CITY OF EMPORIA

104 E. 5th Avenue
Emporia, Kansas 66801

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2008

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

City of Emporia, Kansas

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INTRODUCTORY SECTION

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EMPORIA
City of Emporia

Honorable Mayor and
City Commissioners
City of Emporia
Emporia, Kansas

Honorable Mayor and City Commissioners:

The Comprehensive Annual Financial Report of the City of Emporia, Kansas for the year ended December 31. 2008 is submitted herewith.

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

GENERAL INFORMATION – CITY OF EMPORIA

The City of Emporia lies 110 miles southwest of Kansas City and 85 miles northeast of Wichita on the eastern edge of the Flint Hills area of Kansas. Emporia has a population of 26,760 based on the 2000 census. There are 11.75 square miles of land in the City's corporate boundary, while the "planning and protected" area covers approximately 63 square miles.

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

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

LOCAL ECONOMY

Emporia is very fortunate to have a much diversified economy. This diversity provides a cushion when particular market area suffers from an economic downturn. Our major source of employment is in the field of food processing. This in an important link to our state's agricultural base, yet it is insulated from the periodic downturns, which plague the farm sector. Strong employment in this sector is being maintained at the Menu Foods plant for the production of pet food and through Tyson, which presents our largest employer in the community with 973 workers. Dolly Madison Bakery is part of Interstate Bakeries, which is working its way through bankruptcy reorganization. Our local plant has experienced growth during this reorganization as Interstate Bakeries closed other production facilities around the country to streamline their operation and to reduce overhead. Because our bakery represent one of their significant profit centers, we believe their business will grow in Emporia as a result of further facility consolidation of production.

In the production of durable goods, our employment base is smaller, but has a broad market spectrum from the manufacturing of leveling vials to the rebuilding of large diesel engines. Major service industries include a state university, technical college, regional medical center, and transportation and lodging facilities. The University continues to work hard to maintain and build its enrollment. Technical training seems to increase in importance as employers express a need for specific trained skills in their production operations. Both of these institutions are dependent on State funding and the poor fiscal condition of
the State is affecting their operations. Attracting new students into these higher education and technical training programs will be competitive, but our local institutions appear to be preparing for the challenge. Transportation, particularly trucking, continues to be an important part of our economy. Our access to highway systems and our central geographical location within our state and nation continue to make this a promising area.

LOCAL ECONOMY - continued

The City's economic forecast for the past 6 months, starting in January 2009, has been gloomy. Retail sales taxes are down 5% and hotel taxes have decreased 22.5%, utility franchise fees are down 0.3%, but this is due to an 11% rate increase by Westar. Water sales are projected to be 1% lower in 2009 compared to 2008 despite a 10.5% rate increase that went into effect January 1. The City's vacancy rate is approximately 10%. Factors include a layoff of over 1,000 positions at Tyson in 2008 and the overall national economy. A number of businesses, many with national ties, have incurred layoffs in 2009.

In these times it is difficult to predict the future economic environment in Emporia. It appears that it will improve by early 2010 based on the national economic forecast, although this is uncertain. The City has a new 24 acre retail center anchored by a home improvement store that is excepted to break ground in the last quarter of 2009 and be open by July 2010. New retail ventures in the Central Business District will also be opening this year. The City has been proactively marketing Emporia for new industrial and retail development. At a recent retail conference the City was informed that the community is on the radar of several national retailers once the economy improves.

The City has taken steps to reduce expenses during the economic slowdown. Once the economy, and taxes, improve the City has a long-term vision for programs and capital projects to improve the community. Pursuant to the direction of the City Commission, these programs and projects will only be funded when revenues are available.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

THE REPORTING ENTITIY AND ITS SERVICES

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

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

INTERNAL CONTROL

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

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

CASH MANAGEMENT

Cash temporarily idle during the year was invested in time deposits in banks ranging from 30 to 150 days in maturity and in U.S. Government obligations with variable maturities and in the Kansas Municipal Investment Pool. At December 31, 2008, the City's cash resources were divided between demand deposits and investments as follows: in demand deposits and cash on hand 16 percent; and in interest bearing investments 84 percent.

