual exceeded budgeted expenditures at December 31, 2011 in the Flood & Drainage Improvement Fund and Sales Tax Economic Development Fund, which violates KSA 79-2935.

C. Legal Debt Margin

The City is subject to the municipal finance law of the state of Kansas which limits the bonded debt (exclusive of revenue bonds and special assessment bonds) the city may have outstanding to 30 percent of the assessed value of all tangible taxable property within the city, as certified to the county clerk on the proceeding August 25. At December 31, 2011, the statutory limit for the City was \$133,379,948, providing a debt margin of 75,990,305.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 3. RESTATEMENT OF EQUITY

The implementation of GASB 54 required the reclassification of the governmental fund balances. The following is the reclassification of fund balance as of December 31, 2010.

	Fund Balance Classification		
	As of December 31, 2010		
	<u>Unreserved</u>	<u>Reserved</u>	<u>Total</u>
Governmental Fund:			
General Fund	\$ 3,517,895	\$ 99,286	\$ 3,617,181
Flood & Drainage Improvement Fund	187,350	1,176	188,526
Tourism and Convention Fund	367,197	-	367,197
Special Gas Fund	986,224	498,417	1,484,641
Bicentennial Center Fund	46,048	-	46,048
Sales Tax Capital Fund	1,572,216	582,151	2,154,367
Debt Service Fund	-	571,873	571,873
Capital Projects Fund	[6,654,370]	4,044,369	[2,610,001]
Other Governmental Funds	<u>2,365,603</u>	<u>616,049</u>	<u>2,981,652</u>
Total Governmental Funds	<u>\$ 2,388,163</u>	<u>\$ 6,413,321</u>	<u>\$ 8,801,484</u>

	Fund Balance Classification					
	As of December 31, 2010, Reclassified					
	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total</u>
Governmental Fund:						
General Fund	\$ 87,238	\$ -	\$ -	\$ 99,286	\$ 3,430,657	\$ 3,617,181
Flood & Drainage Improvement Fund	-	-	187,350	1,176	-	188,526
Tourism and Convention Fund	-	367,197	-	-	-	367,197
Special Gas Fund	-	986,224	-	498,417	-	1,484,641
Bicentennial Center Fund	-	-	46,048	-	-	46,048
Sales Tax Capital Fund	-	-	1,572,216	582,151	-	2,154,367
Debt Service Fund	-	571,873	-	-	-	571,873
Capital Projects Fund	-	-	[6,654,370]	4,044,369	-	[2,610,001]
Other Governmental Funds	-	944,240	2,031,076	6,336	-	2,981,652
Total Governmental Funds	<u>\$ 87,238</u>	<u>\$ 2,869,534</u>	<u>\$ [2,817,680]</u>	<u>\$ 5,231,735</u>	<u>\$ 3,430,657</u>	<u>\$ 8,801,484</u>

Following the close of the previous fiscal year, it was discovered that several capital assets were misclassified or recorded incorrectly. Additionally, it was discovered that accounts receivable had not been properly recorded. Accordingly, the beginning net assets balances were restated, the effects of which are as follows:

	Governmental <u>Activities</u>	General <u>Fund</u>	Solid Waste Disposal <u>Fund</u>	Water and Sewer <u>Fund</u>	Sanitation <u>Fund</u>	Golf Course <u>Fund</u>	Central Garage <u>Fund</u>
Net Assets/Fund Balance, December 31, 2010	\$ 117,797,911	\$ 3,617,181	\$ 3,895,812	\$ 58,578,036	\$ 1,159,149	\$ 304,622	\$ 205,887
Capital Asset Adjustment	956,001	-	762	[19,712]	[11,485]	[287]	3,582
Accounts Receivable Adjustment	<u>156,424</u>	<u>156,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets/Fund Balance, December 31, 2010, Restated	<u>\$ 118,910,336</u>	<u>\$ 3,773,605</u>	<u>\$ 3,896,574</u>	<u>\$ 58,558,324</u>	<u>\$ 1,147,664</u>	<u>\$ 304,335</u>	<u>\$ 209,469</u>

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 4. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

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

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Kansas Municipal Investment Pool	\$ 305,158	S&P AAAf/S1+
U.S. Government Securities	<u>22,063,739</u>	N/A
Total fair value	<u>\$ 22,368,897</u>	

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

The City's investment policy provides direction on concentration risk. The City policy states that funds shall be diversified to reduce the extent of losses due to having an unbalanced portfolio in terms of maturities, instrument type, and issuers. Therefore, portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. Liquidity, free of market risk, shall be assured through practices insuring that the next disbursement date and payroll date are covered through maturing investments, marketable U.S. Treasury Bills, the Municipal Investment Pool, or money market accounts.

Default risk shall be minimized by requiring that all security purchases occur on a delivery vs. payment basis, and that all securities are adequately collateralized.

Risk of market price volatility shall be controlled through the adoption of a "buy and hold" strategy whereby the City holds each investment to maturity, coupled with maintenance of an adequate liquidity position to insure the ability to meet normal anticipated cash flow needs.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

When advantageous, it is allowable to sell investments to realize a gain due to price fluctuations; however, such transactions shall not be a part of the normal course of business.

The City recognizes that investment risks can result from issuer defaults, market price changes or various technical complications leading to temporary illiquidity. Portfolio diversification is employed as a way to control risk due to issuer default. In the event of a default by a specific issuer, the Director of Finance and Administration shall review, and, if appropriate, proceed to liquidate securities having comparable credit risks.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402.

B. Receivables

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

	General	Tourism and Convention	Special Gas	Bicentennial Center	Debt Service	Subtotal
Primary Government						
Receivables:						
Accounts	\$ 2,889,545	\$ 338,271	\$ -	\$ 54,966	\$ -	\$ 3,282,782
Taxes	8,094,093	-	312,648	-	2,441,349	10,848,090
Interest	35,877	-	-	-	-	35,877
Gross receivables	11,019,515	338,271	312,648	54,966	2,441,349	14,166,749
Less: allowance for uncollectibles	[2,211,730]	-	-	-	-	[2,211,730]
Total	\$ 8,807,785	\$ 338,271	\$ 312,648	\$ 54,966	\$ 2,441,349	\$ 11,955,019
		Other Governmental	Sanitation	Solid Waste Disposal	Water and Sewer	Total
Primary Government						
Receivables:						
Accounts		\$ 52,151	\$ 201,973	\$ 231,123	\$ 1,489,511	\$ 5,257,540
Taxes		-	-	-	-	10,848,090
Interest		-	-	16	-	35,893
Gross receivables		52,151	201,973	231,139	1,489,511	16,141,523
Less: allowance for uncollectibles		[982]	[62,801]	-	[463,147]	[2,738,660]
Total		\$ 51,169	\$ 139,172	\$ 231,139	\$ 1,026,364	\$ 13,402,863
Component Units						
Salina Airport Authority						
Accounts						\$ 107,643
Less: allowance for uncollectibles						[984]
Taxes						106,659
Total Salina Airport Authority						1,638,423
						1,745,082
Salina Housing Authority						
Accounts						37,957
Other						1,719
Total Salina Housing Authority						39,676
Total						\$ 1,784,758

CITY OF SALINA, KANSAS
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 December 31, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Receivables and Payables

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

<u>Fund Types</u>	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 9,375	\$ -
Other Government Funds	<u>-</u>	<u>9,375</u>
	<u>\$ 9,375</u>	<u>\$ 9,375</u>

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

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets

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

	Balance 12/31/2010	Adjustments	Adj. Bal. 12/31/2010	Additions	Retirements	Balance 12/31/2011
City governmental activities:						
Governmental activities:						
Capital assets, not being depreciated						
Construction in progress	\$ 32,549,155	\$ 81,670	\$ 32,630,825	\$ 2,945,099	\$ 3,021,567	\$ 32,554,357
Land	22,477,191	-	22,477,191	-	-	22,477,191
Capital assets, being depreciated						
Infrastructure	144,316,296	-	144,316,296	1,829,401	-	146,145,697
Buildings and improvements	36,233,800	-	36,233,800	-	-	36,233,800
Vehicles	7,480,033	810,889	8,290,922	255,156	216,023	8,330,055
Equipment, furniture and fixtures	5,353,682	92,755	5,446,437	246,676	235,912	5,457,201
Total capital assets	<u>248,410,157</u>	<u>985,314</u>	<u>249,395,471</u>	<u>5,276,332</u>	<u>3,473,502</u>	<u>251,198,301</u>
Less accumulated depreciation for:						
Infrastructure	60,603,797	[30,296]	60,573,501	2,964,133	-	63,537,634
Buildings and improvements	12,609,132	10,741	12,619,873	1,023,364	-	13,643,237
Vehicles	5,035,374	[40,529]	4,994,845	513,718	174,927	5,333,636
Equipment, furniture and fixtures	4,039,705	89,397	4,129,102	228,844	188,665	4,169,281
Total accumulated depreciation	<u>82,288,008</u>	<u>29,313</u>	<u>82,317,321</u>	<u>4,730,059</u>	<u>363,592</u>	<u>86,683,788</u>
Governmental activities capital assets, net	<u>\$ 166,122,149</u>	<u>\$ 956,001</u>	<u>\$ 167,078,150</u>	<u>\$ 546,273</u>	<u>\$ 3,109,910</u>	<u>\$ 164,514,513</u>
Business-type activities:						
Capital assets, not being depreciated						
Construction in progress	\$ 1,516,604	\$ -	\$ 1,516,604	\$ 10,781,482	\$ 1,236,031	\$ 11,062,055
Land	1,541,002	-	1,541,002	-	-	1,541,002
Capital assets, being depreciated						
Infrastructure	68,957,665	11,932	68,969,597	2,333,997	-	71,303,594
Buildings and improvements	22,587,106	-	22,587,106	-	-	22,587,106
Vehicles	2,987,740	[41,385]	2,946,355	139,452	102,647	2,983,160
Equipment, furniture and fixtures	4,376,725	27,010	4,403,735	30,824	-	4,434,559
Total capital assets	<u>101,966,842</u>	<u>[2,443]</u>	<u>101,964,399</u>	<u>13,285,755</u>	<u>1,338,678</u>	<u>113,911,476</u>
Less accumulated depreciation for:						
Infrastructure	28,973,288	[34,750]	28,938,538	1,774,866	-	30,713,404
Buildings and improvements	10,241,870	17,027	10,258,897	424,276	-	10,683,173
Vehicles	2,084,391	9,460	2,093,851	179,756	102,647	2,170,960
Equipment, furniture and fixtures	2,394,356	36,542	2,430,898	274,294	-	2,705,192
Total accumulated depreciation	<u>43,693,905</u>	<u>28,279</u>	<u>43,722,184</u>	<u>2,653,192</u>	<u>102,647</u>	<u>46,272,729</u>
Business-type activities capital assets, net	<u>\$ 58,272,937</u>	<u>\$ [30,722]</u>	<u>\$ 58,242,215</u>	<u>\$ 10,632,563</u>	<u>\$ 1,236,031</u>	<u>\$ 67,638,747</u>

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

The City's depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	\$ 8,990
Public safety	507,826
Public works	3,265,341
Public health	38,013
Culture and recreation	803,772
Planning and development	<u>106,117</u>
Total depreciation	<u>\$ 4,730,059</u>
Business-type Activities:	
Solid Waste Disposal	\$ 740,047
Water and Sewer	1,758,777
Sanitation	120,799
Golf Course Division	<u>33,569</u>
Total depreciation	<u>\$ 2,653,192</u>

E. Long-Term Debt

Following is a summary of changes in long-term debt for fiscal year 2011:

	Balance January 1, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2011</u>	Amounts Due Within <u>One Year</u>
Governmental activities:					
General obligation bonds	\$ 53,120,953	\$ 6,587,986	\$ 4,483,269	\$ 55,225,670	\$ 5,051,038
Accrued compensation	3,230,488	440,340	581,694	3,089,134	581,694
Temporary notes	<u>2,500,000</u>	<u>3,400,000</u>	<u>2,500,000</u>	<u>3,400,000</u>	<u>3,400,000</u>
Total	<u>\$ 58,851,441</u>	<u>\$ 10,428,326</u>	<u>\$ 7,564,963</u>	<u>\$ 61,714,804</u>	<u>\$ 9,032,732</u>
Business-type activities:					
General obligation bonds	\$ 8,614,577	\$ -	\$ 1,396,670	\$ 7,217,907	\$ 1,200,048
Revenue bonds	1,580,000	16,193,925	1,580,000	16,193,925	343,696
Accrued compensation	<u>667,768</u>	<u>104,025</u>	<u>122,302</u>	<u>649,491</u>	<u>122,301</u>
Total	<u>\$ 10,862,345</u>	<u>\$ 16,297,950</u>	<u>\$ 3,098,972</u>	<u>\$ 24,061,323</u>	<u>\$ 1,666,045</u>
Component Units:					
General obligation bonds	\$ 12,792,154	\$ 14,056,831	\$ 1,040,000	\$ 25,808,985	\$ 1,090,000
Financing lease	285,796	-	40,238	245,558	42,941
Temporary notes	11,652,467	-	11,652,467	-	-
Special assessment debt	<u>145,299</u>	<u>-</u>	<u>20,287</u>	<u>125,012</u>	<u>21,066</u>
Total component units	<u>\$ 24,875,716</u>	<u>\$ 14,056,831</u>	<u>\$ 12,752,992</u>	<u>\$ 26,179,555</u>	<u>\$ 1,154,007</u>

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

The following is a detailed listing of the city's long-term debt including general obligation bonds, revenue bonds, temporary notes and loans payable:

<i>Primary Government</i> General Obligation Bonds	Original Issue	Interest Rates	Bonds Outstanding
Internal Improvements 2002B, due 10/1/2017	\$ 1,980,000	2.70% to 4.50%	\$ 165,000
Internal Improvements 2003A, due 10/1/2018	4,350,000	2.13% to 3.85%	1,765,000
Refunding 2004A, due 8/1/2015	5,585,000	2.10% to 4.00%	1,170,000
Internal Improvements 2004B, due 10/1/2019	4,053,000	3.00% to 4.00%	1,390,000
Internal Improvements 2005A, due 10/1/2020	4,210,000	2.95% to 4.25%	2,200,000
Internal Improvements 2006A, due 10/1/2026	2,200,000	3.55% to 5.50%	1,650,000
Internal Improvements 2006B, due 10/1/2021	885,000	4.00% to 4.50%	535,000
Internal Improvements 2007A, due 10/1/2027	6,545,000	4.25% to 4.625%	5,085,000
Internal Improvements 2008A, due 10/1/2023	3,720,000	3.25% to 4.00%	3,000,000
Internal Improvements 2008B, due 7/1/2028	3,525,000	3.65% to 5.00%	3,415,000
Internal Improvements 2009A, due 10/1/2029	23,695,000	2.00% to 5.00%	21,877,424
Internal Improvements 2010A, due 10/1/2025	6,916,592	2.00% to 3.875%	6,138,819
Internal Improvements 2010B, due 10/1/2023	7,973,044	0.50% to 3.00%	7,464,348
Internal Improvements 2011A, due 10/1/2031	6,587,985	2.00% to 5.00%	6,587,986
Total general obligation bonds			<u>\$ 62,443,577</u>
Revenue Bonds			
Revenue 2011, due 10/1/31	\$ 16,193,925	2.00% to 4.60%	\$ 16,193,925
Total revenue bonds			<u>\$ 16,193,925</u>
Temporary Notes			
Series 2011-1, due 8/1/2012	\$ 3,400,000	0.40%	\$ 3,400,000
Total revenue bonds			<u>\$ 3,400,000</u>

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

<i>Component Unit</i>	<u>Original Issue</u>	<u>Interest Rates</u>	<u>Bonds Outstanding</u>
<i>Salina Airport Authority</i>			
General Obligation Bonds			
General Obligation 2001A, due 2012	\$ 1,385,000	4.45% to 5.60%	\$ 175,000
General Obligation 2002A, due 2012	2,635,000	2.45% to 3.70%	305,000
General Obligation 2005A, due 2020	3,635,000	4.75% to 5.25%	2,935,000
General Obligation 2007A, due 2022	1,005,000	4.60% to 6.00%	800,000
General Obligation 2009A, due 2029	2,025,000	4.20% to 4.25%	1,932,154
General Obligation 2009B, due 2026	6,080,000	3.00% to 5.50%	5,605,000
General Obligation 2011A, due 2030	11,820,000	4.64%	11,603,309
General Obligation 2011B, due 2031	2,505,000	4.28%	<u>2,453,522</u>
Total general obligation bonds			<u>25,808,985</u>
Special Assessment Debt			
Airport Industrial Center, due 2016	565,235	3.79%	104,691
Hangar 600 Sanitary Sewer, due 2021	27,599	4.47%	<u>20,321</u>
Total special assessment debt			<u>125,012</u>
Financing Lease, due 2015	425,000	6.609%	<u>245,558</u>
Total			<u>\$ 26,179,555</u>

Annual debt service requirements to maturity for general obligation bonds to be paid with tax levies:

<u>General Obligation - Primary Government</u>			
<u>Year</u>	<u>Bonds Outstanding</u>	<u>Interest Due</u>	<u>Total</u>
2012	\$ 6,251,086	\$ 2,299,881	\$ 8,550,967
2013	6,286,086	2,026,639	8,312,725
2014	5,961,086	1,802,699	7,763,785
2015	5,161,086	1,611,107	6,772,193
2016	5,001,086	1,440,080	6,441,166
2017-2021	19,865,428	4,617,544	24,482,972
2022-2026	10,541,564	1,805,185	12,346,749
2027-2031	<u>3,376,155</u>	<u>307,047</u>	<u>3,683,202</u>
Total	<u>\$ 62,443,577</u>	<u>\$ 15,910,181</u>	<u>\$ 78,353,758</u>

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

General Obligation - Component Units			
Year	Bonds	Interest	Total
	Outstanding	Due	
2012	\$ 1,090,000	\$ 1,169,829	\$ 2,259,829
2013	895,000	1,096,914	1,991,914
2014	925,000	1,067,866	1,992,866
2015	955,000	1,036,264	1,991,264
2016	990,000	1,001,531	1,991,531
2017-2021	5,600,000	4,370,941	9,970,941
2022-2026	6,965,000	3,006,746	9,971,746
2027-2031	8,750,000	1,218,234	9,968,234
Total	\$ 26,170,000	\$ 13,968,325	\$ 40,138,325

Annual debt service requirements to maturity for revenue bonds to be paid with utility revenues:

Revenue Bonds - Primary Government			
Year	Bonds	Interest	Total
	Outstanding	Due	
2012	\$ 343,696	\$ 596,991	\$ 940,687
2013	623,696	590,191	1,213,887
2014	633,696	577,791	1,211,487
2015	643,696	565,191	1,208,887
2016	663,696	549,191	1,212,887
2017-2021	3,638,480	2,433,862	6,072,342
2022-2026	4,323,480	1,738,821	6,062,301
2027-2031	5,323,485	743,320	6,066,805
Total	\$ 16,193,925	\$ 7,795,358	\$ 23,989,283

Annual debt service requirements to maturity for temporary notes - to be paid through the issuance of general obligation bonds:

Temporary Notes - Primary Government			
Year	Bonds	Interest	Total
	Outstanding	Due	
2012	\$ 3,400,000	\$ 14,204	\$ 3,414,204

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

Annual debt service requirements to maturity for financing lease - to be paid from rental revenue:

<u>Year</u>	<u>Financing Lease - Component Units</u>		
	<u>Lease Outstanding</u>	<u>Interest Due</u>	<u>Total</u>
2012	\$ 42,941	\$ 15,531	\$ 58,472
2013	45,826	12,646	58,472
2014	48,905	9,567	58,472
2015	52,190	6,282	58,472
2016	55,696	2,776	58,472
Total	<u>\$ 245,558</u>	<u>\$ 46,802</u>	<u>\$ 292,360</u>

Annual debt service requirement to maturity for Special Assessment Debt to be paid from rental revenue:

<u>Year</u>	<u>Special Assessment Debt - Component Units</u>		
	<u>Assessment Outstanding</u>	<u>Interest Due</u>	<u>Total</u>
2012	\$ 21,066	\$ 4,876	\$ 25,942
2013	21,876	4,067	25,943
2014	22,717	3,226	25,943
2015	23,590	2,352	25,942
2016	24,497	1,446	25,943
2017-2021	11,266	1,555	12,821
Total	<u>\$ 125,012</u>	<u>\$ 17,522</u>	<u>\$ 142,534</u>

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 4. DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

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

Conduit debt. The City has entered into several conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the City. The City is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payments schedule related to the original debt. At December 31, 2011, total outstanding conduit debt was \$86,472,423.