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

RISK MANAGEMENT

The City performs limited risk management operations intended to maintain coverage at appropriate levels; manage claims; and monitor carrier performance. The City was self insured for its employees' health insurance and workers' compensation insurance for the year ended December 31, 2008. As of January 1, 2009, the City has moved its employees' health insurance to a third party provider but has remained self insured for workers' compensation insurance.

INDEPENDENT AUDIT

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

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Emporia for its comprehensive annual financial report for the year ended December 31, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Emporia, Kansas, has received a Certificate of Achievement for the last twenty-three consecutive years (fiscal years 1985-2007). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

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

Respectfully submitted,

Larry A Bucklinger

Larry Bucklinger
Director of Administrative Services
June 1, 2009

Certificate of Achievement for Excellence in Financial Reporting

Presented to

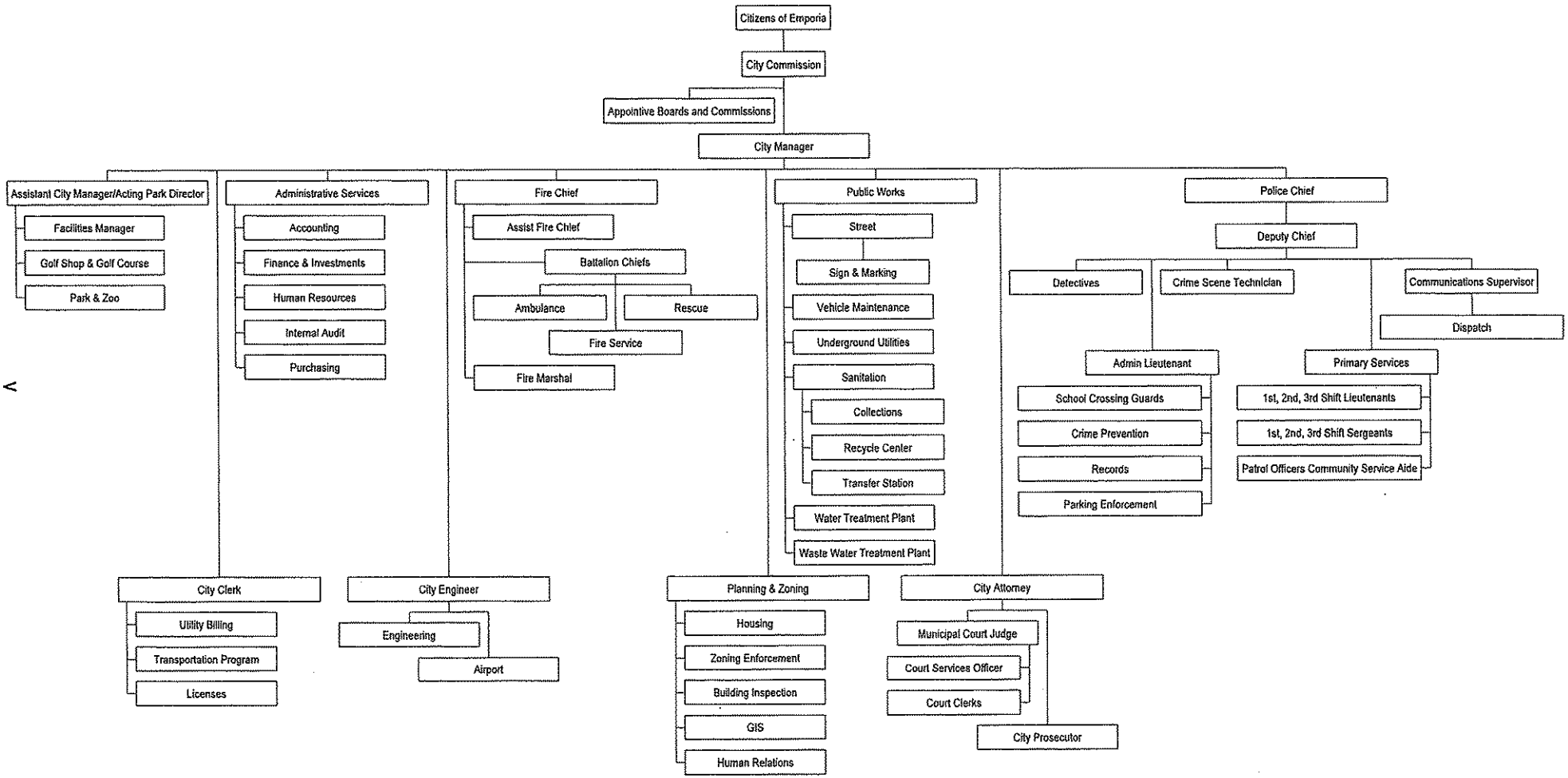
City of Emporia Kansas

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

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

President

Executive Director


Citizens of Emporia
City Commission
Appointive Boards and Commissions
City Manager
Assistant City Manager/Acting Park Director
Facilities Manager
Golf Shop & Golf Course
Park & Zoo
Administrative Services
Accounting
Finance & Investments
Human Resources
Internal Audit
Purchasing
Fire Chief
Assist Fire Chief
Battalion Chiefs
Ambulance
Rescue
Fire Service
Fire Marshal
Public Works
Street
Sign & Marking
Vehicle Maintenance
Underground Utilities
Sanitation
Collections
Recycle Center
Transfer Station
Water Treatment Plant
Waste Water Treatment Plant
Police Chief
Deputy Chief
Detectives
Crime Scene Technician
Communications Supervisor
Dispatch
Admin Lieutenant
School Crossing Guards
Crime Prevention
Records
Parking Enforcement
Primary Services
1st, 2nd, 3rd Shift Lieutenants
1st, 2nd, 3rd Shift Sergeants