Defeased debt. In prior years, the City has defeased certain other outstanding debt obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements. At December 31, 2011, the City had \$325,000 of outstanding defeased debt.

F. Reconciliation of Transfers

A reconciliation of interfund transfers follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Major Funds:		
General fund	\$ 868,838	\$ 997,949
Flood and drainage improvement fund	907	-
Tourism and convention fund	-	596,440
Special gas fund	180,000	1,836
Bicentennial center fund	872,849	-
Sales tax capital fund	8,558	3,501,556
Debt service	2,225,565	83,488
Capital projects fund	3,289,564	405,549
Other governmental funds	547,389	105,259
Agency funds	-	198,821
Solid waste disposal fund	-	180,000
Water and sewer fund	-	2,030,000
Golf course fund	47,228	-
Central garage fund	60,000	-
Total Transfers	<u>\$ 8,100,898</u>	<u>\$ 8,100,898</u>

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

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 5. OTHER INFORMATION

A. Defined Benefit Pension Plan

Plan description. The City participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are cost-sharing multiple-employer defined benefit pension plans as provided by Kansas statutes (KSA 74-4901 et seq). KPERS and KP&F provide retirement benefits, life insurance, disability income benefits and death benefits. Kansas law established and amends benefit provisions. KPERS and KP&F issue a publicly available financial report that includes financial statements and required supplementary information. Those reports may be obtained by writing to 611 South Kansas, Suite 100; Topeka, Kansas 66603 or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at up to 6% of covered salary. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provisions 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 was 6.96% from January 1 to December 31, 2011. The City employer contributions to KPERS for the years ending December 31, 2011, 2010, and 2009 were \$987,826, \$1,039,728 and \$831,493, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2011 is 17.68%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2011, 2010, and 2009 were \$1,787,801, \$1,664,356 and \$1,769,379, respectively, equal to the required contributions for each year.

B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust and are not available to the claims of the City's general creditors.

C. Flexible Benefit Plan (I.R.C. Section 125)

The City Commission has adopted by resolution a salary reduction flexible benefit plan ("Plan") under Section 125 of the Internal Revenue Code. All City employees working more than 20 hours per week are eligible to participate in the Plan beginning after two full months of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Benefits offered through the Plan include various insurance and disability benefits.

D. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters and other events for which the City carries commercial insurance. No significant reductions in insurance coverage from that of the prior year have occurred. Settlements have not exceeded insurance coverage for each of the past three years.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 5. OTHER INFORMATION (Continued)

D. Risk Management (Continued)

The City has established a limited risk management program for workers' compensation. The program covers all City employees. Premiums are paid into the Workers' Compensation Reserve Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$250,000 (\$350,000 for claims involving employees classified as policemen or firemen). Incurred claims, including incurred but not reported claims, have been accrued based primarily upon subsequent payments. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors. The liability for claims and judgments is reported in the Workers' Compensation Reserve Fund because it is expected to be liquidated with expendable available financial resources. Of the liability, \$172,545 is considered to be due within one year. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims, January 1	\$ 425,582	\$ 372,610
Incurred claims (including IBNRs)	126,625	409,801
Claim payments	<u>[230,417]</u>	<u>[356,829]</u>
Unpaid claims, December 31	<u>\$ 321,790</u>	<u>\$ 425,582</u>

The City established a limited risk management program for employee health and dental insurance in 1997. The program covers eligible City employees. Premiums are paid into the health insurance fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. An excess coverage insurance policy covers individual claims in excess of \$50,000. Incurred claims, including incurred but not reported claims, have been accrued based primarily upon subsequent payments. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amounts of payouts and other economic and social factors. The liability for claims and judgments in the Health Insurance Fund because it is expected to be liquidated with expendable available financial resources. Therefore, all of the liability is considered to be due within one year. Changes in the balances of claims liabilities during the past two years are as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims, January 1	\$ 382,502	\$ 421,530
Incurred claims (including IBNRs)	4,229,571	4,198,012
Claim payments	<u>[4,220,898]</u>	<u>[4,237,040]</u>
Unpaid claims, December 31	<u>\$ 391,175</u>	<u>\$ 382,502</u>

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 5. OTHER INFORMATION (Continued)

E. Capital Projects

Capital projects often extend over two or more fiscal years. The following is a schedule, which compares the project authorization including allowable interest revenue to total project expenditures from project inception to December 31, 2011.

<u>Project</u>	<u>Authorization</u>	<u>Expenditures</u>
N Ohio Grade Separation	\$ 6,617,581	\$ 6,523,786
Bicentennial Improvements	2,500,000	2,505,636
Markley, Magnolia, Valleyview Sanitary Sewer Improvements and Manhole and Wastewater Pump Station Rehabilitation	5,150,000	1,070,277
Grand Prairie Addition	1,618,096	1,479,406
Magnolia Commons	3,415,564	3,003,051
South 9th Corridor, Phase IV	6,500,000	6,201,014
Scoular Addition Waterline Imp.	75,453	48,673
Stone Creek Addition	440,193	324,404
Riffel # 2 Infrastructure	977,917	893,024
East Magnolia Road Replacement	4,500,000	432,128
Aviation Service Center	5,500,000	3,737,322
Fire Station # 1	1,787,000	226,131

Project overages in the Bicentennial Improvements project will be reimbursed by special sales tax proceeds.

F. Contingent Liabilities

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

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

G. Municipal Solid Waste Landfill

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense of the solid waste fund in each period based on landfill capacity used as of each balance sheet date. The \$2,042,254 reported as landfill closure and postclosure care liability at December 31 represents the cumulative amount reported to date based on the use of 29.5% of the estimated capacity of the landfill.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2011

Note 5. OTHER INFORMATION (Continued)

G. Municipal Solid Waste Landfill (Continued)

The City's solid waste fund will recognize the remaining estimate cost of closure and postclosure care of \$4,891,330 as the remaining estimated capacity is filled over the remaining life expectancy of 68.8 years.

These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Actual cost may be higher due to inflation, changes, in technology or changes in regulations. The City is required by State and Federal laws and regulations to provide assurances of financial responsibility for closure and post-closure care. The City has elected to utilize the Local Government Financial test promulgated by the U.S. Environmental Protection Agency (at 40 CFR 258.74(f)) and the Kansas Department of Health and Environment to provide these assurances. Any future closure or post-closure care costs will be provided through the normal budgeting and rate setting process, including the issuance of general obligation bonds, if necessary.

H. Environmental Matters

The Kansas Department of Health and Environment (KDHE) issued a report in 1994 indicating the presence of volatile organic compounds at levels requiring remediation at the Salina Public Water Supply Wells Site. The City adopted a proactive Policy and Action Plan to remediate the groundwater contamination, and on December 7, 1994, the City and KDHE entered into a Consent Order and Settlement Agreement under which the City assumed primary responsibility for the further investigation and remediation of the groundwater contamination. Field testing work has been completed. The necessary remediation work will be conducted over the next several years at a yet undetermined cost to the City's Water and Sewer Fund.

The U.S. Department of Defense transferred property located at the former Schilling Air Force Base (the Base or Site) to the City on or about September 9, 1966. The property is now known to contain areas of extensive soil and groundwater contamination, which is a result of the use and disposal of chlorinated solvents during military operations at the Base from 1942 until Base closure in 1965.

The U.S. Department of Defense is responsible for the investigation and remediation of contamination caused by military activities at current and former military bases. The U.S. Army Corps of Engineers (Corps) is the lead agency for the Department at formerly used defense sites. The Corps has investigated the soil and groundwater contamination at the Site under the regulatory oversight of the U.S. Environmental Protection Agency (EPA) and the Kansas Department of Health and Environment (KDHE). The Site is not designated as a National Priority List Superfund site, but investigation and remediation are required to be in compliance with the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA).

Potential liability for contamination under CERCLA extends broadly to parties associated with the release or presence of hazardous substances, including not only those entities involved with contaminant use and disposal, but in some cases other current and former owners and operators of contaminated sites. As a current owner of extensive amounts of property at the Site, the City is potentially liable under CERCLA, although the City believes that it has meritorious defenses to such liability.

The City is under no administrative orders from the EPA or KDHE. The City is considered to be a Potentially Responsible Party (PRP) for the Site, primarily due to its status as a property owner. The Salina Airport Authority, City of Salina, Unified School District No. 305 and the Kansas Board of Regents (Kansas State University at Salina) (collectively Salina Public Entities) currently own over 90% of the nearly 4,000 acres of the Base property.

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 5. OTHER INFORMATION (Continued)

H. Environmental Matters (Continued)

Beginning in August 2007, the Salina Public Entities initiated settlement negotiations with the U.S. Federal Government. The negotiation objectives at that time included transferring the responsibility for completing the cleanup from the U.S. to the Salina Public Entities. The local objective was to reach a settlement agreement with the U.S. that provides the Salina Public Entities sufficient funds to complete cleanup operations over a 30-year period.

During calendar year 2008, the Salina Public Entities, by and through its environmental consultant, prepared a detailed Cost to Complete Estimate (CTC). The CTC preparation included consultation with the EPA and KDHE. The Salina Public Entities' CTC was completed in June of 2008 and submitted to the Corps.

Subsequently, on January 23, 2009, the Salina Public Entities delivered a demand letter to the Corps. The letter demanded that settlement negotiations begin immediately with the U.S. Department of Justice. On May 14, 2009 the City was notified that the Corp referred the Base demand letter to the U.S. Department of Justice on May 12, 2009.

The Salina Public Entities delivered on or about May 10, 2010, a settlement offer and a draft of a lawsuit complaint to the attorney for the U.S. Department of Justice. The Salina Public Entities planned to file suit against the U.S. if the matter was not settled by the end of May, 2010. The Salina Public Entities did not intend to cut off settlement negotiations by the filing of suit, and this has been communicated to the U.S. No remedial action plan or record of decision has been adopted by the EPA or KDHE.

On or about May 27, 2010, the Salina Public Entities filed their Complaint against the United States of America, the United States Department of Defense and Secretary of Defense, Robert M. Gates, in his official capacity (collectively, "Defendants"). On or about September 22, 2010, the Salina Public Entities filed their First Amended Complaint in four counts: Count I Citizen Suit Claim Pursuant to 42 U.S.C. § 9659(a)(2), Count II Citizen Suit Claim Pursuant to 42 U.S.C. § 9659(a)(1), Count III Claim for Recovery of Response Costs Pursuant to 42 U.S.C. § 9607(a) and Count IV Claim for Declaratory Judgment Pursuant to 42 U.S.C. § 9613(g)(2).

On or about October 6, 2010, Defendants filed their motion to dismiss and to strike, primarily with respect to the citizen suit claims. On or about March 25, 2011, Judge Murguia entered his Memorandum and Order. The Judge granted the Defendants' motion to dismiss Counts I and II (citizen suit claims) for lack of subject matter jurisdiction. He also granted the Defendants' motion to dismiss the Salina Public Entities' requests for attorney fees, with the exception of non-litigation attorney fees. He denied the Defendants' motion to strike the Salina Public Entities' allegations of a conflict of interest. The Salina Public Entities' claims under Counts III and IV for response costs under CERCLA 9607(a) are not affected by the Judge's rulings. The Salina Public Entities disagree with most of the Judge's filings and, if necessary, plan to take an interlocutory appeal to the Tenth Circuit to contest the rulings.

On or about April 22, 2011, Defendants filed their Answer to First Amended Complaint and Counterclaim against the Salina Public Entities. Count I of the Counterclaim alleges a claim for contribution under CERCLA, 42 U.S.C. § 9613(f)(1). Count II of the Counterclaim alleges a claim for cost recovery under CERCLA, 42 U.S.C. § 9607(a)(1). Count II alleges costs incurred by the U.S. Environmental Protection Agency of approximately \$1,838,241 as of September 30, 2007, and alleges costs incurred by the Corps of approximately \$14,915,228 as of April 17, 2009. The Salina Public Entities intend to vigorously contest the claims brought against them and will assert, among other defenses, the third party defense under 42 U.S.C. § 9607(b)(3).

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS

December 31, 2011

Note 5. OTHER INFORMATION (Continued)

H. Environmental Matters (Continued)

Since the lawsuit remains pending without a final settlement, the City intends to vigorously pursue its claims and contest the claims brought against it. Based on presently known information, the City has determined that while a possible liability exists, at this time no reasonable estimate of the possible liability can be made. Therefore, no liability related to that matter has been recorded.

I. Postemployment Health Care Plan

Plan Description. The City operates a single employer defined benefit healthcare plan administered by the City. The Employee Benefit Plan (the Plan) provides medical and dental benefits to eligible early retirees and their spouses. KSA 12-5040 requires all local governmental entities in the state that provide a group health care plan to make participation available to all retirees and dependents until the retiree reaches the age of 65 years. No separate financial report is issued for the Plan.

Funding Policy. The contribution requirements of plan participants and the City are established and amended by the City. The required contribution is based on projected pay-as-you-go financing requirements. Plan participants contributed approximately \$229,000 to the Plan (approximately 100% of total premiums) through their required contribution of \$425 per month for retiree-only coverage and \$1,141 for family coverage.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) 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 (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the Plan for the year, the amount actually contributed to the plan, and the changes in the City's net OPEB obligation to the Plan:

Annual required contribution	\$ 961,335
Interest on Net OPEB Obligation	95,743
Adjustment to Annual Required Contribution	<u>[79,786]</u>
Annual OPEB cost (expense)	977,292
Benefit payments	<u>229,000</u>
Change in net OPEB obligation	748,292
Net OPEB obligation - beginning of year	<u>2,393,591</u>
Net OPEB obligation - end of year	<u>\$ 3,141,883</u>

CITY OF SALINA, KANSAS

NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2011

Note 5. OTHER INFORMATION (Continued)

I. Postemployment Health Care Plan (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended December 31, 2011 was as follows:

Fiscal Year <u>Ended</u>	Annual OPEB <u>Cost</u>	Annual OPEB Cost <u>Contributed</u>	Net OPEB <u>Obligation</u>
December 31, 2008	\$ 910,418	\$ 96,672	\$ 813,746
December 31, 2009	957,353	100,000	1,671,099
December 31, 2010	921,492	199,000	2,393,591
December 31, 2011	977,292	229,000	3,141,883

Funding Status and Funding Progress. As of the year ended December 31, 2011, the most recent actuarial valuation date, the Plan was not funded. The actuarial accrued liability for benefits was \$9,019,806 and the actuarial value of asset was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$9,019,806. The covered payroll (annual payroll of active employees covered by the plan) was \$21,942,428, and the ratio of the UAAL to the covered payroll was 41.11%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statement, presents multiyear trend information about whether the actuarial value of plan assets (if any) are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) 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 participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the year ended December 31, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.00% investment rate of return, which is the rate of the employer's own investments as there are no plan assets and an initial annual medical and dental healthcare cost trend of 9.30%, reduced by decrements to an ultimate rate 4.70% after eighty-two years. The UAAL is being amortized as a level dollar over an open thirty-year period.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SALINA, KANSAS

OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 December 31, 2011

Schedule of Employer Contributions:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2008	\$ 910,418	\$ 96,672	\$ 813,746
December 31, 2009	957,353	100,000	1,671,099
December 31, 2010	921,492	199,000	2,393,591
December 31, 2011	977,292	229,000	3,141,883

Schedule of Funding Progress:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded AAL (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as Percent of Payroll (b-a)/(c)
12/31/2008	\$ -	\$ 8,917,346	\$ 8,917,346	0.0%	\$ 21,874,112	40.77%
12/31/2009	-	8,917,346	8,917,346	0.0%	22,397,996	39.81%
12/31/2010	-	9,019,806	9,019,806	0.0%	22,613,236	39.89%
12/31/2011	-	9,019,806	9,019,806	0.0%	21,942,428	41.11%

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND

For the Year Ended December 31, 2011

	Actual	Budgeted Amounts		Variance with Final Budget Positive [Negative]
		Original	Final	
Revenues				
Taxes				
Real estate taxes	\$ 7,564,507	\$ 7,359,721	\$ 7,359,721	\$ 204,786
Delinquent taxes	212,244	292,488	292,488	[80,244]
Motor vehicle taxes	723,857	937,258	937,258	[213,401]
General sales tax	11,767,400	11,716,000	11,716,000	51,400
Other taxes	4,221,302	4,585,000	4,585,000	[363,698]
Total taxes	<u>24,489,310</u>	<u>24,890,467</u>	<u>24,890,467</u>	<u>[401,157]</u>
Charges for services				
General charges	144,556	-	-	144,556
General government	340	8,912	8,912	[8,572]
Public safety	3,465,106	4,505,812	4,505,812	[1,040,706]
Public works	261,707	156,904	156,904	104,803
Health and sanitation	51,838	62,300	62,300	[10,462]
Culture and recreation	1,324,551	1,295,614	1,295,614	28,937
Community and economic development	10,368	9,982	9,982	386
Total charges for services	<u>5,258,466</u>	<u>6,039,524</u>	<u>6,039,524</u>	<u>[781,058]</u>
Operating grants, restricted				
General grants	153,566	185,000	185,000	[31,434]
Public safety	631,417	837,000	837,000	[205,583]
Community and economic development	28,202	-	-	28,202
Total operating grants, restricted	<u>813,185</u>	<u>1,022,000</u>	<u>1,022,000</u>	<u>[208,815]</u>
Operating grants, unrestricted				
General grants	2,500	503	503	1,997
Public works	250	3,000	3,000	[2,750]
Culture and recreation	8,241	18,000	18,000	[9,759]
Total operating grants, unrestricted	<u>10,991</u>	<u>21,503</u>	<u>21,503</u>	<u>[10,512]</u>
Interest income				
General interest	15,749	65,000	65,000	[49,251]
Total interest income	<u>15,749</u>	<u>65,000</u>	<u>65,000</u>	<u>[49,251]</u>
Interfund services provided				
General services	1,392,161	918,017	918,017	474,144
General government	2,532,316	1,755,876	1,755,876	776,440
Community and economic development	63,340	50,501	50,501	12,839
Total interfund services provided	<u>3,987,817</u>	<u>2,724,394</u>	<u>2,724,394</u>	<u>1,263,423</u>
Miscellaneous revenues				
General miscellaneous revenues	118,112	134,321	134,321	[16,209]
General government	90	-	-	90
Public safety	185,054	199,000	199,000	[13,946]
Public works	4,134	10,000	10,000	[5,866]
Culture and recreation	16,439	25,000	25,000	[8,561]
Total miscellaneous revenues	<u>323,829</u>	<u>368,321</u>	<u>368,321</u>	<u>[44,492]</u>
Proceeds of capital assets				
General sales	-	30,000	30,000	[30,000]
Public safety	200	-	-	200
Total proceeds of capital assets	<u>200</u>	<u>30,000</u>	<u>30,000</u>	<u>[29,800]</u>
Total revenues	<u>34,899,547</u>	<u>35,161,209</u>	<u>35,161,209</u>	<u>[261,662]</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND (Continued)
For the Year Ended December 31, 2011

	Actual	Budgeted Amounts		Variance with Final Budget Positive [Negative]
		Original	Final	
Expenditures				
General Government				
City commission	\$ 102,880	\$ 112,383	\$ 112,383	\$ 9,503
City manager	505,962	555,736	555,736	49,774
Legal	381,704	305,300	305,300	[76,404]
Finance	617,575	553,074	553,074	[64,501]
Human resources	374,387	350,007	350,007	[24,380]
Other general government	1,198,470	987,080	987,080	[211,390]
Contingencies	20,884	50,000	50,000	29,116
Total general government	<u>3,201,862</u>	<u>2,913,580</u>	<u>2,913,580</u>	<u>[288,282]</u>
Public Safety				
Police	8,409,519	8,307,450	8,307,450	[102,069]
Municipal court	1,430,676	1,625,516	1,625,516	194,840
Fire	8,166,268	7,763,377	7,763,377	[402,891]
Total public safety	<u>18,006,463</u>	<u>17,696,343</u>	<u>17,696,343</u>	<u>[310,120]</u>
Public Works				
Buildings and general improvements	1,005,385	1,253,194	1,253,194	247,809
Engineering	997,558	980,799	980,799	[16,759]
Streets	1,759,697	1,826,158	1,826,158	66,461
Flood works	203,126	221,058	221,058	17,932
Traffic control	743,165	819,062	819,062	75,897
Parks	1,409,829	1,444,930	1,444,930	35,101
ADA compliance	6,440	15,000	15,000	8,560
Total public works	<u>6,125,200</u>	<u>6,560,201</u>	<u>6,560,201</u>	<u>435,001</u>
Public Health and Sanitation				
Cemetery	157,981	146,827	146,827	[11,154]
Health department	1,018,101	967,138	967,138	[50,963]
Total public health and sanitation	<u>1,176,082</u>	<u>1,113,965</u>	<u>1,113,965</u>	<u>[62,117]</u>
Culture and Recreation				
Swimming pools	430,322	419,838	419,838	[10,484]
Neighborhood centers	41,773	46,233	46,233	4,460
Recreation	1,810,910	1,640,473	1,640,473	[170,437]
Arts and humanities	1,079	-	-	[1,079]
Smoky Hill museum	448,463	435,263	435,263	[13,200]
Total culture and recreation	<u>2,732,547</u>	<u>2,541,807</u>	<u>2,541,807</u>	<u>[190,740]</u>
Community Development				
Human relations	330,092	337,809	337,809	7,717
Development services	1,215,034	1,332,930	1,332,930	117,896
Agency contracts	771,970	783,921	783,921	11,951
Total community development	<u>2,317,096</u>	<u>2,454,660</u>	<u>2,454,660</u>	<u>137,564</u>
Capital Outlay				
Capital outlay	867,777	876,345	876,345	8,568
Cash Reserve	-	4,354,391	4,354,391	4,354,391
Total expenditures	<u>34,427,027</u>	<u>38,511,292</u>	<u>38,511,292</u>	<u>4,084,265</u>
Excess [deficiency] of revenues over [under] expenditures	<u>472,520</u>	<u>[3,350,083]</u>	<u>[3,350,083]</u>	<u>3,822,603</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
GENERAL FUND (Continued)
For the Year Ended December 31, 2011

	Actual	Budgeted Amounts		Variance with Final Budget Positive [Negative]
		Original	Final	
Other financing sources [uses]				
Transfer in	\$ 168,838	\$ 500,000	\$ 500,000	\$ [331,162]
Transfer [out]	<u>[997,949]</u>	<u>[994,358]</u>	<u>[994,358]</u>	<u>[3,591]</u>
Total other financing sources [uses]	<u>[829,111]</u>	<u>[494,358]</u>	<u>[494,358]</u>	<u>[334,753]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[356,591]	[3,844,441]	[3,844,441]	3,487,850
Unreserved fund balance, January 1	2,918,651	3,978,485	3,978,485	[1,059,834]
Prior year cancelled encumbrances	<u>7,140</u>	<u>-</u>	<u>-</u>	<u>7,140</u>
Unreserved fund balance, December 31	2,569,200	<u>\$ 134,044</u>	<u>\$ 134,044</u>	<u>\$ 2,435,156</u>
Reconciliation to GAAP				
Interest receivable	35,877			
Accounts receivable	677,815			
Taxes receivable	8,094,093			
Inventory	89,716			
Deferred revenue	[7,923,279]			
Current year encumbrances	<u>292,816</u>			
GAAP Fund Balance, December 31	<u>\$ 3,836,238</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 FLOOD AND DRAINAGE IMPROVEMENT FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes				
Delinquent taxes	\$ 6,016	\$ 2,268	\$ 6,020	\$ [4]
Total taxes	<u>6,016</u>	<u>2,268</u>	<u>6,020</u>	<u>[4]</u>
Interest income				
General interest	-	138	138	[138]
Total interest income	<u>-</u>	<u>138</u>	<u>138</u>	<u>[138]</u>
Miscellaneous revenues				
General miscellaneous revenues	11,550	-	8,064	3,486
Total miscellaneous revenues	<u>11,550</u>	<u>-</u>	<u>8,064</u>	<u>3,486</u>
Total revenues	<u>17,566</u>	<u>2,406</u>	<u>14,222</u>	<u>3,344</u>
Expenditures				
Capital Outlay	205,823	11,130	200,000	[5,823]
Total expenditures	<u>205,823</u>	<u>11,130</u>	<u>200,000</u>	<u>[5,823]</u>
Excess [deficiency] of revenues over [under] expenditures	[188,257]	[8,724]	[185,778]	[2,479]
Other financing sources [uses]				
Transfer in	907	-	-	907
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[187,350]	[8,724]	[185,778]	[1,572]
Unreserved fund balance, January 1	<u>187,350</u>	<u>8,724</u>	<u>187,350</u>	<u>-</u>
Unreserved fund balance, December 31	-	<u>\$ -</u>	<u>\$ 1,572</u>	<u>\$ [1,572]</u>
Reconciliation to GAAP				
Current year encumbrances	<u>907</u>			
GAAP Fund Balance, December 31	<u>\$ 907</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 TOURISM AND CONVENTION FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Taxes				
Other taxes	\$ 1,332,827	\$ 1,350,000	\$ 1,350,000	\$ [17,173]
Interest income				
General interest	<u>143</u>	<u>-</u>	<u>-</u>	<u>143</u>
Total revenues	<u>1,332,970</u>	<u>1,350,000</u>	<u>1,350,000</u>	<u>[17,030]</u>
Expenditures				
Community Development				
Tourism	<u>736,386</u>	<u>751,664</u>	<u>751,664</u>	<u>15,278</u>
Total expenditures	<u>736,386</u>	<u>751,664</u>	<u>751,664</u>	<u>15,278</u>
Excess [deficiency] of revenues over [under] expenditures	<u>596,584</u>	<u>598,336</u>	<u>598,336</u>	<u>[1,752]</u>
Other financing sources [uses]				
Transfer [out]	<u>[596,440]</u>	<u>[600,000]</u>	<u>[600,000]</u>	<u>3,560</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>144</u>	<u>[1,664]</u>	<u>[1,664]</u>	<u>1,808</u>
Unreserved fund balance, January 1	<u>2,058</u>	<u>1,664</u>	<u>1,664</u>	<u>394</u>
Unreserved fund balance, December 31	<u>2,202</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,202</u>
Reconciliation to GAAP				
Accounts receivable	<u>338,271</u>			
GAAP Fund Balance, December 31	<u>\$ 340,473</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
SPECIAL GAS FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Operating grants, restricted				
Public works	\$ 1,366,522	\$ 1,460,382	\$ 1,460,382	\$ [93,860]
Interest income				
General interest	<u>3,718</u>	<u>6,000</u>	<u>6,000</u>	<u>[2,282]</u>
Total revenues	<u>1,370,240</u>	<u>1,466,382</u>	<u>1,466,382</u>	<u>[96,142]</u>
Expenditures				
Public Works				
Streets	426,084	425,395	425,395	[689]
Capital Outlay	1,401,756	1,886,116	1,886,116	484,360
Cash Reserve	<u>-</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total expenditures	<u>1,827,840</u>	<u>2,811,511</u>	<u>2,811,511</u>	<u>983,671</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[457,600]</u>	<u>[1,345,129]</u>	<u>[1,345,129]</u>	<u>887,529</u>
Other financing sources [uses]				
Transfer in	180,000	180,000	180,000	-
Transfer [out]	<u>[1,836]</u>	<u>-</u>	<u>-</u>	<u>[1,836]</u>
Total other financing sources [uses]	<u>178,164</u>	<u>180,000</u>	<u>180,000</u>	<u>[1,836]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[279,436]</u>	<u>[1,165,129]</u>	<u>[1,165,129]</u>	<u>885,693</u>
Unreserved fund balance, January 1	735,009	1,165,129	1,165,129	[430,120]
Prior year cancelled encumbrances	<u>370,888</u>	<u>-</u>	<u>-</u>	<u>370,888</u>
Unreserved fund balance, December 31	826,461	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,461</u>
Reconciliation to GAAP				
Taxes receivable	312,648			
Retainage payable	[44,389]			
Current year encumbrances	<u>323,023</u>			
GAAP Fund Balance, December 31	<u>\$ 1,417,743</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 BICENTENNIAL CENTER FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with
		<u>Original</u>	<u>Final</u>	Final Budget Positive [Negative]
Revenues				
Charges for services				
Culture and recreation	\$ 772,480	\$ 1,379,500	\$ 1,379,500	\$ [607,020]
Interest income				
General interest	193	3,500	3,500	[3,307]
Miscellaneous revenues				
General miscellaneous revenues	<u>692</u>	<u>-</u>	<u>-</u>	<u>692</u>
Total revenues	<u>773,365</u>	<u>1,383,000</u>	<u>1,383,000</u>	<u>[609,635]</u>
Expenditures				
Culture and Recreation				
Bicentennial Center	1,548,901	1,902,262	1,902,262	353,361
Capital Outlay	11,028	532,850	532,850	521,822
Cash Reserve	<u>-</u>	<u>329,400</u>	<u>329,400</u>	<u>329,400</u>
Total expenditures	<u>1,559,929</u>	<u>2,764,512</u>	<u>2,764,512</u>	<u>1,204,583</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[786,564]</u>	<u>[1,381,512]</u>	<u>[1,381,512]</u>	<u>594,948</u>
Other financing sources [uses]				
Transfer in	<u>872,849</u>	<u>875,000</u>	<u>875,000</u>	<u>[2,151]</u>
Total other financing sources [uses]	<u>872,849</u>	<u>875,000</u>	<u>875,000</u>	<u>[2,151]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	86,285	[506,512]	[506,512]	592,797
Unreserved fund balance, January 1	<u>1,630</u>	<u>506,512</u>	<u>506,512</u>	<u>[504,882]</u>
Unreserved fund balance, December 31	87,915	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,915</u>
Reconciliation to GAAP				
Accounts receivable	<u>54,966</u>			
GAAP Fund Balance, December 31	<u>\$ 142,881</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SALES TAX CAPITAL FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes				
Selective sales tax	\$ 3,763,045	\$ 3,686,500	\$ 3,686,500	\$ 76,545
Interest income				
General interest	<u>5,683</u>	<u>20,000</u>	<u>20,000</u>	<u>[14,317]</u>
Total revenues	<u>3,768,728</u>	<u>3,706,500</u>	<u>3,706,500</u>	<u>62,228</u>
Expenditures				
General Government				
Other general government	-	-	155,000	155,000
Capital Outlay	2,371,778	1,805,000	3,130,211	758,433
Cash Reserve	<u>-</u>	<u>185,580</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,371,778</u>	<u>1,990,580</u>	<u>3,285,211</u>	<u>913,433</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,396,950</u>	<u>1,715,920</u>	<u>421,289</u>	<u>975,661</u>
Other financing sources [uses]				
Transfer in	8,558	-	-	8,558
Transfer [out]	<u>[2,367,590]</u>	<u>[2,000,000]</u>	<u>[2,000,000]</u>	<u>[367,590]</u>
Total other financing sources [uses]	<u>[2,359,032]</u>	<u>[2,000,000]</u>	<u>[2,000,000]</u>	<u>[359,032]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[962,082]</u>	<u>[284,080]</u>	<u>[1,578,711]</u>	<u>616,629</u>
Unreserved fund balance, January 1	<u>1,572,216</u>	<u>284,080</u>	<u>1,578,711</u>	<u>[6,495]</u>
Unreserved fund balance, December 31	610,134	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 610,134</u>
Reconciliation to GAAP				
Current year encumbrances	<u>787,437</u>			
GAAP Fund Balance, December 31	<u>\$ 1,397,571</u>			

See independent auditor's report on the financial statements.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

CITY OF SALINA, KANSAS

COMBINING STATEMENTS - NONMAJOR FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

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

Business improvement district fund - State law allows businesses within an area to voluntarily establish an improvement City. This fund is used to account for the assessments made on the District. All revenues are to be used within the Business Improvement District.

Neighborhood park fund - To account for fees collected from new residential building projects in Salina. Expenditures are for acquisition or development of neighborhood parks in the growing areas of the community.

Special parks and recreation fund - To account for liquor tax revenues, which must be used for park maintenance and improvements.

Special alcohol fund - To account for liquor tax revenues, which must be used for programs, which address prevention, education or intervention for drug and alcohol abuse.

Bicentennial center event fund - To account for the revenues and expenses associated with special events (concerts, shows, etc.) at the City's convention center.

HUD community development fund - To account for grants received from the state to be used for housing or economic development purposes.

Community development revolving fund - To account for funds, which may be loaned for housing and economic development, purposes, to later be repaid and reused on a revolving basis.

Heritage commission fund - To account for revenues and expenses associated with heritage preservation activities.

Sales tax economic development fund - To account for 12.5% of the 1/4 cent sales tax designated for economic Development purposes.

Fair housing fund - To account for grants received from the federal government to be used to monitor and mediate fair housing complaints.

CDBG ED fund- To account for grants received from the federal government to be used for economic development loans to qualifying businesses.

HOME V fund - To account for grants received from the state government to be used for housing rehabilitation.

Special law enforcement fund - To account for revenues received from the sale of forfeited assets acquired during drug enforcement activities. Expenses are limited to capital items to be used for further drug enforcement activities.

Police grants fund - To account for revenues from grants, which are to be used for special police activities, including the D.A.R.E. program

D.A.R.E. donations fund - To account for donations to the D.A.R.E. program.

War memorial maintenance fund - To account for monies to be used for maintenance of the local war memorial.

Arts & humanities fund - To account for revenues and expenses associated with arts and humanities activities.

Federal CARE Grant - To account for revenue and expenses associated with the CARE Grant.

CITY OF SALINA, KANSAS

COMBINING STATEMENTS - NONMAJOR FUNDS
NONMAJOR PERMANENT FUNDS

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

Cemetery endowment fund - To account for amounts expended for perpetual care of the City cemetery. Interest earnings are used for cemetery maintenance.

Mausoleum endowment fund - To account for amounts charged for perpetual care of the City mausoleum. Interest earnings are used for mausoleum maintenance.

Tricentennial commission fund - To account for donations to be used to celebrate the nation's tricentennial in the year 2076.