Patrol Officers Community Service Aide
City Clerk
Utility Billing
Transportation Program
Licenses
City Engineer
Engineering
Airport
Planning & Zoning
Housing
Zoning Enforcement
Building Inspection
GIS
Human Relations
City Attorney
Municipal Court Judge
Court Services Officer
Court Clerks
City Prosecutor

City of Emporia, Kansas

GOVERNING BODY

2008

MAYOR	BOBBIE AGLER
VICE-MAYOR	JEFF LONGBINE
COMMISSIONER	JIM KESSLER
COMMISSIONER	KEVIN NELSON
COMMISSIONER	JULIE JOHNSON

ADMINISTRATIVE OFFICIALS

CITY MANAGER	MATTHEW ZIMMERMAN
ASSISTANT CITY MANAGER	MARK MCANARNEY
DIRECTOR OF ADMINISTRATIVE SERVICES	LARRY BUCKLINGER
CITY CLERK	SUSAN MENDOZA
CITY TREASURER	JANET HARROUFF
CITY ATTORNEY	BLAISE PLUMMER

DEPARTMENT HEADS

PUBLIC WORKS DIRECTOR	RON CHILDERS
CITY ENGINEER	MIKE NOVAK
FIRE CHIEF	JACK TAYLOR
POLICE CHIEF	GARY SMITH

INDEPENDENT AUDITOR'S REPORT

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Emporia, Kansas 66801
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Agler & Gaeddert CHARTERED
Certified Public Accountants

Tom D. Thomas, CPA
Dan Robertson, CPA
Kathleen Centlivre, CPA

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL STATEMENTS

Mayor and City Commissioners
City of Emporia, 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 Emporia, Kansas, as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express and opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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. And 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 opinion.

In our opinion, based on our audit, 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 Emporia, Kansas, at December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Industrial Development Sales Tax Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 3 through 10 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinion on the financial statements that collectively comprise the City's basic financial statements. 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 required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. We did not audit the data included in the introductory and statistical sections of this report and therefore, we express no opinion thereon.

Agler + Gaeddert, Chartered

June 1, 2009

INPACT
INTERNATIONAL NETWORK OF PROFESSIONAL ACCOUNTANTS
AFFILIATE

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MANAGEMENT'S DICUSSION AND ANALYSIS

CITY OF EMPORIA, KANSAS

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2008
Unaudited

Our discussion and analysis of the City of Emporia, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2008. The Emporia Public Library issues a complete financial statement that includes a discussion and analysis. The address for retrieval of this report is in Note I. This narrative should be read in conjunction with the City's letter of transmittal, which begins on page i.

Financial Highlights

- The Government-wide net assets totaled $95.3 million at the end of the current fiscal year.
- The Government-wide unrestricted current assets exceed the current liabilities by $10.3 million, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2008 totaled $127.6 million.
- During the year ended December 31, 2008, the City's total expenses exceeded total revenues (which include charges for services, local taxes and state and federal aid) by $4.3 million.
- The City's total indebtedness decreased by $1.5 million, primarily due to the payment of general obligation bonds and temporary notes.
- The City's net capital assets decreased $4.3 million in the current fiscal year.

Using This Financial Report

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

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

Reporting on the City as a Whole (Government Wide)

Statement of Net Assets and the Statement of activities

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

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

Reporting on the City as a Whole (Government Wide) - continued

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

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

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

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

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

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

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

The City as a Whole

Government-Wide Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Emporia, Kansas, assets exceeded liabilities by $95.3 million at the end of the current fiscal year..

By far the largest portion of the City of Emporia's net assets (84 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City of Emporia uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Emporia's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City as a Whole - continued

The Statement of Net Assets provides the financial position of the City as a whole. The following is a summary of the City's Statement of Net Assets as of December 31, 2008 and 2007:

CITY OF EMPORIA, KANSAS

CONDENSED STATEMENT OF NET ASSETS
December 31, 2008 and 2007

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
ASSETS						
Current	$ 19,130,360	$ 19,091,069	$ 5,950,779	$ 4,996,868	$ 25,081,139	$ 24,087,937
Net capital	92,618,842	98,770,717	34,960,211	36,786,365	127,579,053	135,557,082
Total assets	$ 111,749,202	$ 117,861,786	$ 40,910,990	$ 41,783,233	$ 152,660,192	$ 159,645,019
LIABILITIES						
Current	12,451,068	15,421,176	2,011,753	1,939,598	14,462,821	17,360,774
Noncurrent	28,136,588	26,504,911	14,731,764	16,117,477	42,868,352	42,622,388
Total liabilities	$ 40,587,656	$ 41,926,087	$ 16,743,517	$ 18,057,075	$ 57,331,173	$ 59,983,162
NET ASSETS						
Invested in capital assets, net of related debt	$ 61,752,347	$ 66,616,597	$ 18,842,735	$ 19,415,639	$ 80,595,082	$ 86,032,236
Restricted for:						
Debt service	467,128	227,184	0	0	467,128	227,184
Unrestricted	8,942,071	9,091,918	5,324,738	4,310,519	14,266,809	13,402,437
Total net assets	$ 71,161,546	$ 75,935,699	$ 24,167,473	$ 23,726,158	$ 95,329,019	$ 99,661,857

An additional portion of the City of Emporia's net assets (.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (14.3 million) may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was an increase of $239,944 in restricted net assets reported in connection with the City of Emporia's governmental activities. This increase resulted from the increase in the Debt Service Fund balance.

The City's net assets were decreased by $4.3 million during the current fiscal year. This decrease was due primarily to depreciation of capital assets during the year.

Governmental activities decreased the City of Emporia's net assets by $4.8 million. This decrease was due primarily to depreciation of capital assets and an increase in expenses closely paralleled to inflation and growth in the demand for services.