CITY OF SALINA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2011

	Total Nonmajor Special Revenue <u>Funds</u>	Total Nonmajor Permanent <u>Funds</u>	Nonmajor Debt Service <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
ASSETS				
Cash and investments	\$ 1,790,051	\$ 426,741	\$ 556,603	\$ 2,773,395
Receivables				
Accounts	<u>51,169</u>	<u>-</u>	<u>-</u>	<u>51,169</u>
Total assets	<u>\$ 1,841,220</u>	<u>\$ 426,741</u>	<u>\$ 556,603</u>	<u>\$ 2,824,564</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 14,039	\$ -	\$ 8,604	\$ 22,643
Due to other funds	<u>9,375</u>	<u>-</u>	<u>-</u>	<u>9,375</u>
Total liabilities	<u>23,414</u>	<u>-</u>	<u>8,604</u>	<u>32,018</u>
Fund balances:				
Restricted	343,255	-	547,999	891,254
Committed	1,424,551	426,741	-	1,851,292
Assigned	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total fund balances	<u>1,817,806</u>	<u>426,741</u>	<u>547,999</u>	<u>2,792,546</u>
Total liabilities and fund balances	<u>\$ 1,841,220</u>	<u>\$ 426,741</u>	<u>\$ 556,603</u>	<u>\$ 2,824,564</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2011

	Total Nonmajor Special Revenue <u>Funds</u>	Total Nonmajor Permanent <u>Funds</u>	Nonmajor Debt Service <u>Fund</u>	Total Nonmajor Governmental <u>Funds</u>
REVENUES				
Taxes	\$ 317,297	\$ -	\$ -	\$ 317,297
Intergovernmental	520,055	-	205,582	725,637
Charges for services	1,115,913	9,109	-	1,125,022
Licenses and permits	6,250	-	-	6,250
Investment revenue	5,394	1,177	49	6,620
Miscellaneous	<u>72,293</u>	<u>-</u>	<u>-</u>	<u>72,293</u>
Total revenues	<u>2,037,202</u>	<u>10,286</u>	<u>205,631</u>	<u>2,253,119</u>
EXPENDITURES				
Current				
Culture and recreation	1,616,170	-	-	1,616,170
Public health and sanitation	153,730	-	-	153,730
Planning and development	288,275	-	-	288,275
Miscellaneous	-	35	-	35
Debt service				
Principal retirement	25,000	-	110,000	135,000
Interest and other charges	4,399	-	157,345	161,744
Capital outlay	<u>529,401</u>	<u>-</u>	<u>-</u>	<u>529,401</u>
Total expenditures	<u>2,616,975</u>	<u>35</u>	<u>267,345</u>	<u>2,884,355</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[579,773]</u>	<u>10,251</u>	<u>[61,714]</u>	<u>[631,236]</u>
Other financing sources [uses]				
Transfers in	547,389	-	-	547,389
Transfers [out]	<u>[105,259]</u>	<u>-</u>	<u>-</u>	<u>[105,259]</u>
Total other financing sources [uses]	<u>442,130</u>	<u>-</u>	<u>-</u>	<u>442,130</u>
Net change in fund balance	[137,643]	10,251	[61,714]	[189,106]
Fund balance - Beginning of year	<u>1,955,449</u>	<u>416,490</u>	<u>609,713</u>	<u>2,981,652</u>
Fund balance - End of year	<u>\$ 1,817,806</u>	<u>\$ 426,741</u>	<u>\$ 547,999</u>	<u>\$ 2,792,546</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2011

	Business Improvement <u>District</u>	Neighborhood <u>Park</u>	Special Parks & <u>Recreation</u>	Special <u>Alcohol</u>
ASSETS				
Cash and investments	\$ 1,611	\$ 229,134	\$ 45,236	\$ 4
Receivables				
Accounts	<u>51,169</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 52,780</u>	<u>\$ 229,134</u>	<u>\$ 45,236</u>	<u>\$ 4</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,611	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,611</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance:				
Restricted	51,169	-	45,236	4
Committed	-	229,134	-	-
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance [deficit]	<u>51,169</u>	<u>229,134</u>	<u>45,236</u>	<u>4</u>
Total liabilities and fund balances	<u>\$ 52,780</u>	<u>\$ 229,134</u>	<u>\$ 45,236</u>	<u>\$ 4</u>

Bicentennial Center <u>Event</u>	HUD Community <u>Dev.</u>	Comm. Development. <u>Revolving</u>	Heritage <u>Commission</u>	Sales Tax Economic <u>Development</u>
\$ 98,847	\$ 71,880	\$ 173,160	\$ 4	\$ 957,112
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 98,847</u>	<u>\$ 71,880</u>	<u>\$ 173,160</u>	<u>\$ 4</u>	<u>\$ 957,112</u>
\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	71,880	173,160	-	-
98,847	-	-	4	907,112
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<u>98,847</u>	<u>71,880</u>	<u>173,160</u>	<u>4</u>	<u>957,112</u>
<u>\$ 98,847</u>	<u>\$ 71,880</u>	<u>\$ 173,160</u>	<u>\$ 4</u>	<u>\$ 957,112</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS (Continued)
 December 31, 2011

	<u>Fair Housing</u>	<u>CDBG ED</u>	<u>HOME V</u>	<u>Special Law Enforcement</u>
ASSETS				
Cash and investments	\$ 5,181	\$ 2,472	\$ -	\$ 2,855
Receivables				
Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 5,181</u>	<u>\$ 2,472</u>	<u>\$ -</u>	<u>\$ 2,855</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 825	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>825</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balance:				
Restricted	-	2,472	-	-
Committed	4,356	-	-	2,855
Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance [deficit]	<u>4,356</u>	<u>2,472</u>	<u>-</u>	<u>2,855</u>
Total liabilities and fund balances	<u>\$ 5,181</u>	<u>\$ 2,472</u>	<u>\$ -</u>	<u>\$ 2,855</u>

<u>Police Grants</u>	<u>DARE Donations</u>	<u>War Memorial Maintenance</u>	<u>Arts & Humanities</u>	<u>Federal CARE Grant</u>	<u>Totals</u>
\$ -	\$ 1,742	\$ 35,262	\$ 165,551	\$ -	\$ 1,790,051
-	-	-	-	-	51,169
<u>\$ -</u>	<u>\$ 1,742</u>	<u>\$ 35,262</u>	<u>\$ 165,551</u>	<u>\$ -</u>	<u>\$ 1,841,220</u>
\$ 2,012	\$ -	\$ -	\$ 9,591	\$ -	\$ 14,039
8,709	-	-	-	666	9,375
<u>10,721</u>	<u>-</u>	<u>-</u>	<u>9,591</u>	<u>666</u>	<u>23,414</u>
-	-	-	-	[666]	343,255
[10,721]	1,742	35,262	155,960	-	1,424,551
-	-	-	-	-	50,000
<u>[10,721]</u>	<u>1,742</u>	<u>35,262</u>	<u>155,960</u>	<u>[666]</u>	<u>1,817,806</u>
<u>\$ -</u>	<u>\$ 1,742</u>	<u>\$ 35,262</u>	<u>\$ 165,551</u>	<u>\$ -</u>	<u>\$ 1,841,220</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2011

	Business Improvement <u>District</u>	Neighborhood <u>Park</u>	Special Parks & <u>Recreation</u>	Special <u>Alcohol</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	153,566	153,566
Charges for services	83,467	-	-	-
Licenses and permits	-	6,250	-	-
Investment revenue	20	629	220	24
Miscellaneous	-	-	1,373	-
Total Revenues	<u>83,487</u>	<u>6,879</u>	<u>155,159</u>	<u>153,590</u>
Expenditures				
Current				
Culture and recreation	-	-	-	-
Public health and sanitation	-	-	-	153,730
Planning and development	84,531	-	-	-
Debt service				
Principal retirement	-	-	25,000	-
Interest and other charges	-	-	4,399	-
Capital outlay	-	-	99,817	-
Total Expenditures	<u>84,531</u>	<u>-</u>	<u>129,216</u>	<u>153,730</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,044]</u>	<u>6,879</u>	<u>25,943</u>	<u>[140]</u>
Other financing sources [uses]				
Transfers in	-	-	-	-
Transfers [out]	-	-	[47,228]	-
Total other financing sources [uses]	<u>-</u>	<u>-</u>	<u>[47,228]</u>	<u>-</u>
Net change in fund balance	[1,044]	6,879	[21,285]	[140]
Fund balance, beginning of year	<u>52,213</u>	<u>222,255</u>	<u>66,521</u>	<u>144</u>
Fund balance, end of year	<u>\$ 51,169</u>	<u>\$ 229,134</u>	<u>\$ 45,236</u>	<u>\$ 4</u>

Bicentennial Center Event	HUD Community Development	Community Development Revolving	Heritage Commission	Sales Tax Economic Development
\$ -	\$ -	\$ -	\$ -	\$ 317,297
-	-	-	-	-
663,839	-	-	-	-
-	-	-	-	-
-	200	526	-	2,485
-	-	-	-	-
<u>663,839</u>	<u>200</u>	<u>526</u>	<u>-</u>	<u>319,782</u>
670,411	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	406,075
<u>670,411</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,075</u>
<u>[6,572]</u>	<u>200</u>	<u>526</u>	<u>-</u>	<u>[86,293]</u>
-	-	-	-	-
-	-	[58,031]	-	-
-	-	[58,031]	-	-
[6,572]	200	[57,505]	-	[86,293]
<u>105,419</u>	<u>71,680</u>	<u>230,665</u>	<u>4</u>	<u>1,043,405</u>
<u>\$ 98,847</u>	<u>\$ 71,880</u>	<u>\$ 173,160</u>	<u>\$ 4</u>	<u>\$ 957,112</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS (Continued)
For the Year Ended December 31, 2011

	Fair <u>Housing</u>	CDBG <u>ED</u>	HOME <u>V</u>	Special Law <u>Enforcement</u>
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	31,203	158,238	-	-
Charges for services	-	-	-	-
Licenses and permits	-	-	-	-
Investment revenue	59	-	-	36
Miscellaneous	-	-	-	-
Total Revenues	<u>31,262</u>	<u>158,238</u>	<u>-</u>	<u>36</u>
Expenditures				
Current				
Culture and recreation	-	-	-	-
Public health and sanitation	-	-	-	-
Planning and development	69,571	133,437	-	-
Debt service				
Principal retirement	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	-	-	-	18,132
Total Expenditures	<u>69,571</u>	<u>133,437</u>	<u>-</u>	<u>18,132</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[38,309]</u>	<u>24,801</u>	<u>-</u>	<u>[18,096]</u>
Other financing sources [uses]				
Transfers in	-	-	58,031	-
Transfers [out]	-	-	-	-
Total other financing sources [uses]	<u>-</u>	<u>-</u>	<u>58,031</u>	<u>-</u>
Net change in fund balance	[38,309]	24,801	58,031	[18,096]
Fund balance, beginning of year	<u>42,665</u>	<u>[22,329]</u>	<u>[58,031]</u>	<u>20,951</u>
Fund balance, end of year	<u>\$ 4,356</u>	<u>\$ 2,472</u>	<u>\$ -</u>	<u>\$ 2,855</u>

<u>Police Grants</u>	<u>DARE Donations</u>	<u>War Memorial Maintenance</u>	<u>Arts & Humanities</u>	<u>Federal Care Grant</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317,297
-	-	-	23,482	-	520,055
-	-	-	368,607	-	1,115,913
-	-	-	-	-	6,250
-	5	101	1,089	-	5,394
-	70	-	70,850	-	72,293
-	75	101	464,028	-	2,037,202
-	-	797	944,962	-	1,616,170
-	-	-	-	-	153,730
-	70	-	-	666	288,275
-	-	-	-	-	25,000
-	-	-	-	-	4,399
5,377	-	-	-	-	529,401
5,377	70	797	944,962	666	2,616,975
[5,377]	5	[696]	[480,934]	[666]	[579,773]
-	-	-	489,358	-	547,389
-	-	-	-	-	[105,259]
-	-	-	489,358	-	442,130
[5,377]	5	[696]	8,424	[666]	[137,643]
[5,344]	1,737	35,958	147,536	-	1,955,449
\$ [10,721]	\$ 1,742	\$ 35,262	\$ 155,960	\$ [666]	\$ 1,817,806

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS
 COMBINING BALANCE SHEET
 NONMAJOR PERMANENT FUNDS
 December 31, 2011

ASSETS	Cemetery Endowment	Mausoleum Endowment	Tricentennial Commission	Total
Cash and investments	\$ 419,040	\$ 1,997	\$ 5,704	\$ 426,741
Total assets	<u>\$ 419,040</u>	<u>\$ 1,997</u>	<u>\$ 5,704</u>	<u>\$ 426,741</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund balances				
Committed	<u>419,040</u>	<u>1,997</u>	<u>5,704</u>	<u>426,741</u>
Total liabilities and fund balances	<u>\$ 419,040</u>	<u>\$ 1,997</u>	<u>\$ 5,704</u>	<u>\$ 426,741</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
For the Year Ended December 31, 2011

	Cemetery Endowment	Mausoleum Endowment	Tricentennial Commission	Total
Revenues				
Charges for services	\$ 9,109	\$ -	\$ -	\$ 9,109
Investment revenue	<u>1,155</u>	<u>6</u>	<u>16</u>	<u>1,177</u>
Total revenues	<u>10,264</u>	<u>6</u>	<u>16</u>	<u>10,286</u>
Expenditures				
Miscellaneous	<u>35</u>	<u>-</u>	<u>-</u>	<u>35</u>
Total expenditures	<u>35</u>	<u>-</u>	<u>-</u>	<u>35</u>
Net change in fund balance	10,229	6	16	10,251
Fund balances - beginning of year	<u>408,811</u>	<u>1,991</u>	<u>5,688</u>	<u>416,490</u>
Fund balances - end of year	<u>\$ 419,040</u>	<u>\$ 1,997</u>	<u>\$ 5,704</u>	<u>\$ 426,741</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 BUSINESS IMPROVEMENT CITY FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Community and economic development	\$ 84,511	\$ 90,000	\$ 90,000	\$ [5,489]
Interest income				
General interest	<u>20</u>	<u>500</u>	<u>500</u>	<u>[480]</u>
Total revenues	<u>84,531</u>	<u>90,500</u>	<u>90,500</u>	<u>[5,969]</u>
Expenditures				
Community Development				
Business Improvement District	<u>84,531</u>	<u>90,578</u>	<u>90,578</u>	<u>6,047</u>
Total expenditures	<u>84,531</u>	<u>90,578</u>	<u>90,578</u>	<u>6,047</u>
Excess [deficiency] of revenues over [under] expenditures	-	[78]	[78]	78
Unreserved fund balance, January 1	<u>-</u>	<u>78</u>	<u>78</u>	<u>[78]</u>
Unreserved fund balance, December 31	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation to GAAP				
Accounts receivable	<u>51,169</u>			
GAAP Fund Balance, December 31	<u>\$ 51,169</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 NEIGHBORHOOD PARK FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Public works	\$ 6,250	\$ 20,000	\$ 20,000	\$ [13,750]
Interest income				
General interest	<u>629</u>	<u>4,000</u>	<u>4,000</u>	<u>[3,371]</u>
Total revenues	<u>6,879</u>	<u>24,000</u>	<u>24,000</u>	<u>[17,121]</u>
Expenditures				
Cash reserve	<u>-</u>	<u>258,146</u>	<u>258,146</u>	<u>258,146</u>
Total expenditures	<u>-</u>	<u>258,146</u>	<u>258,146</u>	<u>258,146</u>
Excess [deficiency] of revenues over [under] expenditures	6,879	[234,146]	[234,146]	241,025
Unreserved fund balance, January 1	<u>222,255</u>	<u>234,146</u>	<u>234,146</u>	<u>[11,891]</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 229,134</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,134</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SPECIAL PARKS AND RECREATION FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Operating grants, restricted				
Culture and recreation	\$ 154,939	\$ 160,000	\$ 160,000	\$ [5,061]
Interest income				
General interest	220	4,000	4,000	[3,780]
Total revenues	<u>155,159</u>	<u>164,000</u>	<u>164,000</u>	<u>[8,841]</u>
Expenditures				
Debt Service				
Principal	25,000	10,000	10,000	[15,000]
Interest and other charges	4,399	-	-	[4,399]
Capital Outlay	93,481	100,000	100,000	6,519
Cash Reserve	-	131,197	131,197	131,197
Total expenditures	<u>122,880</u>	<u>241,197</u>	<u>241,197</u>	<u>118,317</u>
Excess [deficiency] of revenues over [under] expenditures	<u>32,279</u>	<u>[77,197]</u>	<u>[77,197]</u>	<u>109,476</u>
Other financing sources [uses]				
Transfer [out]	[47,228]	[30,000]	[30,000]	[17,228]
Total other financing sources [uses]	<u>[47,228]</u>	<u>[30,000]</u>	<u>[30,000]</u>	<u>[17,228]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[14,949]</u>	<u>[107,197]</u>	<u>[107,197]</u>	<u>92,248</u>
Unreserved fund balance, January 1	<u>60,185</u>	<u>107,197</u>	<u>107,197</u>	<u>[47,012]</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 45,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,236</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SPECIAL ALCOHOL FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Operating grants, restricted				
Health and sanitation	\$ 153,566	\$ 160,000	\$ 160,000	\$ [6,434]
Interest income				
General interest	<u>24</u>	<u>-</u>	<u>-</u>	<u>24</u>
Total revenues	<u>153,590</u>	<u>160,000</u>	<u>160,000</u>	<u>[6,410]</u>
Expenditures				
Public Health and Sanitation				
Special alcohol	<u>153,730</u>	<u>170,192</u>	<u>170,192</u>	<u>16,462</u>
Total expenditures	<u>153,730</u>	<u>170,192</u>	<u>170,192</u>	<u>16,462</u>
Excess [deficiency] of revenues over [under] expenditures	[140]	[10,192]	[10,192]	10,052
Unreserved fund balance, January 1	<u>144</u>	<u>10,192</u>	<u>10,192</u>	<u>[10,048]</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SALES TAX ECONOMIC DEVELOPMENT FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Taxes				
Selective sales tax	\$ 317,297	\$ 315,120	\$ 315,120	\$ 2,177
Interest income				
General interest	<u>2,485</u>	<u>10,000</u>	<u>10,000</u>	<u>[7,515]</u>
Total revenues	<u>319,782</u>	<u>325,120</u>	<u>325,120</u>	<u>[5,338]</u>
Expenditures				
Community Development				
Economic development	456,075	315,444	315,444	[140,631]
Cash Reserve	<u>-</u>	<u>9,676</u>	<u>9,676</u>	<u>9,676</u>
Total expenditures	<u>456,075</u>	<u>325,120</u>	<u>325,120</u>	<u>[130,955]</u>
Excess [deficiency] of revenues over [under] expenditures	[136,293]	-	-	[136,293]
Unreserved fund balance, January 1	<u>1,043,405</u>	<u>-</u>	<u>-</u>	<u>1,043,405</u>
Unreserved fund balance, December 31	907,112	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 907,112</u>
Reconciliation to GAAP				
Current year encumbrances	<u>50,000</u>			
GAAP Fund Balance, December 31	<u>\$ 957,112</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 FAIR HOUSING FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Operating grants, restricted				
Community and economic development	\$ 31,203	\$ 65,000	\$ 65,000	\$ [33,797]
Interest income				
General interest	<u>59</u>	<u>1,000</u>	<u>1,000</u>	<u>[941]</u>
Total revenues	<u>31,262</u>	<u>66,000</u>	<u>66,000</u>	<u>[34,738]</u>
Expenditures				
Community Development				
Human relations	<u>69,571</u>	<u>86,290</u>	<u>86,290</u>	<u>16,719</u>
Total expenditures	<u>69,571</u>	<u>86,290</u>	<u>86,290</u>	<u>16,719</u>
Excess [deficiency] of revenues over [under] expenditures	[38,309]	[20,290]	[20,290]	[18,019]
Unreserved fund balance, January 1	<u>42,665</u>	<u>20,290</u>	<u>20,290</u>	<u>22,375</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 4,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,356</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 ARTS & HUMANITIES FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Culture and recreation	\$ 439,106	\$ 371,904	\$ 371,904	\$ 67,202
Operating grants, unrestricted				
Culture and recreation	23,482	18,000	18,000	5,482
Interest income				
General interest	1,089	2,000	2,000	[911]
Miscellaneous revenues				
Culture and recreation	<u>350</u>	<u>20,095</u>	<u>20,095</u>	<u>[19,745]</u>
Total revenues	<u>464,027</u>	<u>411,999</u>	<u>411,999</u>	<u>52,028</u>
Expenditures				
Culture and Recreation				
Arts and humanities	574,704	579,804	579,804	5,100
Smoky Hill River Festival	364,071	365,200	365,200	1,129
Capital Outlay	6,186	7,000	7,000	814
Cash Reserve	<u>-</u>	<u>98,787</u>	<u>98,787</u>	<u>98,787</u>
Total expenditures	<u>944,961</u>	<u>1,050,791</u>	<u>1,050,791</u>	<u>105,830</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[480,934]</u>	<u>[638,792]</u>	<u>[638,792]</u>	<u>157,858</u>
Other financing sources [uses]				
Transfer in	<u>489,358</u>	<u>489,358</u>	<u>489,358</u>	<u>-</u>
Total other financing sources [uses]	<u>489,358</u>	<u>489,358</u>	<u>489,358</u>	<u>-</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	8,424	[149,434]	[149,434]	157,858
Unreserved fund balance, January 1	<u>147,536</u>	<u>149,434</u>	<u>149,434</u>	<u>[1,898]</u>
Unreserved fund balance/GAAP fund balance December 31	<u>\$ 155,960</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,960</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
DEBT SERVICE FUND