Governmental Activities

The following is a condensed statement of the City's change in net assets for the year ended December 31, 2008 and 2007:

CITY OF EMPORIA, KANSAS

CONDENSED STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended December 31, 2008 and 2007

	Governmental Activities		Business-Type Activities		Total	
Revenues	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Program						
Charges for services	$ 5,829,277	$ 4,716,743	$ 10,891,326	$ 11,335,237	$ 16,720,603	$ 16,051,980
Operating grants	2,369,355	2,275,621	0	0	2,369,355	2,275,621
Capital grants	258,611	0	0	0	258,611	0
General revenues:						
Property tax	13,696,681	13,087,215	0	0	13,696,681	13,087,215
Other	1,312,518	2,524,498	345,380	744,864	1,657,898	3,269,362
Total revenues	23,466,442	22,604,077	11,236,706	12,080,101	34,703,148	34,684,178
Expenditures						
General	4,580,920	6,205,113	0	0	4,580,920	6,205,113
Public safety	9,318,358	8,680,772	0	0	9,318,358	8,680,772
Highway & streets	8,122,190	8,218,813	0	0	8,122,190	8,218,813
Culture & recreation	2,772,761	2,774,693	0	0	2,772,761	2,774,693
Health & environment	72,475	72,475	0	0	72,475	72,475
Building maintenance	1,114,909	939,756	0	0	1,114,909	939,756
Planning & development	1,503,737	4,447,332	0	0	1,503,737	4,447,332
Airport operations	688,806	634,334	0	0	688,806	634,334
Solid waste disposal	0	0	2,712,201	2,629,336	2,712,201	2,629,336
Sewer utility	0	0	2,969,314	2,959,294	2,969,314	2,959,294
Water utility	0	0	3,255,744	3,564,058	3,255,744	3,564,058
Interest on debt	1,924,572	1,014,796	0	0	1,924,572	1,014,796
Total expenses	30,098,728	32,988,084	8,937,259	9,152,688	39,035,987	42,140,772
Increase (decrease) in net assets before transfers	(6,632,286)	(10,384,007)	2,299,447	2,927,413	(4,332,839)	(7,456,594)
Transfers	1,858,133	1,971,420	(1,858,133)	(1,971,420)	0	0
Increase (decrease) in net assets	$ (4,774,153)	$ (8,412,587)	$ 441,314	$ 955,993	$ (4,332,839)	$ (7,456,594)

Business-type Activities

Business-type activities increased the City of Emporia's net assets by $441,314 in 2008 compared to $955,993 for 2007. This change from 2007 to 2008 is attributed to the following: 1) A reduction in charges for services of $113,287 due to lower water usage by our bigger industries and in other revenues of $399,484 due to lower interest rates on investments and loss on disposal of assets 2) A reduction in expenditures of $215,429 which was due to a reduction in the use of contract services and in the use of supplies.

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $9.9 million, a decrease of $.7 million in comparison with the prior year. Most of this total fund balance amount ($5.3 million) constitutes capital project fund balances, which are available for spending on large capital projects. The remainders of fund balance amounts were as follows:

$1,143,544 Special Revenue Funds available for state defined projects and services.

$467,128 Debt Service Fund available for debt service requirements.

$3,038,285 General Fund available for spending at the City's discretion

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was $3.0 million. The fund balance of the City's general fund was increased by $722,326 during the current fiscal year.

The Industrial Development Sales Tax Fund is used to account for the receipt of retail sales tax and expenditures of funds generated by a portion of the City's retail sales tax. The ending fund balance of the Industrial Development Sales Tax Fund was $265,386 at December 31, 2008.

The Debt Service Fund has a total fund balance of $467,128, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the fund was $239,944. The City refunded one bond issue. The City also issued general obligation bonds with proceeds totaling $5.5 million to fund various projects.

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

Unrestricted net assets of the Water Fund at the end of the year amounted to $2.1 million, the Sewer Fund at the end of the year amounted to $2.6 million and those for the Solid Waste Disposal Fund operation amounted to $.6 million. The total change in net assets for Solid Waste disposal was an increase of $48,009, for Sewer the change was an increase of $332,379 and for Water the change was an increase of $60,927. The factors concerning the finances of these funds have already been addressed in the discussion of the City's business type activities.

General Fund Budgeting Highlights

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

The City's final General Fund budget was $15,066,306, which was amended from the original budget of $14,766,306. The revenues were less than budgetary estimates by $1,124,804 and the expenditures were less than budgetary estimates by $115,918.

The budget was amended to provide additional funding for the City's self-insured health insurance plan in the amount of $400,000 in response to health claims being submitted by employees.

The actual expenditures (before transfers) for the General Fund as of December 31, 2008 were $14,950,388 compared to the final budget of $15,066,306. The variance of actual expenditures to budget was $115,918 for the year ended December 31, 2008 and was due in part to actual heath claims being lower than expected.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business-type activities totaled $127.6 million (net of accumulated depreciation) as of December 31, 2008. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways and bridges. The decrease in the City's investment in capital assets for the current fiscal year for governmental activities was 6% and a 4% decrease for business-type activities.

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

Continued working on street improvements at the intersection of U.S. Hwy 50 and Graphic Arts road in the amount of $41,921.

Resurfaced U.S. Hwy 50 between Elm Street and Constitution Street at a cost of $434,181.

Completed the design and acquired easements and right-of-way for intersection improvements, including new left-turn lanes at the intersection of industrial Road and 15th Avenue at cost of $32,054.

Completed pavement repairs at 18th Avenue and Industrial at a cost of $34,911.

Continued to participate in the reconstruction of the interchange at I-35 and I-335

Consultant is re-evaluating the scope of the project for the bridge over KTA on 18th Avenue to reduce costs.

Completed construction of a combination sidewalk and bike path on South Avenue from Prairie Street to West Street

Completed storm sewer improvements by Norfolk Iron plant at a cost of $42,078.

Completed storm sewer improvements between 7th Avenue and 8th Avenue on Commercial Street at a cost of $24,127.

Installed a 12" water main and 15" sewer main to service the Hill's Pet Nutrition plant at a cost of $104,243.

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

Installed a new water main at Graphic Arts Road and Hwy 50 at a cost of $62,488.

Relocated utilities in preparation of the bridge replacement project on 18th Avenue over the KTA at a cost of $31,448.

Completed new airport hanger at the Emporia Airport at a cost of $288,572.

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

At December 31, 2008, the City had total debt outstanding of $48 million, backed by the full faith and credit of the City. Total long-term debt decreased for payments in the amount of $8,403,663 for the fiscal year ended December 31, 2008. The City is rated by one of the three rating agencies (Standards & Poor's) and has a rating of A+. The ration of bonded debt to assessed valuation for the City is 67.98%. In 2008, the City issued $5,500,000 of general obligation bonds to finance a variety of projects and improvements.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City is currently 6.6% (as of May 2009). This has risen in the past year due to a major downsizing at the City's largest employer, Tyson, and the overall national economy. A number of smaller employers have engaged in layoffs in the past year. The City Commission has taken steps to ensure the General and Utility Funds remain balanced even with declining revenues and unanticipated expenses. The revenues and expenses are reviewed quarterly by the City Commission and any necessary budget adjustments are made.

The occupancy rate in the downtown district remains at a consistent 90%. The Emporia Main Street organization approved a master plan for the downtown, called Community Initiated Development, in 2008. Other organizations involved with the CID include the City of Emporia, Emporia Area Chamber of Commerce and Regional Development Agency of East Central Kansas. The plan is designed to develop ways to increase the variety of retail, dining and entertainment options in the downtown area and to improve occupancy rates. A direct result of CID is the construction of a mixed retail and residential building that is scheduled to open in the summer 2009. The mixture will encourage people to live downtown, increasing the population base for the retailers. Emporia Main Street and the City envision more mixed use developments in the future.

Vacancy rates across Emporia also increased in 2008 and the first half of 2009. The City continues to promote industrial and retail economic development to fill these vacancies, improve the quality of life in Emporia and to further diversify the Emporia economy. The City attended the International Conference of Shopping Centers in 2008, which is attended by over 50,000 retailers, developers and government officials. A direct result of attending the conference was a proposed retail development anchored by a Lowe's and includes 2 additional sites for sit down restaurants, a junior box and a 5-stall strip mall. The project is currently delayed until 2010 due to the national economy.