For the Year Ended December 31, 2011

	Actual	Budgeted Amounts		Variance with Final Budget Positive [Negative]
		Original	Final	
Revenues				
Taxes				
Real estate taxes	\$ 2,723,262	\$ 2,595,524	\$ 2,595,524	\$ 127,738
Delinquent taxes	55,583	40,000	40,000	15,583
Motor vehicle taxes	205,866	268,955	268,955	[63,089]
Total taxes	<u>2,984,711</u>	<u>2,904,479</u>	<u>2,904,479</u>	<u>80,232</u>
Charges for services				
Special assessments	1,535,487	1,349,311	1,349,311	186,176
Interest income				
General interest	5,131	10,000	10,000	[4,869]
Miscellaneous revenues				
General miscellaneous revenues	12,983	140,000	140,000	[127,017]
Other financing sources				
General sources	<u>230,131</u>	<u>-</u>	<u>-</u>	<u>230,131</u>
Total revenues	<u>4,768,443</u>	<u>4,403,790</u>	<u>4,403,790</u>	<u>364,653</u>
Expenditures				
Debt Service				
Principal	4,276,195	4,631,079	4,631,079	354,884
Interest and other charges	1,771,580	1,833,997	1,833,997	62,417
Cash Reserve	<u>-</u>	<u>403,283</u>	<u>403,283</u>	<u>403,283</u>
Total expenditures	<u>6,047,775</u>	<u>6,868,359</u>	<u>6,868,359</u>	<u>820,584</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,279,332]</u>	<u>[2,464,569]</u>	<u>[2,464,569]</u>	<u>1,185,237</u>
Other financing sources [uses]				
Transfer in	2,026,973	1,800,000	1,800,000	226,973
Transfer [out]	<u>[83,488]</u>	<u>-</u>	<u>-</u>	<u>[83,488]</u>
Total other financing sources [uses]	<u>1,943,485</u>	<u>1,800,000</u>	<u>1,800,000</u>	<u>143,485</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	664,153	[664,569]	[664,569]	1,328,722
Unreserved fund balance, January 1	<u>571,873</u>	<u>664,569</u>	<u>664,569</u>	<u>[92,696]</u>
Unreserved fund balance/GAAP fund balance December 31	1,236,026	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,236,026</u>
Reconciliation to GAAP				
Taxes receivable	2,441,349			
Deferred revenue	<u>[2,392,245]</u>			
GAAP Fund Balance, December 31	<u>\$ 1,285,130</u>			

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
 SOLID WASTE DISPOSAL FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Health and sanitation	\$ 2,494,710	\$ 2,107,000	\$ 2,107,000	\$ 387,710
Interest income				
General interest	7,000	7,000	7,000	-
Interfund services provided				
Health and sanitation	453,672	505,300	505,300	[51,628]
Miscellaneous revenues				
Health and sanitation	<u>24,491</u>	<u>42,310</u>	<u>42,310</u>	<u>[17,819]</u>
Total revenues	<u>2,979,873</u>	<u>2,661,610</u>	<u>2,661,610</u>	<u>318,263</u>
Expenditures				
Public Health and Sanitation				
Solid waste	1,746,122	2,033,262	2,033,262	287,140
Hazardous waste disposal	<u>80,517</u>	<u>94,032</u>	<u>94,032</u>	<u>13,515</u>
Total public health and sanitation	<u>1,826,639</u>	<u>2,127,294</u>	<u>2,127,294</u>	<u>300,655</u>
Debt Service				
Principal	388,198	324,396	324,396	[63,802]
Interest	<u>32,000</u>	<u>106,975</u>	<u>106,975</u>	<u>74,975</u>
Total debt service	<u>420,198</u>	<u>431,371</u>	<u>431,371</u>	<u>11,173</u>
Capital Outlay	<u>359,515</u>	<u>467,200</u>	<u>467,200</u>	<u>107,685</u>
Cash Reserve	<u>-</u>	<u>1,825,201</u>	<u>1,825,201</u>	<u>1,825,201</u>
Total expenditures	<u>2,606,352</u>	<u>4,851,066</u>	<u>4,851,066</u>	<u>2,244,714</u>
Excess [deficiency] of revenues over [under] expenditures	<u>373,521</u>	<u>[2,189,456]</u>	<u>[2,189,456]</u>	<u>2,562,977</u>
Other financing sources [uses]				
Transfers [out]	<u>[48,089]</u>	<u>-</u>	<u>-</u>	<u>[48,089]</u>
Total other financing sources [uses]	<u>[48,089]</u>	<u>-</u>	<u>-</u>	<u>[48,089]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	325,432	[2,189,456]	[2,189,456]	2,514,888
Unreserved fund balances, January 1	2,490,536	2,189,456	2,189,456	301,080
Prior year cancelled encumbrances	<u>8,609</u>	<u>-</u>	<u>-</u>	<u>8,609</u>
Unreserved fund balances, December 31	<u>\$ 2,824,577</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,824,577</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
 WATER AND SEWER FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Water and wastewater	<u>\$ 17,266,856</u>	<u>\$ 16,321,884</u>	<u>\$ 16,321,884</u>	<u>\$ 944,972</u>
Interest income				
General interest	<u>26,993</u>	<u>25,000</u>	<u>25,000</u>	<u>1,993</u>
Operating grants, restricted				
Water and wastewater	<u>201,700</u>	<u>-</u>	<u>-</u>	<u>201,700</u>
Interfund services provided				
General services	<u>28,061</u>	<u>30,900</u>	<u>30,900</u>	<u>[2,839]</u>
Water and wastewater	<u>95,097</u>	<u>-</u>	<u>-</u>	<u>95,097</u>
Total interfund services	<u>123,158</u>	<u>30,900</u>	<u>30,900</u>	<u>92,258</u>
Miscellaneous revenues				
General miscellaneous revenues	<u>88</u>	<u>-</u>	<u>-</u>	<u>88</u>
Water and wastewater	<u>489,629</u>	<u>260,000</u>	<u>260,000</u>	<u>229,629</u>
Total miscellaneous revenues	<u>489,717</u>	<u>260,000</u>	<u>260,000</u>	<u>229,717</u>
Total revenues	<u>18,108,424</u>	<u>16,637,784</u>	<u>16,637,784</u>	<u>1,470,640</u>
Expenditures				
Water and Wastewater				
Water	<u>10,153,314</u>	<u>9,029,002</u>	<u>9,029,002</u>	<u>[1,124,312]</u>
Sewer	<u>2,705,205</u>	<u>2,784,556</u>	<u>2,784,556</u>	<u>79,351</u>
Total water and wastewater	<u>12,858,519</u>	<u>11,813,558</u>	<u>11,813,558</u>	<u>[1,044,961]</u>
Capital Outlay	<u>3,976,377</u>	<u>1,877,350</u>	<u>1,877,350</u>	<u>[2,099,027]</u>
Cash Reserve	<u>-</u>	<u>6,497,105</u>	<u>6,497,105</u>	<u>6,497,105</u>
Total expenditures	<u>16,834,896</u>	<u>20,188,013</u>	<u>20,188,013</u>	<u>3,353,117</u>
Excess [deficiency] of revenues over [under] expenditures	<u>1,273,528</u>	<u>[3,550,229]</u>	<u>[3,550,229]</u>	<u>4,823,757</u>
Other financing sources [uses]				
Transfers [out]	<u>[1,005,352]</u>	<u>[3,804,546]</u>	<u>[3,804,546]</u>	<u>2,799,194</u>
Total other financing sources [uses]	<u>[1,005,352]</u>	<u>[3,804,546]</u>	<u>[3,804,546]</u>	<u>2,799,194</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>268,176</u>	<u>[7,354,775]</u>	<u>[7,354,775]</u>	<u>7,622,951</u>
Unreserved fund balances, January 1	<u>9,699,890</u>	<u>7,354,775</u>	<u>9,699,890</u>	<u>-</u>
Prior year cancelled encumbrances	<u>20,388</u>	<u>-</u>	<u>-</u>	<u>20,388</u>
Unreserved fund balances, December 31	<u>\$ 9,988,454</u>	<u>\$ -</u>	<u>\$ 2,345,115</u>	<u>\$ 7,643,339</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
SANITATION FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Health and sanitation	\$ 2,342,291	\$ 2,316,885	\$ 2,316,885	\$ 25,406
Interest income				
General interest	1,839	3,500	3,500	[1,661]
Charges for services				
Miscellaneous revenues	<u>424</u>	<u>-</u>	<u>-</u>	<u>424</u>
Total revenues	<u>2,344,554</u>	<u>2,320,385</u>	<u>2,320,385</u>	<u>24,169</u>
Expenditures				
Public Health and Sanitation				
Sanitation	2,179,431	2,163,312	2,163,312	[16,119]
Capital Outlay	132,110	158,000	158,000	25,890
Cash Reserve	<u>-</u>	<u>525,425</u>	<u>525,425</u>	<u>525,425</u>
Total expenditures	<u>2,311,541</u>	<u>2,846,737</u>	<u>2,846,737</u>	<u>535,196</u>
Excess [deficiency] of revenues over [under] expenditures	33,013	[526,352]	[526,352]	559,365
Unreserved fund balance, January 1	<u>581,811</u>	<u>526,352</u>	<u>526,352</u>	<u>55,459</u>
Unreserved fund balances, December 31	<u>\$ 614,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 614,824</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL (NON - GAAP BASIS)
GOLF COURSE FUND

For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
Culture and recreation	\$ 636,202	\$ 777,500	\$ 777,500	\$ [141,298]
Interest income				
General interest	36	200	200	[164]
Miscellaneous revenues				
General miscellaneous revenues	1,562	1,000	1,000	562
Culture and recreation	48,618	40,000	40,000	8,618
Total miscellaneous revenues	50,180	41,000	41,000	9,180
Total revenues	686,418	818,700	818,700	[132,282]
Expenditures				
Culture and Recreation				
Golf course	760,384	752,160	752,160	[8,224]
Debt Service	15,724	16,000	16,000	276
Cash Reserve	-	173,493	173,493	173,493
Total expenditures	776,108	941,653	941,653	165,545
Excess [deficiency] of revenues over [under] expenditures	[89,690]	[122,953]	[122,953]	33,263
Other financing sources [uses]				
Transfers in	47,228	-	-	47,228
Total other financing sources [uses]	47,228	-	-	47,228
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[42,462]	[122,953]	[122,953]	80,491
Unreserved fund balances, January 1	43,462	122,953	122,953	[79,491]
Unreserved fund balances, December 31	\$ 1,000	\$ -	\$ -	\$ 1,000

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 RISK MANAGEMENT FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Interest income				
General interest	\$ -	\$ 1,400	\$ -	\$ -
Interfund services provided				
General services	374,708	374,708	374,708	-
Miscellaneous revenues				
General miscellaneous revenues	<u>176,298</u>	<u>40,200</u>	<u>177,500</u>	<u>[1,202]</u>
Total revenues	<u>551,006</u>	<u>416,308</u>	<u>552,208</u>	<u>[1,202]</u>
Expenditures				
Other				
Risk management	532,771	424,651	549,000	16,229
Capital Outlay	138	1,000	1,000	862
Cash Reserve	<u>-</u>	<u>74,037</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>532,909</u>	<u>499,688</u>	<u>550,000</u>	<u>17,091</u>
Excess [deficiency] of revenues over [under] expenditures	18,097	[83,380]	2,208	15,889
Unreserved fund balance, January 1	<u>49,848</u>	<u>83,380</u>	<u>49,847</u>	<u>1</u>
Unreserved fund balance, December 31	<u>\$ 67,945</u>	<u>\$ -</u>	<u>\$ 52,055</u>	<u>\$ 15,890</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 WORKERS' COMPENSATION RESERVE FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Interest income				
General interest	\$ 1,937	\$ 2,500	\$ 2,500	\$ [563]
Interfund services provided				
General services	229,452	229,435	229,435	17
Miscellaneous revenues				
General miscellaneous revenues	<u>1,444</u>	<u>-</u>	<u>-</u>	<u>1,444</u>
Total revenues	<u>232,833</u>	<u>231,935</u>	<u>231,935</u>	<u>898</u>
Expenditures				
Other				
Worker's compensation	334,210	297,762	297,762	[36,448]
Cash Reserve	<u>-</u>	<u>638,936</u>	<u>638,936</u>	<u>638,936</u>
Total expenditures	<u>334,210</u>	<u>936,698</u>	<u>936,698</u>	<u>602,488</u>
Excess [deficiency] of revenues over [under] expenditures	[101,377]	[704,763]	[704,763]	603,386
Unreserved fund balance, January 1	<u>621,629</u>	<u>704,763</u>	<u>704,763</u>	<u>[83,134]</u>
Unreserved fund balance, December 31	<u>\$ 520,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 520,252</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 HEALTH INSURANCE FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Interest income				
General interest	\$ 4,904	\$ 5,000	\$ 5,000	\$ [96]
Interfund Services Provided				
General services	6,304,144	6,620,000	6,620,000	[315,856]
Miscellaneous revenues				
General miscellaneous revenues	<u>52,285</u>	<u>-</u>	<u>-</u>	<u>52,285</u>
Total revenues	<u>6,361,333</u>	<u>6,625,000</u>	<u>6,625,000</u>	<u>[263,667]</u>
Expenditures				
Other				
Health insurance	5,947,148	6,913,677	6,913,677	966,529
Cash Reserve	<u>-</u>	<u>1,503,185</u>	<u>1,503,185</u>	<u>1,503,185</u>
Total expenditures	<u>5,947,148</u>	<u>8,416,862</u>	<u>8,416,862</u>	<u>2,469,714</u>
Excess [deficiency] of revenues over [under] expenditures	414,185	[1,791,862]	[1,791,862]	2,206,047
Unreserved fund balance, January 1	<u>1,501,522</u>	<u>1,791,862</u>	<u>1,791,862</u>	<u>[290,340]</u>
Unreserved fund balance, December 31	<u>\$ 1,915,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,915,707</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 CENTRAL GARAGE FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Interest income				
General interest	\$ 423	\$ 4,000	\$ 4,000	\$ [3,577]
Interfund services provided				
General services	1,629,328	1,490,000	1,485,942	143,386
Miscellaneous revenues				
General miscellaneous revenues	<u>22,298</u>	<u>4,000</u>	<u>138,058</u>	<u>[115,760]</u>
Total revenues	<u>1,652,049</u>	<u>1,498,000</u>	<u>1,628,000</u>	<u>24,049</u>
Expenditures				
Other				
Central garage	1,697,373	1,454,727	1,716,068	18,695
Capital Outlay	4,495	250	-	[4,495]
Cash Reserve	<u>-</u>	<u>161,091</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,701,868</u>	<u>1,616,068</u>	<u>1,716,068</u>	<u>14,200</u>
Excess [deficiency] of revenues over [under] expenditures	[49,819]	[118,068]	[88,068]	38,249
Other financing sources [uses]				
Transfers in	<u>60,000</u>	<u>30,000</u>	<u>-</u>	<u>60,000</u>
Excess [deficiency] of revenues and other financing sources over [under] expenditures and other financing [uses]	10,181	[88,068]	[88,068]	98,249
Unreserved fund balance, January 1	<u>89,819</u>	<u>88,068</u>	<u>89,889</u>	<u>[70]</u>
Unreserved fund balance, December 31	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 1,821</u>	<u>\$ 98,179</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP BASIS)
 INFORMATION SYSTEMS FUND
 For the Year Ended December 31, 2011

	<u>Actual</u>	<u>Budgeted Amounts</u>		Variance with Final Budget Positive [Negative]
		<u>Original</u>	<u>Final</u>	
Revenues				
Charges for services				
General charges	\$ 106,305	\$ 106,000	\$ 106,000	\$ 305
Interest income				
General interest	1,182	500	500	682
Interfund services provided				
General services	1,237,220	1,258,760	1,258,760	[21,540]
Miscellaneous revenues				
General miscellaneous revenues	<u>-</u>	<u>2,889</u>	<u>2,889</u>	<u>[2,889]</u>
Total revenues	<u>1,344,707</u>	<u>1,368,149</u>	<u>1,368,149</u>	<u>[23,442]</u>
Expenditures				
Other				
Information services	1,162,756	977,978	977,978	[184,778]
Capital Outlay	113,789	351,000	351,000	237,211
Cash Reserve	<u>-</u>	<u>105,703</u>	<u>105,703</u>	<u>105,703</u>
Total expenditures	<u>1,276,545</u>	<u>1,434,681</u>	<u>1,434,681</u>	<u>158,136</u>
Excess [deficiency] of revenues over [under] expenditures	68,162	[66,532]	[66,532]	134,694
Unreserved fund balance, January 1	<u>91,838</u>	<u>66,532</u>	<u>66,532</u>	<u>25,306</u>
Unreserved fund balance, December 31	<u>\$ 160,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160,000</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

INTERNAL SERVICE FUNDS

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

Risk management fund - To account for the accumulation and allocation of costs associated with risk management activities and the purchase of various forms of insurance.

Workers' compensation reserve fund - To account for the costs of providing a partially self-insured workers' compensation plan and for accumulating the necessary reserve amounts.

Health insurance fund - To account for the costs of providing a partially self-insured health insurance and for accumulating the necessary reserve amounts.

Central garage fund - To account for the accumulation and allocation for costs associated with the City's centralized vehicle repair shop.

Information services fund - To account for the accumulation and allocation of costs associated with electronic data processing.