In 2008 the City changed from a self-insurance program for health insurance to the private market with Blue Cross/Blue Shield of Kansas. The City then charged the actual monthly premium cost to each City department as well as to each employee to the actual cost of the premium. The employee share for single coverage is now 10% and is 50% for employee/spouse, employee/child(ren) and family coverage. The change in coverage has decreased the

Economic Factors and Next Year's Budgets and Rates - continued

City's annual cost. This ended the several year practice of subsidizing the cost of health insurance by using reserves that had built up in the Insurance Fund.

Due to budget cuts and a tight control on spending, the City had a significant surplus in the General Fund for the second consecutive fiscal year. Some major causes for the surplus in 2008 included not filling positions, eliminating and reducing capital projects and several operational projects being under budget in addition to the change in health insurance. The City also set aside moneys to implement a wage and classification study that was underway at the start of the 2008 fiscal year. The plan was implemented July 1, 2008, putting the cost of the raises under budget for the fiscal year. The 2009 budget includes an approximate $428,000 in unallocated expenses in order to meet Kansas statutes. Based on current trends, it appears the 2009 fiscal year will include another surplus.

The Water Fund had a small cash surplus in 2008, despite a significant decrease in revenues caused by Tyson closing the slaughter floor. The cause of the surplus was the elimination of a number of capital projects and not filling a Maintenance Worker position. The City cannot continue to defer capital projects indefinitely, as noted in the deficit in the Water Fund when including overall assets. A 10.5% rate increase, which began December 1, 2008, has not increased revenues due to a continuing decrease in water usage. One cause is that the City has had a rainy past 2 years, decreasing water usage during the peak summer months. The national economic slump appears to be another reason. An additional decrease in usage is expected later in the 2009 fiscal year due to system improvements at Menu Foods, one of the City's largest water users. Additional rate increases will likely be necessary.

The Sewer Fund had a very large surplus in the 2008 fiscal year. This was due to a 30% rate increase effective June 1, 2007. The high rate increase was due in part to the City's desire to increase revenues in order to pay for capital projects with cash from operating revenues rather than bonds. A number of capital projects originally included in the Capital Improvement Plan will no longer be necessary, leaving a large projected surplus in 2009. Sewer rates may be eligible to be lowered as a result without compromising the financial condition of the Sewer Fund.

The Solid Waste Fund had a healthy cash surplus in 2008. The cause was the delay in purchasing certain capital items and delaying filling open positions. Revenues are down noticeably in 2009, again due to the national economy. A large impact has been the collapse of the market for recyclables. The City has delayed large capital equipment purchases from 2009 to 2010. A rate increase will be needed unless the recyclable markets are restored to their previous levels.