CITY OF SALINA, KANSAS

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

	Risk Management	Workers' Compensation Reserve	Health Insurance	Central Garage	Information Systems	Total Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 171,559	\$ 649,238	\$ 1,916,207	\$ 150,383	\$ 201,820	\$ 3,089,207
Inventory and prepaid supplies	-	-	-	115,694	-	115,694
Total current assets	<u>171,559</u>	<u>649,238</u>	<u>1,916,207</u>	<u>266,077</u>	<u>201,820</u>	<u>3,204,901</u>
Capital assets:						
Capital assets	-	-	-	189,424	677,214	866,638
Less: accumulated depreciation	-	-	-	161,634	677,214	838,848
Total capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,790</u>	<u>-</u>	<u>27,790</u>
Total assets	<u>\$ 171,559</u>	<u>\$ 649,238</u>	<u>\$ 1,916,207</u>	<u>\$ 293,867</u>	<u>\$ 201,820</u>	<u>\$ 3,232,691</u>
Liabilities:						
Current liabilities (payable from current assets):						
Accounts payable	\$ 7,351	\$ -	\$ 500	\$ 50,383	\$ 41,820	\$ 100,054
Current portion of compensated absences payable	-	-	-	7,075	10,309	17,384
Current portion of accrued claims payable	-	172,545	391,175	-	-	563,720
Total current liabilities (payable from current assets)	<u>7,351</u>	<u>172,545</u>	<u>391,675</u>	<u>57,458</u>	<u>52,129</u>	<u>681,158</u>
Noncurrent liabilities:						
Compensated absences payable	-	-	-	30,500	44,440	74,940
Accrued claims payable	-	149,245	-	-	-	149,245
Total noncurrent liabilities	<u>-</u>	<u>149,245</u>	<u>-</u>	<u>30,500</u>	<u>44,440</u>	<u>224,185</u>
Total liabilities	<u>\$ 7,351</u>	<u>\$ 321,790</u>	<u>\$ 391,675</u>	<u>\$ 87,958</u>	<u>\$ 96,569</u>	<u>\$ 905,343</u>
Net Assets						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ 27,790	\$ -	\$ 27,790
Unrestricted	<u>164,208</u>	<u>327,448</u>	<u>1,524,532</u>	<u>178,119</u>	<u>105,251</u>	<u>2,299,558</u>
Total net assets	<u>\$ 164,208</u>	<u>\$ 327,448</u>	<u>\$ 1,524,532</u>	<u>\$ 205,909</u>	<u>\$ 105,251</u>	<u>\$ 2,327,348</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

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

	Risk Management	Workers' Compensation Reserve	Health Insurance	Central Garage	Information Systems	Total Internal Service Funds
Operating revenues						
Charges for services	\$ 374,708	\$ 229,451	\$ 6,304,144	\$ 1,629,328	\$ 1,343,525	\$ 9,881,156
Miscellaneous	176,298	1,444	52,285	21,169	-	251,196
Total operating revenues	<u>551,006</u>	<u>230,895</u>	<u>6,356,429</u>	<u>1,650,497</u>	<u>1,343,525</u>	<u>10,132,352</u>
Operating expenses						
General government	436,645	230,417	5,955,821	1,710,911	1,277,484	9,611,278
Depreciation	-	-	-	4,698	-	4,698
Total operating expenses	<u>436,645</u>	<u>230,417</u>	<u>5,955,821</u>	<u>1,715,609</u>	<u>1,277,484</u>	<u>9,615,976</u>
Operating income [loss]	<u>114,361</u>	<u>478</u>	<u>400,608</u>	<u>[65,112]</u>	<u>66,041</u>	<u>516,376</u>
Other operating revenues [expenses]						
Investment income	-	1,937	4,904	423	1,182	8,446
Total other operating revenues [expenses]	<u>-</u>	<u>1,937</u>	<u>4,904</u>	<u>423</u>	<u>1,182</u>	<u>8,446</u>
Nonoperating revenues [expenses]						
Gain/[loss] on disposal of fixed assets	-	-	-	1,129	-	1,129
Total nonoperating revenues [expenses]	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,129</u>	<u>-</u>	<u>1,129</u>
Income [loss] before transfers	<u>114,361</u>	<u>2,415</u>	<u>405,512</u>	<u>[63,560]</u>	<u>67,223</u>	<u>525,951</u>
Transfers from [to] other funds						
Transfers in	-	-	-	60,000	-	60,000
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
Change in net assets	<u>114,361</u>	<u>2,415</u>	<u>405,512</u>	<u>[3,560]</u>	<u>67,223</u>	<u>585,951</u>
Net assets, January 1	49,847	325,033	1,119,020	205,887	38,028	1,737,815
Restatement	-	-	-	3,582	-	3,582
Net assets, January 1, restated	<u>49,847</u>	<u>325,033</u>	<u>1,119,020</u>	<u>209,469</u>	<u>38,028</u>	<u>1,741,397</u>
Net assets, December 31	<u>\$ 164,208</u>	<u>\$ 327,448</u>	<u>\$ 1,524,532</u>	<u>\$ 205,909</u>	<u>\$ 105,251</u>	<u>\$ 2,327,348</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

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

	Risk Management	Workers' Compensation Reserve	Health Insurance	Central Garage	Information Services	Total Internal Service Funds
Cash flows from operating activities						
Cash received from customers and users	\$ 374,708	\$ 125,659	\$ 6,312,817	\$ 1,629,329	\$ 1,343,525	\$ 9,786,038
Cash paid to suppliers of goods or services	[440,965]	[230,417]	[5,955,771]	[1,462,573]	[866,093]	[8,955,819]
Cash paid to employees	-	-	-	[230,042]	[401,446]	[631,488]
Other operating receipts	176,298	1,444	52,285	21,169	-	251,196
Net cash provided by [used in] operating activities	<u>110,041</u>	<u>[103,314]</u>	<u>409,331</u>	<u>[42,117]</u>	<u>75,986</u>	<u>449,927</u>
Cash flows from capital and related financing activities						
Proceeds from sale of capital assets	-	-	-	1,129	-	1,129
Cash flows from investing activities						
Interest received	-	1,937	4,904	422	1,182	8,445
Cash flows from noncapital financing activities						
Transfers in	-	-	-	60,000	-	60,000
Net increase [decrease] in cash and cash equivalents	110,041	[101,377]	414,235	19,434	77,168	519,501
Cash and cash equivalents, January 1	<u>61,518</u>	<u>750,615</u>	<u>1,501,972</u>	<u>130,949</u>	<u>124,652</u>	<u>2,569,706</u>
Cash and cash equivalents, December 31	<u>\$ 171,559</u>	<u>\$ 649,238</u>	<u>\$ 1,916,207</u>	<u>\$ 150,383</u>	<u>\$ 201,820</u>	<u>\$ 3,089,207</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Continued)
For the Year Ended December 31, 2011

	<u>Risk Management</u>	<u>Workers' Compensation Reserve</u>	<u>Health Insurance</u>	<u>Central Garage</u>	<u>Information Services</u>	<u>Total Internal Service Funds</u>
Reconciliation of operating [loss] income to net cash provided by [used in] operating activities						
Operating income [loss]	\$ 114,361	\$ 478	\$ 400,608	\$ [65,112]	\$ 66,041	\$ 516,376
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities						
Depreciation expense	-	-	-	4,698	-	4,698
[Increase] decrease in inventory	-	-	-	6,646	-	6,646
Increase [decrease] in accounts payable	[4,320]	-	50	9,296	9,006	14,032
Increase [decrease] in accrued compensated absences	-	-	-	2,355	939	3,294
Increase [decrease] in claims payable	-	[103,792]	8,673	-	-	[95,119]
Net cash provided by [used in] operating activities	<u>\$ 110,041</u>	<u>\$ [103,314]</u>	<u>\$ 409,331</u>	<u>\$ [42,117]</u>	<u>\$ 75,986</u>	<u>\$ 449,927</u>

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Special assessment escrow agency fund - To account for property owners' prepayment on outstanding special assessments.

Fire insurance proceeds agency fund - To account for insurance proceeds received for severely damaged buildings the insurance proceeds, plus interest, are returned to the property owners when the buildings are repaired or demolished.

PEGS access agency fund - To account for revenues collected on behalf of the community access television system for public, educational and governmental programming.

Payroll clearing agency fund - To account for interfund payroll receivables and payables for all City funds.

Court bond and restitution agency fund - To account for bonds and restitution remitted to the court and awaiting court orders for distribution.

Police investigation account agency fund - To account for monies held by the police department for use in investigations.

Fire cam agency fund - To account for donations received and used for fire equipment.

Citizenship agency fund – To account for donations received and used for the citizenship fund.

Section 125 plan agency fund - To account for monies held for the Section 125 plan.

CITY OF SALINA, KANSAS

COMBINING BALANCE SHEET
 AGENCY FUNDS
 December 31, 2011

	Special Assessment Escrow	Fire Insurance Proceeds	PEGS Access	Payroll Clearing	Court Bond and Restitution	Police Investigation Account	Fire Cam	Citizenship	Section 125 Plan	Totals
ASSETS:										
Cash and investments	\$ 135,344	\$ 10,316	\$ 5,103	\$ [251,057]	\$ 70,921	\$ 2,125	\$ 783	\$ 3,702	\$ 336,063	\$ 313,300
Total assets	\$ 135,344	\$ 10,316	\$ 5,103	\$ [251,057]	\$ 70,921	\$ 2,125	\$ 783	\$ 3,702	\$ 336,063	\$ 313,300
LIABILITIES:										
Accounts payable	\$ 135,344	\$ 10,316	\$ 5,103	\$ [251,057]	\$ 70,921	\$ 2,125	\$ 783	\$ 3,702	\$ 336,063	\$ 313,300
Total liabilities	\$ 135,344	\$ 10,316	\$ 5,103	\$ [251,057]	\$ 70,921	\$ 2,125	\$ 783	\$ 3,702	\$ 336,063	\$ 313,300

See independent auditor's report on the financial statements.

CITY OF SALINA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS

For the Year Ended December 31, 2011

	Balance December 31, <u>2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2011</u>
Cash and investments				
Special Assessment Escrow	\$ 328,828	\$ 5,336	\$ 198,820	\$ 135,344
Fire Insurance Proceeds	5,062	41,952	36,698	10,316
PEGS Access	5,071	285,273	285,241	5,103
Payroll Clearing	[246,521]	-	4,536	[251,057]
Court Bond and Restitution	74,831	-	3,910	70,921
Police Investigation Account	2,307	-	182	2,125
Fire Cam Fund	780	3	-	783
Citizenship Trust	3,692	10	-	3,702
Section 125 Plan Fund	<u>339,549</u>	<u>349,775</u>	<u>353,261</u>	<u>336,063</u>
Total Assets	<u>\$ 513,599</u>	<u>\$ 682,349</u>	<u>\$ 882,648</u>	<u>\$ 313,300</u>
Accounts Payable				
Special Assessment Escrow	\$ 328,828	\$ 5,336	\$ 198,820	\$ 135,344
Fire Insurance Proceeds	5,062	41,952	36,698	10,316
PEGS Access	5,071	285,273	285,241	5,103
Payroll Clearing	[246,521]	-	4,536	[251,057]
Court Bond and Restitution	74,831	-	3,910	70,921
Police Investigation Account	2,307	-	182	2,125
Fire Cam Fund	780	3	-	783
Citizenship Trust	3,692	10	-	3,702
Section 125 Plan Fund	<u>339,549</u>	<u>349,775</u>	<u>353,261</u>	<u>336,063</u>
Total liabilities	<u>\$ 513,599</u>	<u>\$ 682,349</u>	<u>\$ 882,648</u>	<u>\$ 313,300</u>

See independent auditor's report on the financial statements.

STATISTICAL SECTION

Schedule 1 - Unaudited
City of Salina, Kansas
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)
(in 000's)

	Fiscal Year														
	2003	2004	2005	2006	2007	2008	2009	2010	2011	Amount	%	Amount	%		
Governmental Activities															
Invested in capital assets, net of related debt	\$ 82,312	\$ 92,948	\$ 110,184	\$ 117,810	\$ 115,029	\$ 118,965	\$ 101,974	\$ 113,001	\$ 109,289	\$ 113,001	85%	\$ 113,001	96%	\$ 109,289	93%
Restricted	\$ 1,584	\$ 1,317	\$ 1,642	\$ 1,106	\$ 1,609	\$ 1,212	\$ 1,174	\$ 988	\$ 1,712	\$ 988	1%	\$ 988	1%	\$ 1,712	1%
Unrestricted	\$ 11,742	\$ 7,057	\$ 7,422	\$ 7,678	\$ 11,356	\$ 7,745	\$ 16,706	\$ 3,808	\$ 6,333	\$ 3,808	6%	\$ 16,706	14%	\$ 6,333	5%
Total Governmental Net Assets	\$ 95,638	\$ 101,322	\$ 119,248	\$ 126,594	\$ 127,994	\$ 127,922	\$ 119,854	\$ 117,797	\$ 117,334	\$ 117,797	100%	\$ 119,854	100%	\$ 117,334	100%
Business Type Activities															
Invested in capital assets, net of related debt	\$ 36,599	\$ 38,560	\$ 40,968	\$ 43,510	\$ 45,435	\$ 45,931	\$ 48,234	\$ 48,078	\$ 44,227	\$ 48,078	79%	\$ 48,078	75%	\$ 44,227	63%
Restricted	\$ 11,710	\$ 1,406	\$ 1,109	\$ 1,123	\$ 1,151	\$ 1,211	\$ 1,553	\$ 1,553	\$ 1,553	\$ 1,553	2%	\$ 1,553	2%	\$ 1,553	2%
Unrestricted	\$ 11,710	\$ 9,837	\$ 9,821	\$ 9,300	\$ 10,412	\$ 11,197	\$ 11,482	\$ 14,306	\$ 24,534	\$ 14,306	19%	\$ 14,306	22%	\$ 24,534	35%
Total business type activities net assets	\$ 48,309	\$ 49,803	\$ 51,898	\$ 53,933	\$ 56,998	\$ 58,339	\$ 61,269	\$ 63,937	\$ 70,314	\$ 63,937	100%	\$ 63,937	100%	\$ 70,314	100%
Primary Government															
Invested in capital assets, net of related debt	\$ 118,911	\$ 131,508	\$ 151,152	\$ 161,320	\$ 160,464	\$ 164,896	\$ 150,208	\$ 161,080	\$ 153,516	\$ 161,080	83%	\$ 161,080	89%	\$ 153,516	82%
Restricted	\$ 1,584	\$ 2,723	\$ 2,751	\$ 2,229	\$ 2,760	\$ 2,423	\$ 2,727	\$ 2,541	\$ 3,265	\$ 2,541	2%	\$ 2,541	1%	\$ 3,265	2%
Unrestricted	\$ 23,452	\$ 16,894	\$ 17,243	\$ 16,978	\$ 21,768	\$ 18,942	\$ 28,188	\$ 18,115	\$ 30,867	\$ 18,115	16%	\$ 18,115	10%	\$ 30,867	16%
Total primary government net assets	\$ 143,947	\$ 151,125	\$ 171,146	\$ 180,527	\$ 184,992	\$ 186,261	\$ 181,123	\$ 181,736	\$ 187,648	\$ 181,736	100%	\$ 181,736	100%	\$ 187,648	100%

Note 1: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003

Note 2: All amounts are shown in thousands of dollars

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2011

Schedule 2 - Unaudited
City of Salina, Kansas
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)
(in 000's)

	2003	2004	2005	2006	Fiscal Year 2007	2008	2009	2010	2011
Expenses									
Governmental Activities:									
General government	\$ 6,767	\$ 4,931	\$ 4,904	\$ 6,319	\$ 6,732	\$ 6,791	\$ 14,664	\$ 10,845	\$ 13,615
Public safety	\$ 12,636	\$ 13,548	\$ 14,159	\$ 14,621	\$ 16,877	\$ 18,440	\$ 16,539	\$ 18,592	\$ 18,579
Public works	\$ 7,896	\$ 7,958	\$ 8,420	\$ 8,609	\$ 9,258	\$ 9,706	\$ 9,781	\$ 9,782	\$ 9,858
Public health and sanitation	\$ 906	\$ 1,016	\$ 1,102	\$ 1,214	\$ 1,281	\$ 1,310	\$ 1,390	\$ 1,365	\$ 1,368
Culture and recreation	\$ 4,657	\$ 4,784	\$ 5,071	\$ 4,961	\$ 5,658	\$ 5,582	\$ 5,397	\$ 6,572	\$ 6,693
Planning and development	\$ 4,507	\$ 4,130	\$ 2,714	\$ 2,697	\$ 2,814	\$ 3,481	\$ 3,375	\$ 3,716	\$ 3,450
Interest on long term debt	\$ 1,085	\$ 786	\$ 742	\$ 972	\$ 1,295	\$ 1,454	\$ -	\$ 2,256	\$ 1,650
Total governmental activities expenses	\$ 38,454	\$ 37,153	\$ 37,112	\$ 39,393	\$ 43,915	\$ 46,764	\$ 51,146	\$ 53,128	\$ 55,213
Business-type Activities:									
Solid waste disposal	\$ 2,367	\$ 2,818	\$ 2,608	\$ 2,471	\$ 2,088	\$ 2,008	\$ 2,287	\$ 2,925	\$ 2,945
Water and sewer	\$ 11,572	\$ 11,552	\$ 11,262	\$ 11,676	\$ 12,227	\$ 13,284	\$ 12,995	\$ 14,050	\$ 13,597
Sanitation	\$ 1,682	\$ 1,920	\$ 1,889	\$ 1,945	\$ 2,038	\$ 2,184	\$ 2,224	\$ 2,261	\$ 2,261
Golf course	\$ 786	\$ 817	\$ 893	\$ 852	\$ 884	\$ 884	\$ 897	\$ 817	\$ 825
Total business-type activities expenses	\$ 16,407	\$ 17,107	\$ 16,652	\$ 16,944	\$ 17,237	\$ 18,360	\$ 18,403	\$ 20,053	\$ 19,628
Total primary government expenses	\$ 54,861	\$ 54,260	\$ 53,764	\$ 56,337	\$ 61,152	\$ 65,124	\$ 69,549	\$ 73,181	\$ 74,841
Program Revenues									
Governmental Activities									
Charges for services:									
General government	\$ 3,472	\$ 3,712	\$ 3,926	\$ 4,177	\$ 4,309	\$ 4,581	\$ 4,599	\$ 5,143	\$ 6,106
Public safety	\$ 2,672	\$ 2,770	\$ 3,368	\$ 3,603	\$ 3,539	\$ 3,588	\$ 2,913	\$ 3,969	\$ 3,766
Public works	\$ 160	\$ 155	\$ 163	\$ 169	\$ 457	\$ 120	\$ 164	\$ 196	\$ 262
Public health and sanitation	\$ -	\$ 35	\$ 31	\$ 36	\$ 33	\$ 39	\$ 42	\$ 37	\$ 43
Culture and recreation	\$ 2,031	\$ 2,073	\$ 2,276	\$ 1,883	\$ 2,050	\$ 2,139	\$ 1,936	\$ 2,817	\$ 3,140
Planning and development	\$ 93	\$ 198	\$ 95	\$ 114	\$ 101	\$ 240	\$ 267	\$ 144	\$ 154
Operating grants and contributions	\$ 2,751	\$ 3,197	\$ 2,798	\$ 3,145	\$ 3,381	\$ 3,752	\$ 3,163	\$ 3,415	\$ 2,907
Capital grants and contributions	\$ -	\$ -	\$ 13,875	\$ 3,091	\$ -	\$ -	\$ -	\$ -	\$ -
Total governmental program revenues	\$ 11,179	\$ 12,140	\$ 26,532	\$ 16,218	\$ 13,870	\$ 14,459	\$ 13,084	\$ 15,721	\$ 16,378
Business-type activities:									
Charges for services:									
Solid waste disposal	\$ 2,361	\$ 2,489	\$ 2,344	\$ 2,674	\$ 2,789	\$ 2,749	\$ 2,903	\$ 2,853	\$ 2,904
Water and sewer	\$ 12,129	\$ 12,362	\$ 12,704	\$ 12,949	\$ 14,054	\$ 14,073	\$ 14,980	\$ 16,520	\$ 17,904
Sanitation	\$ 1,795	\$ 1,814	\$ 1,881	\$ 1,988	\$ 2,112	\$ 2,172	\$ 2,292	\$ 2,310	\$ 2,334
Golf course	\$ 773	\$ 791	\$ 799	\$ 773	\$ 723	\$ 751	\$ 757	\$ 736	\$ 636
Operating grants and contributions	\$ -	\$ 368	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 202
Capital grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,804
Total business type program revenues	\$ 17,058	\$ 17,824	\$ 17,728	\$ 18,384	\$ 19,678	\$ 19,745	\$ 20,932	\$ 22,419	\$ 27,784
Total primary government program revenues	\$ 28,237	\$ 29,964	\$ 44,260	\$ 34,602	\$ 33,548	\$ 34,204	\$ 34,016	\$ 38,140	\$ 44,162
Net (Expense) Revenue									
Governmental Activities	\$ (27,275)	\$ (25,013)	\$ (10,580)	\$ (23,175)	\$ (30,045)	\$ (32,305)	\$ (38,062)	\$ (37,407)	\$ (38,835)
Business-type activities:	\$ 651	\$ 717	\$ 1,076	\$ 1,440	\$ 2,441	\$ 1,385	\$ 2,529	\$ 2,366	\$ 8,156
Total primary government net expense	\$ (26,624)	\$ (24,296)	\$ (9,504)	\$ (21,735)	\$ (27,604)	\$ (30,920)	\$ (35,533)	\$ (35,041)	\$ (30,679)
General Revenues and Other Changes in Net Assets									
Governmental Activities:									
Taxes									
Property Taxes, General Purpose	\$ 5,862	\$ 6,576	\$ 6,766	\$ 7,144	\$ 7,376	\$ 7,818	\$ 9,019	\$ 7,803	\$ 7,783
Property Taxes, Debt Service	\$ 1,732	\$ 1,329	\$ 1,351	\$ 1,402	\$ 1,471	\$ 1,529	\$ 1,711	\$ 2,230	\$ 2,779
Motor Vehicle Tax	\$ 1,208	\$ 1,057	\$ 1,079	\$ 1,105	\$ 1,131	\$ 1,195	\$ 1,135	\$ 1,145	\$ 1,149
Sales Tax, General Purpose	\$ 9,913	\$ 10,501	\$ 10,556	\$ 11,137	\$ 11,472	\$ 11,986	\$ 11,669	\$ 11,118	\$ 11,767
Selective Sales Tax	\$ 2,114	\$ 2,264	\$ 2,280	\$ 2,417	\$ 2,484	\$ 2,589	\$ 3,380	\$ 4,108	\$ 4,080
Other taxes	\$ 3,345	\$ 3,426	\$ 3,557	\$ 5,076	\$ 5,445	\$ 5,747	\$ 5,791	\$ 6,298	\$ 6,390
Special Assessments	\$ 1,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment revenues	\$ 331	\$ 390	\$ 544	\$ 1,123	\$ 1,255	\$ 805	\$ 277	\$ 81	\$ 77
Miscellaneous	\$ 1,442	\$ 1,084	\$ 1,209	\$ 1,044	\$ 890	\$ 812	\$ 505	\$ 565	\$ 872
Transfers, net	\$ 80	\$ 24	\$ 114	\$ 330	\$ 672	\$ 60	\$ 255	\$ 92	\$ 2,362
Total governmental activities	\$ 27,475	\$ 26,651	\$ 27,456	\$ 30,778	\$ 32,196	\$ 32,541	\$ 33,742	\$ 33,440	\$ 37,259
Business-type activities:									
Investment revenues	\$ 101	\$ 222	\$ 328	\$ 453	\$ 641	\$ 300	\$ 242	\$ 67	\$ 84
Miscellaneous	\$ 165	\$ 93	\$ 150	\$ 217	\$ 201	\$ 118	\$ 352	\$ 341	\$ 330
Transfers, net	\$ (80)	\$ (24)	\$ (114)	\$ (330)	\$ (672)	\$ (60)	\$ (255)	\$ (92)	\$ (2,163)
Total business-type activities	\$ 186	\$ 291	\$ 364	\$ 340	\$ 170	\$ 358	\$ 339	\$ 316	\$ (1,749)
Total primary government	\$ 27,661	\$ 26,942	\$ 27,820	\$ 31,118	\$ 32,366	\$ 32,899	\$ 34,081	\$ 33,756	\$ 35,510
Change in Net Assets									
Governmental activities	\$ 200	\$ 1,638	\$ 16,876	\$ 7,603	\$ 2,151	\$ 236	\$ (4,320)	\$ (3,967)	\$ (1,576)
Business-type activities	\$ 837	\$ 1,008	\$ 1,440	\$ 1,780	\$ 2,611	\$ 1,743	\$ 2,868	\$ 2,682	\$ 6,407
Total primary government	\$ 1,037	\$ 2,646	\$ 18,316	\$ 9,383	\$ 4,762	\$ 1,979	\$ (1,452)	\$ (1,285)	\$ 4,831

Note: The city began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2011

Schedule 3 - Unaudited
City of Salina, Kansas
Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)
(in 000's)

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	
General Fund										
Reserved	\$ 309	\$ 160	\$ 421	\$ 242	\$ 396	\$ 274	\$ 508	\$ 99	\$ -	\$ -
Nonspendable									\$ 90	\$ -
Restricted									\$ -	\$ -
Committed									\$ -	\$ -
Assigned									\$ 293	\$ 293
Unreserved/Unassigned	<u>\$ 6,467</u>	<u>\$ 7,151</u>	<u>\$ 6,646</u>	<u>\$ 7,983</u>	<u>\$ 6,935</u>	<u>\$ 5,756</u>	<u>\$ 4,580</u>	<u>\$ 3,518</u>	<u>\$ 3,453</u>	<u>\$ 3,453</u>
Total General Fund	<u>\$ 6,776</u>	<u>\$ 7,311</u>	<u>\$ 7,067</u>	<u>\$ 8,225</u>	<u>\$ 7,331</u>	<u>\$ 6,030</u>	<u>\$ 5,088</u>	<u>\$ 3,617</u>	<u>\$ 3,836</u>	<u>\$ 3,836</u>
Restatement								\$ 156		
								<u>\$ 3,773</u>		
All other Governmental Funds										
Reserved	\$ 2,096	\$ 2,610	\$ 2,369	\$ 2,469	\$ 2,796	\$ 3,951	\$ 11,092	\$ 6,314	\$ -	\$ -
Nonspendable									\$ -	\$ -
Restricted									\$ 3,612	\$ 3,612
Committed									\$ 126	\$ 126
Assigned									\$ 4,030	\$ 4,030
Unreserved/Unassigned	<u>\$ 5,528</u>	<u>\$ (2,958)</u>	<u>\$ 155</u>	<u>\$ 42</u>	<u>\$ 2,946</u>	<u>\$ 355</u>	<u>\$ 4,024</u>	<u>\$ (1,130)</u>	<u>\$ -</u>	<u>\$ -</u>
Total all other governmental funds	<u>\$ 7,624</u>	<u>\$ (348)</u>	<u>\$ 2,524</u>	<u>\$ 2,511</u>	<u>\$ 5,742</u>	<u>\$ 4,306</u>	<u>\$ 15,116</u>	<u>\$ 5,184</u>	<u>\$ 7,768</u>	<u>\$ 7,768</u>

Information for years prior to 2003 is not available in comparable format.
Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2011

Schedule 4 - Unaudited
City of Salina, Kansas
Changes in Fund Balances, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)
(in 000's)

	Fiscal Year								
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues									
Taxes (see Schedule 5)	\$ 24,174	\$ 25,153	\$ 25,589	\$ 28,281	\$ 29,379	\$ 30,789	\$ 32,706	\$ 32,702	\$ 33,949
Intergovernmental	\$ 2,731	\$ 5,659	\$ 2,785	\$ 3,127	\$ 3,363	\$ 3,741	\$ 3,153	\$ 3,404	\$ 2,901
Special Assessments	\$ 1,448	\$ 1,340	\$ 1,143	\$ 1,207	\$ 1,444	\$ 1,178	\$ 1,269	\$ 1,385	\$ 1,535
Licenses and permits	\$ 20	\$ 18	\$ 14	\$ 18	\$ 18	\$ 10	\$ 10	\$ 11	\$ 6
Charges for services	\$ 6,146	\$ 6,364	\$ 7,225	\$ 7,099	\$ 7,131	\$ 7,415	\$ 6,767	\$ 8,934	\$ 9,730
Investment revenue	\$ 322	\$ 362	\$ 486	\$ 1,021	\$ 983	\$ 490	\$ 210	\$ 64	\$ 69
Reimbursements	\$ 52	\$ 465	\$ 650	\$ 406	\$ 153	\$ 39	\$ 140	\$ 70	\$ 32
Miscellaneous	\$ 1,208	\$ 509	\$ 501	\$ 488	\$ 650	\$ 597	\$ 438	\$ 448	\$ 599
Total revenues	<u>\$ 36,101</u>	<u>\$ 39,870</u>	<u>\$ 38,393</u>	<u>\$ 41,647</u>	<u>\$ 43,121</u>	<u>\$ 44,259</u>	<u>\$ 44,693</u>	<u>\$ 47,018</u>	<u>\$ 48,821</u>
Expenditures									
General Government	\$ 2,208	\$ 2,685	\$ 2,706	\$ 2,721	\$ 2,842	\$ 3,600	\$ 3,007	\$ 3,549	\$ 3,462
Public Safety	\$ 12,208	\$ 12,724	\$ 13,673	\$ 14,309	\$ 16,175	\$ 17,945	\$ 17,883	\$ 18,229	\$ 18,118
Public Works	\$ 5,106	\$ 5,157	\$ 5,508	\$ 5,712	\$ 6,171	\$ 6,593	\$ 6,643	\$ 6,634	\$ 6,569
Public Health and Sanitation	\$ 882	\$ 981	\$ 1,067	\$ 1,178	\$ 1,245	\$ 1,276	\$ 1,353	\$ 1,332	\$ 1,330
Culture and Recreation	\$ 4,355	\$ 4,470	\$ 4,776	\$ 4,653	\$ 5,204	\$ 5,142	\$ 4,947	\$ 5,777	\$ 5,900
Planning and Development	\$ 4,405	\$ 4,025	\$ 2,607	\$ 2,588	\$ 2,707	\$ 3,377	\$ 3,269	\$ 3,609	\$ 3,344
Miscellaneous	\$ 20	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32	\$ -
Capital Outlay	\$ 5,165	\$ 10,824	\$ 8,580	\$ 10,783	\$ 7,615	\$ 10,581	\$ 17,707	\$ 18,603	\$ 9,847
Debt Service									
Principal	\$ 7,179	\$ 2,611	\$ 2,534	\$ 2,625	\$ 4,806	\$ 2,812	\$ 4,667	\$ 5,959	\$ 4,411
Interest	\$ 1,063	\$ 866	\$ 755	\$ 1,009	\$ 1,266	\$ 1,567	\$ 1,596	\$ 2,258	\$ 2,084
Deposit to Escrow	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107	\$ -
Total Expenditures	<u>\$ 42,591</u>	<u>\$ 44,343</u>	<u>\$ 42,206</u>	<u>\$ 45,578</u>	<u>\$ 48,031</u>	<u>\$ 52,893</u>	<u>\$ 61,072</u>	<u>\$ 66,089</u>	<u>\$ 55,065</u>
Other financing sources (uses)									
Bonds and Notes issued	\$ 8,600	\$ 6,707	\$ 4,210	\$ 4,885	\$ 6,545	\$ 7,245	\$ 23,695	\$ 7,034	\$ 6,565
Bond and Note Premium						\$ 80	\$ 1,369	\$ 47	\$ 23
Transfers in	\$ 600	\$ 1,066	\$ 1,399	\$ 2,245	\$ 2,349	\$ 2,823	\$ 3,617	\$ 5,076	\$ 7,994
Transfers out	\$ (600)	\$ (1,087)	\$ (1,365)	\$ (2,055)	\$ (1,737)	\$ (2,763)	\$ (3,422)	\$ (4,984)	\$ (5,692)
Issuance Costs	\$ (9)	\$ (2)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ (5,389)	\$ -	\$ -	\$ 91	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ 8,591</u>	<u>\$ 1,295</u>	<u>\$ 4,244</u>	<u>\$ 5,075</u>	<u>\$ 7,248</u>	<u>\$ 7,385</u>	<u>\$ 25,259</u>	<u>\$ 7,173</u>	<u>\$ 8,890</u>
Net change in fund balance	\$ 2,101	\$ (3,178)	\$ 431	\$ 1,144	\$ 2,338	\$ (1,249)	\$ 8,880	\$ (11,898)	\$ 2,646
Debt service as a percentage of non-capital expenditures	28%	12%	11%	12%	18%	12%	17%	21%	17%

Information prior to 2003 is not available in comparable format.

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2011

Schedule 5 - Unaudited
City of Salina, Kansas
Tax Revenues by Source, Governmental Funds
Last Nine Fiscal Years
(modified accrual basis of accounting)
(in 000's)

	Fiscal Year								
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Real Estate	\$ 7,417	\$ 7,677	\$ 7,904	\$ 8,373	\$ 8,662	\$ 9,084	\$ 9,971	\$ 9,756	\$ 10,288
Delinquent	\$ 177	\$ 228	\$ 213	\$ 173	\$ 185	\$ 263	\$ 760	\$ 278	\$ 274
Motor Vehicle	\$ 1,208	\$ 1,057	\$ 1,079	\$ 1,105	\$ 1,131	\$ 1,120	\$ 1,135	\$ 1,145	\$ 1,150
General Sales	\$ 9,913	\$ 10,501	\$ 10,556	\$ 11,137	\$ 11,472	\$ 11,986	\$ 11,669	\$ 11,117	\$ 11,767
Selective Sales	\$ 2,114	\$ 2,264	\$ 2,280	\$ 2,417	\$ 2,484	\$ 2,589	\$ 3,380	\$ 4,108	\$ 4,080
Other Taxes	<u>\$ 3,345</u>	<u>\$ 3,426</u>	<u>\$ 3,557</u>	<u>\$ 5,076</u>	<u>\$ 5,445</u>	<u>\$ 5,747</u>	<u>\$ 5,791</u>	<u>\$ 6,298</u>	<u>\$ 6,390</u>
Total Taxes	<u>\$ 24,174</u>	<u>\$ 25,153</u>	<u>\$ 25,589</u>	<u>\$ 28,281</u>	<u>\$ 29,379</u>	<u>\$ 30,789</u>	<u>\$ 32,706</u>	<u>\$ 32,702</u>	<u>\$ 33,949</u>

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2011

Schedule 6 - Unaudited
City of Salina, Kansas
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal (Budget) Year	Assessed Value										Estimated Total Market Value (Note 2)	Assessed Value to Est. Market Value
	Real Estate	Personal Property	State Assessed	Vehicle Assessed	Excluding Motor Vehicles	Motor Vehicle (Note 1)	Total, Taxable Assessed Value	Total, Taxable Assessed Value	Total, Taxable Assessed Value	Total, Taxable Assessed Value		
1987	\$ 69,906,890	\$ 31,405,020	\$ 10,544,260			\$ 27,447,177	\$ 139,303,347	\$ 139,303,347	\$ 1,105,157,648	12.60		
1988	72,066,960	31,552,430	10,884,189			28,786,730	143,290,309	143,290,309	1,147,347,527	12.49		
1989	71,441,070	35,215,115	10,765,830			30,847,364	148,269,379	148,269,379	1,160,411,705	12.78		
1990	125,389,311	13,454,685	11,094,235			35,096,364	\$ 185,034,595	\$ 185,034,595	\$ 1,026,844,668	18.02		
1991	134,834,179	14,314,162	11,208,262			34,515,855	194,872,458	194,872,458	1,075,575,019	18.12		
1992	135,267,866	16,751,713	11,545,541			35,803,591	199,368,711	199,368,711	1,105,026,368	18.04		
1993	129,632,717	22,447,713	12,849,722			37,569,816	202,499,968	202,499,968	1,175,493,628	17.23		
1994	145,239,331	22,678,728	14,272,658			41,805,765	\$ 223,996,482	\$ 223,996,482	\$ 1,314,830,748	17.04		
1996	166,462,923	24,890,665	12,528,204	\$ 203,881,792	27.145	42,981,776	\$ 246,863,568	\$ 246,863,568	\$ 1,482,502,705	16.65		
1997	175,997,879	25,550,448	12,708,970	\$ 214,257,297	26.942	43,994,555	258,251,852	258,251,852	1,551,794,365	16.64		
1998	196,360,843	26,279,996	13,954,569	236,595,408	25.705	44,924,849	281,520,257	281,520,257	1,716,987,425	16.40		
1999	213,488,582	27,534,811	12,909,972	253,933,365	25.270	45,371,433	299,304,798	299,304,798	1,850,244,169	16.18		
2000	226,207,727	28,786,094	14,122,529	269,116,350	24.876	45,371,433	314,487,783	314,487,783	1,953,641,509	16.10		
2001	241,621,655	32,439,566	14,088,875	288,150,096	24.365	43,246,020	331,396,116	331,396,116	2,096,802,659	15.80		
2002	254,343,715	31,823,431	14,847,520	301,014,666	24.218	43,248,108	344,262,744	344,262,744	2,182,563,473	15.77		
2003	267,175,443	35,093,154	14,866,008	317,134,605	24.092	45,965,839	363,100,444	363,100,444	2,296,900,695	15.81		
2004	277,456,813	35,386,133	15,750,780	328,593,726	24.013	46,679,982	375,273,018	375,273,018	2,368,264,683	15.85		
2005	282,517,284	35,410,526	17,334,372	335,262,182	24.063	48,687,121	383,949,303	383,949,303	2,529,377,135	15.18		
2006	296,537,399	38,662,356	17,624,030	352,823,785	23.999	49,367,870	402,191,655	402,191,655	2,229,131,633	18.04		
2007	321,695,326	39,691,690	16,530,171	377,917,187	23.789	50,551,299	428,468,486	428,468,486	2,416,543,103	17.73		
2008	342,045,389	35,089,042	15,594,056	392,728,487	23.959	50,548,706	443,277,193	443,277,193	2,612,229,468	16.97		
2009	356,678,712	28,373,980	14,929,456	399,982,148	25.886	51,351,656	451,333,804	451,333,804	2,914,775,730	15.48		
2010	358,979,211	24,760,806	13,730,609	397,470,626	25.855	50,330,252	447,800,878	447,800,878	2,893,359,541	15.48		
2011	367,750,803	19,918,188	14,685,585	402,354,576	26.022	47,406,062	449,760,638	449,760,638	2,869,531,746	15.67		

Note 1: The tax rate for motor vehicles is set based on the average countywide tax rate. The City of Salina then receives a share of that based on relative tax effort.

Note 2: The estimated market value excludes the value of the State assessed properties. Market value information is not available for those properties. However, state assessed property is generally assessed at 33% of market value, except for railroads, which are assessed at 25% of market value.

Note 3: The Direct rate is expressed in dollars per thousand dollars of assessed value.

Source: Saline County Clerk

Schedule 7 - Unaudited
City of Salina, Kansas
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

Fiscal (Budget) Year	City of Salina			Saline County			USD 305 (2)			Other (1)		Total
	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total USD Millage	Other	Other	
2001	19.097	5.268	24.365	22.337		23.837	41.198	17.326	58.524	9.109		115.835
2002	18.561	5.657	24.218	24.066		24.066	51.115	17.063	68.178	9.330		125.792
2003	18.581	5.511	24.092	25.667		25.657	38.569	18.815	57.384	9.684		116.817
2004	20.017	3.996	24.013	28.081		28.081	38.288	18.344	56.632	9.848		118.574
2005	20.055	4.008	24.063	28.874		28.874	42.175	17.491	59.666	10.984		123.587
2006	20.001	3.989	23.990	28.579		28.579	40.136	15.046	55.182	10.960		118.711
2007	19.835	3.954	23.789	27.955		27.955	41.903	13.349	55.252	10.726		117.722
2008	20.047	3.912	23.959	27.435		27.435	42.761	12.229	54.990	10.775		117.159
2009	21.749	4.137	25.886	29.347		29.347	46.339	12.208	58.547	10.971		124.751
2010	20.082	5.773	25.855	31.303		31.303	45.341	13.155	58.496	12.401		128.055
2011	19.236	6.786	26.022	31.432		31.432	45.818	13.095	58.913	12.131		128.498

Source: Saline County Clerk

(1) The "Other" column includes the State of Kansas, the Salina Airport Authority, and the Salina Public Library. Beginning in 2005, this also includes Kansas State Extension District #3.

(2) A small portion of Salina is covered by USD 306, USD 307, or USD 400. Total Tax Rates are different in the areas covered by these jurisdictions.

Schedule 8 - Unaudited
City of Salina, Kansas
Principal Property Tax Payors
Current Year and Nine Years Ago

Taxpayer	Type of Business	2002 (2001 Assessed Value)			2011 (2010 Assessed Value)		
		Assessed Valuation	% of Total	Rank	Assessed Valuation	% of Total	Rank
Schwan's Sales	Pizza Manufacturing	\$ 7,595,433	2.09%	1	\$ 8,589,167	2.15%	1
Warmack, Salina Partnership (IPFOA) (Now Redus Salina)	Retail Shopping Mall	5,681,843	1.56%	3	6,254,013	1.56%	2
Salina Regional Health Center	Hospital and Medical Offices	3,886,576	1.07%	6	5,589,420	1.40%	3
Western Resources	Utility	5,898,849	1.62%	2	5,575,032	1.39%	4
Kansas Gas Service	Utility	2,540,941	0.70%	7	3,622,225	0.90%	5
Gateway Properties	Shopping Mall (Midstate)	4,288,305	1.18%	5	3,587,574	0.90%	6
Wal-Mart Stores, Inc.	Discount Retail Stores	5,214,313	1.44%	4	3,468,733	0.87%	7
Southwestern Bell	Telephone Utility	1,975,025	0.54%	8	3,107,097	0.78%	8
Great Plains Manufacturing	Manufacturing				2,879,602	0.72%	9
Individual Trust	Office/Warehouse/Commercial				2,247,083	0.56%	10
Sunset Plaza, Inc. (Bradley Operating)	Retail Shopping Mall						
Dillon's	Grocery Chain	1,888,509	0.52%	9			
FCH/HHC Hotels, Inc	Hotel/Convention Center	1,615,519	0.44%				
Combined Valuation of the Ten Largest Taxpayers		\$ 40,585,313			\$ 44,919,946		
City Valuation		\$ 363,100,444			\$ 400,248,283		
Percent of Total City Assessed Valuation (1)			11.16%			11.23%	

Source: Saline County Clerk's Office

Schedule 9 - Unaudited
City of Salina, Kansas
Property Tax Levies and Distributions
Last Ten Fiscal Years

Fiscal (Budget) Year	Taxes Levied for the fiscal year	<u>Current Year Tax Distributions</u>			<u>Total Tax Distributions</u>		
		Amount	Percentage	Delinquent Collections (1)	Amount	Percentage of levy	
2000	6,694,612	6,490,693	97.0%	105,801	6,596,494	98.5%	
2001	7,020,875	6,831,220	97.3%	147,819	6,979,039	99.4%	
2002	7,289,916	7,108,013	97.5%	174,050	7,282,063	99.9%	
2003	7,640,249	7,417,427	97.1%	176,906	7,594,333	99.4%	
2004	7,890,387	7,677,415	97.3%	227,578	7,904,993	100.2%	
2005	8,067,300	7,904,231	98.0%	382,236	8,286,467	102.7%	
2006	8,467,343	8,373,363	98.9%	173,093	8,546,456	100.9%	
2007	8,990,268	8,661,700	96.3%	185,488	8,847,188	98.4%	
2008	9,409,338	9,083,917	96.5%	262,511	9,346,428	99.3%	
2009	10,354,161	9,923,959	95.8%	759,764	10,683,723	103.2%	
2010	10,276,905	9,704,937	94.4%	278,656	9,983,593	97.1%	
2011	10,570,419	10,287,770	97.3%	273,843	10,561,613	99.9%	

(1) Delinquent collections are reported in the aggregate for all previous years. Data is not currently available for "collected in subsequent years"

Source: Saline County Treasurer's Office

Schedule 10 - Unaudited
 City of Salina, Kansas
 Direct Sales Rate by Taxing Entity
 Last Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City Direct Tax Rate (Note 3)										
General	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Special Purpose	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.40%	0.40%
County-wide Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Portion of County-wide tax allocated to City (July Percentage)	64.00%	63.20%	62.20%	61.60%	61.81%	61.92%	62.31%	62.46%	61.58%	63.34%

In addition to the direct tax, the City receives a portion of the Countywide sales tax, based on a formula distribution. The formula is based on property tax effort and population, and is adjusted in January and July of each year. As a result, totals do not match the amounts disclosed on the Statement of Activities.

In November 2008, the voters approved an increase in the Special Purpose Tax rate from .25% to .40%, to be effective April 1, 2009.

Source: Kansas Department of Revenue

Schedule 11 - Unaudited
City of Salina, Kansas
Water Sales by Class of Customer

Last Ten Fiscal Years

Rate Class	2002		2003		2004		2005		2006		2007		2008		2009		2010		2011	
	Accts Billed	Water Sold																		
Residential	17,234	1,300,332	17,315	1,205,142	17,432	1,127,078	17,576	1,187,130	17,637	1,164,283	17,750	1,080,015	17,813	994,875	17,792	1,043,774	17,838	1,127,864	17,889	1,127,864
Commercial	1,516	367,440	1,503	352,025	1,542	346,251	1,580	358,659	1,586	357,488	1,592	331,440	1,591	333,720	1,589	339,507	1,568	350,633	1,574	350,633
Industrial	44	245,126	43	205,574	43	203,977	43	181,325	43	180,900	46	237,698	48	203,491	46	152,910	44	183,166	44	183,166
Government	115	78,457	118	66,134	126	66,623	146	102,994	150	74,768	151	58,568	152	68,366	104	41,793	85	42,714	97	42,714
Apartment	202	52,778	200	56,587	198	56,251	195	56,359	187	56,340	184	55,500	182	64,703	182	71,503	172	71,121	168	71,121
Schools	84	50,373	80	43,645	82	43,571	81	41,187	81	44,925	80	36,953	81	38,835	84	39,815	85	46,386	85	46,386
Industrial Special	1	32,061	1	38,002	1	39,187	1	39,551	1	37,508	1	35,813	1	42,574	1	32,934	1	44,457	1	44,457
Consumed in Production	27	45,395	25	36,185	22	32,324	21	31,570	19	28,583	18	26,070	18	28,699	18	22,223	17	32,604	13	32,604
Rural Water	1	26,775	1	27,918	1	27,277	1	28,889	1	28,395	1	23,963	1	24,798	1	22,824	1	23,854	1	23,854
Hospitals	14	28,846	14	24,721	14	22,884	15	17,126	15	13,088	15	13,755	15	18,723	13	20,488	12	18,503	10	18,503
Religious/Non Profit	35	9,564	37	8,074	40	9,362	40	9,521	39	8,888	41	7,463	40	6,913	39	7,312	39	5,569	38	5,569
Other Taxable Deductions	7	13,863	6	11,105	6	10,680	5	8,985	5	6,630	5	9,975	4	8,023	-	-	-	-	-	-
Engineering Studies	8	10,078	8	9,307	8	9,339	8	6,283	8	6,135	8	5,805	8	5,327	8	6,176	8	5,266	7	5,266
Providing Taxable Service	2	5,329	2	5,232	2	5,962	2	5,677	2	5,850	2	5,010	2	4,663	2	4,869	2	5,494	2	5,494
Sale of Component Parts	7	5,570	8	5,428	8	5,265	8	5,473	8	5,280	8	5,200	8	5,748	8	5,200	8	5,851	8	5,851
Fire Hydrant	4	3,011	3	5,015	3	2,887	4	5,232	3	1,588	2	4,95	3	1,147	2	1,032	3	2,424	3	2,424
Industrial Consumed in Produ	3	2,370	3	1,624	3	2,206	3	2,350	3	3,510	3	3,593	3	3,230	3	2,314	3	4,083	3	4,083
Sales of Farm Equipment	1	429	1	203	1	131	1	213	1	308	1	180	1	256	1	205	1	213	1	213
	19,305	2,277,797	19,368	2,101,921	19,532	2,010,865	19,730	2,088,534	19,769	2,024,487	19,908	1,937,333	19,971	1,854,091	19,893	1,818,879	19,887	1,970,202	19,954	1,970,202

Water Rate Schedule:

Monthly Meter Charge (5/8")	\$ 2.89	\$ 2.89	\$ 3.05	\$ 3.21	\$ 3.38	\$ 3.57	\$ 3.75	\$ 4.44	\$ 4.51	\$ 4.60
Commodity Charge (per hundred cubic ft):										
0 - 2000 cf	\$ 2.09	\$ 2.09	\$ 2.13	\$ 2.16	\$ 2.21	\$ 2.42	\$ 2.54	\$ 2.34	\$ 2.55	\$ 3.77
2001 - 10,000 cf	\$ 1.87	\$ 1.87	\$ 1.91	\$ 1.94	\$ 1.99	\$ 2.20	\$ 2.31	\$ 2.07	\$ 2.88	\$ 4.48
Over 10,000 cf	\$ 1.68	\$ 1.68	\$ 1.71	\$ 1.73	\$ 1.77	\$ 1.97	\$ 2.07	\$ 4.68	\$ 6.31	\$ 7.54
Excess Use Charge										
Monthly Base Charge	\$ 2.75	\$ 2.75	\$ 2.89	\$ 3.03	\$ 3.18	\$ 3.34	\$ 3.51	\$ 4.68	\$ 6.42	\$ 8.57
Unit cost (per hundred cubic ft):	\$ 1.99	\$ 1.99	\$ 2.11	\$ 2.23	\$ 2.36	\$ 2.50	\$ 2.63	\$ 2.88	\$ 3.08	\$ 4.48

Water sold is expressed in thousands of gallons.
Information before 2001 is not available in a consistent format.
Number of Accounts billed is the annual number of billings for each class divided by 12.
Monthly meter charge increases with the size of the meter.
Residential Wastewater is calculated based on Winter Quarter water consumption. Other accounts are based on monthly water consumption.
Wastewater fee structure in 2001 was not on a comparable basis.
2008 Water Consumption Rate Structure changed from a decreasing tier structure to one rate and Excess Use Charge which is double the consumption rate.
**In 2011, basis for measurement was switched from cubic feet to gallons. The adjustments and conversions necessary for this table have not yet been completed.
Source: City of Salina Water Customer Accounting Office.

Schedule 12 - Unaudited
City of Salina, Kansas
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities						Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Lease	Temporary Notes		Obligation Bonds	Water Revenue Bonds	Loans Payable	Temporary Notes	Total Primary Government			
2002	\$ 17,728,189	\$ -	\$ 4,865,000		\$ 7,187,753	\$ 6,790,000	\$ 7,574,256	\$ -	\$ 44,145,198	3.4%	\$ 961.39	
2003	20,744,309	60,000	4,250,000		5,228,397	6,215,000	8,082,199	2,533,972	47,113,877	3.6%	1,023.70	
2004	19,257,270	41,150	6,875,000		7,400,295	5,615,000	7,777,264	-	46,965,979	3.5%	1,024.00	
2005	21,202,921	20,944	2,700,000		6,258,456	4,990,000	7,460,602	-	42,632,923	3.1%	927.53	
2006	21,497,408	-	9,200,000		5,175,780	4,350,000	7,130,852	-	47,354,040	3.0%	1,030.42	
2007	25,436,632	-	7,625,000		3,888,368	3,710,000	6,786,743	-	47,446,743	2.9%	1,010.80	
2008	29,869,930	-	5,005,000		2,780,069	3,030,000	6,428,759	-	47,113,758	2.7%	1,014.12	
2009	52,067,590	-	-		2,320,000	2,320,000	5,862,516	-	62,570,106	3.5%	1,346.09	
2010	53,120,952	-	2,500,000		8,614,576	1,580,000	-	-	65,815,528	3.8%	1,425.20	
2011	55,225,670	-	3,400,000		7,217,907	16,193,925	-	-	82,037,502	N/A	1,719.61	

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2011

Schedule 13 - Unaudited
City of Salina, Kansas
Ratio of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding						Percentage of	
	General Obligation Bonds	Capital Lease	Temporary Notes	Total	Less Debt Service Fund	Net General Bonded Debt	Actual Taxable Value of Property	Per Capita
2002	\$ 24,915,942	\$ -	\$ 4,865,000	\$ 29,780,942	\$ 1,000,030	\$ 28,780,912	8.4%	\$ 626.79
2003	25,972,706	60,000	6,783,972	32,816,678	1,584,330	31,232,348	8.6%	678.62
2004	26,657,565	41,150	6,875,000	33,573,715	1,317,062	32,256,653	8.6%	703.30
2005	27,461,377	20,944	2,700,000	30,182,321	1,407,529	28,774,792	7.5%	626.03
2006	26,673,188	-	9,200,000	35,873,188	1,494,320	34,378,868	8.5%	748.08
2007	29,325,000	-	7,625,000	36,950,000	1,210,457	35,739,543	8.3%	761.39
2008	32,649,999	-	5,005,000	37,654,999	792,744	36,862,255	8.3%	793.45
2009	54,387,590	-	-	54,387,590	735,291	53,652,299	11.9%	1,154.23
2010	61,735,528	-	2,500,000	64,235,528	571,873	63,663,655	14.2%	1,378.60
2011	62,443,577	-	3,400,000	65,843,577	1,236,026	64,607,551	14.4%	1,354.26

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2011

Schedule 14 - Unaudited
City of Salina, Kansas
Direct and Overlapping Governmental Activities Debt
As of December 31, 2011

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Salina	Amount Applicable to the City of Salina
Direct:			
City of Salina	\$ 64,607,551	100%	\$ 64,607,551
Overlapping:			
Salina Airport Authority	27,345,000	100%	27,345,000
Saline County	145,000	76%	110,200
USD 305	<u>47,870,000</u>	93%	<u>44,519,100</u>
Total Overlapping Debt	75,360,000		71,974,300
Total Direct and Overlapping Debt	<u>139,967,551</u>		<u>136,581,851</u>
Per Capita Direct and Overlapping debt			\$ 2,957.60

Percentage of debt applicable to the City of Salina is based on the proportion that the assessed valuation of the City of Salina bears to the assessed valuation of the overlapping entity.

Source: Saline County Clerk

Schedule 16 - Unaudited
City of Salina, Kansas
Pledged Revenue Coverage
Last Nine Fiscal Years

Water/Sewer Revenue Bonds (Including Kansas Water Supply Loan)

Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2003	12,129,440	10,682,725	1,446,715	791,394	477,400	114%
2004	12,361,877	10,654,249	1,707,628	904,935	542,722	118%
2005	12,703,953	10,468,771	2,235,182	941,662	542,722	151%
2006	12,949,169	10,894,968	2,054,201	969,748	461,470	144%
2007	14,054,466	11,545,842	2,508,624	983,479	589,288	160%
2008	14,072,513	12,754,057	1,318,456	1,038,000	515,459	85%
2009	14,980,874	12,524,390	2,456,484	1,276,243	455,294	142%
2010	16,520,055	13,571,098	2,948,957	740,000	91,450	355%
2011	17,904,056	12,963,891	4,940,165	1,580,000	496,760	238%

Source: City of Salina Comprehensive Annual Financial Reports, 2003 - 2011

Schedule 17 - Unaudited
City of Salina, Kansas
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Personal		Unemployment Rate	Labor Force, Saline County
		Income (Saline County)	Personal Income, Salina (interpolated)		
2002	45,918	28,500	\$ 1,308,663,000	4.1%	29,989
2003	46,023	28,200	\$ 1,297,848,600	4.6%	30,086
2004	45,865	29,600	\$ 1,357,604,000	4.8%	30,600
2005	45,964	30,000	\$ 1,378,920,000	4.4%	30,358
2006	45,956	33,900	\$ 1,557,908,400	3.7%	30,539
2007	46,940	34,500	\$ 1,619,430,000	3.3%	30,843
2008	46,458	37,412	\$ 1,738,097,000	3.9%	29,222
2009	46,483	38,699	\$ 1,787,119,820	5.7%	26,806
2010	46,180	38,752	\$ 1,738,097,000	6.4%	26,155
2011	47,707	NA	NA	6.3%	26,556

Sources:

Population: Kansas Division of the Budget.

Saline

County Per

Personal income for Salina is derived from the population and per capita personal income for Saline County

Per Capita Personal income as reported by the Bureau of Economic analysis

Schedule 18 - Unaudited
City of Salina, Kansas
Principal Employers
Current Year and Nine Years Ago

Employer	Type of Business	2002			2011		
		Employees	Rank	Percentage of Labor Force	Employees	Rank	Percentage of Labor Force
Tony's Pizza Service (Schwans)	Frozen Pizza Manufacturing	2,300	1	7.9%	1,850	1	6.3%
Salina Regional Health Center	Health Care	1,082	2	3.7%	1,082	2	3.7%
USD # 305	Public School System	935	3	3.2%	935	3	3.2%
Exide Battery's	Automotive Battery Manufacturer	825	4	2.8%	800	4	2.7%
Great Plains Manufacturing	Agricultural and Landscaping Equipment	650	5	2.2%	650	5	2.2%
Phillips Lighting Co.	Fluorescent Lamps	605	7	2.1%	600	6	2.1%
City of Salina	City Government	497	8	1.7%	493	7	1.7%
Saline County	County Government				277	8	0.9%
El Dorado National	Busses/Recreational Vehicles	265	9	0.9%	255	9	0.9%
Raytheon Aircraft	Aircraft Manufacturing	650	5	2.2%	-	10	0.0%
OCCK	Assembly	263	10	0.9%			
Total		7,809		26.7%	6,942		23.8%

Source: Salina Chamber of Commerce