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

Contacting the City

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

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BASIC FINANCIAL STATEMENTS

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CITY OF EMPORIA, KANSAS

STATEMENT OF NET ASSETS
December 31, 2008

ASSETS	Governmental Activities	Business-type Activities	Primary Government Total	Component Unit Emporia Public Library
Current assets:				
Cash and investments	$ 11,349,684	$ 4,454,838	$ 15,804,522	$ 400,780
Accounts receivable (net of allowance)	7,585,163	939,251	8,524,414	0
Inventory	0	291,008	291,008	0
Deferred charges	195,515	265,682	461,197	0
Total current assets	19,130,362	5,950,779	25,081,141	400,780
Capital assets:				
Land	1,683,849	210,525	1,894,374	0
Construction in progress	1,070,920	0	1,070,920	0
Capital assets	225,466,383	66,210,010	291,676,393	750,817
Less: accumulated depreciation	(135,602,310)	(31,460,324)	(167,062,634)	(378,972)
Total net capital assets	92,618,842	34,960,211	127,579,053	371,845
Total assets	$ 111,749,204	$ 40,910,990	$ 152,660,194	$ 772,625
LIABILITIES				
Current liabilities:				
Accounts payable	$ 357,922	$ 201,023	$ 558,945	$ 29,420
Accrued liabilities	918,162	303,605	1,221,767	0
Interest payable	473,293	48,677	521,970	0
Unearned revenue	6,438,301	0	6,438,301	0
Current portion of				
Compensated absences payable	245,037	36,369	281,406	17,738
Loans payable	25,457	0	25,457	0
Notes payable	0	734,980	734,980	0
General obligation bonds & temporary notes	3,992,900	687,100	4,680,000	0
Total current liabilities	12,451,072	2,011,754	14,462,826	47,158
Noncurrent liabilities:				
Compensated absences payable	245,034	36,367	281,401	0
General obligation bonds & temporary notes	27,822,809	3,177,191	31,000,000	0
Loans payable	68,745	0	68,745	0
Notes payable	0	11,518,205	11,518,205	0
Total noncurrent liabilities	28,136,588	14,731,763	42,868,351	0
Total Liabilities	$ 40,587,660	$ 16,743,517	$ 57,331,177	$ 47,158
NET ASSETS				
Invested in capital assets, net of related debt	$ 61,752,347	$ 18,842,735	$ 80,595,082	$ 371,845
Restricted for:				
Debt service	467,128	0	467,128	0
Grantor restricted	0	0	0	7,055
Donor restricted	0	0	0	28,249
Unrestricted	8,942,071	5,324,738	14,266,809	318,318
Total net assets	$ 71,161,546	$ 24,167,473	$ 95,329,019	$ 725,467

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF ACTIVITIES
For the year ended December 31, 2008

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	$ 4,580,920	$ 2,182,061	$ 600,062	$ 0
Public safety	9,318,358	2,687,503	266,288	0
Highway and streets	8,122,190	0	585,917	258,611
Culture and recreation	2,772,761	586,483	847,507	0
Health and environment	72,475	0	0	0
Building maintenance	1,114,909	0	0	0
Planning and development	1,503,737	0	0	0
Airport operations	688,806	373,230	69,581	0
Interest on long-term debt	1,924,572	0	0	0
Total governmental activities	30,098,728	5,829,277	2,369,355	258,611
Business-type activities:				
Solid waste disposal	2,712,201	3,140,333	0	0
Sewer utility	2,969,314	3,880,277	0	0
Water utility	3,255,744	3,870,716	0	0
Total business-type activities	8,937,259	10,891,326	0	0
Total primary government	$ 39,035,987	$ 16,720,603	$ 2,369,355	$ 258,611
Component unit:				
Emporia Public Library				
Culture and recreation	$ 852,585	$ 26,366	$ 848,355	$ 0
Total component unit	$ 852,585	$ 26,366	$ 848,355	$ 0

General Revenues:
- Property taxes levied for
  - General purposes
  - Debt service
- Investment earnings
- Miscellaneous

Transfers, net

Total general revenues and transfers

Change in net assets

Net assets- beginning

Net assets- ending

The accompanying notes are an integral part of this statement.

Net (Expenses) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	Emporia Public Library
$ (1,798,797)	$ 0	$ (1,798,797)	$ 0
(6,364,567)	0	(6,364,567)	0
(7,277,662)	0	(7,277,662)	0
(1,338,771)	0	(1,338,771)	0
(72,475)	0	(72,475)	0
(1,114,909)	0	(1,114,909)	0
(1,503,737)	0	(1,503,737)	0
(245,995)	0	(245,995)	0
(1,924,572)	0	(1,924,572)	0
(21,641,485)	0	(21,641,485)	0
0	428,132	428,132	0
0	910,963	910,963	0
0	614,972	614,972	0
0	1,954,067	1,954,067	0
(21,641,485)	1,954,067	(19,687,418)	0
$ 0	$ 0	$ 0	$ 22,136
0	0	0	22,136
11,108,631	0	11,108,631	0
2,588,050	0	2,588,050	0
414,246	159,667	573,913	13,198
898,272	185,714	1,083,986	4,168
1,858,133	(1,858,133)	0	0
16,867,332	(1,512,752)	15,354,580	17,366
(4,774,153)	441,315	(4,332,838)	39,502
75,935,699	23,726,158	99,661,857	685,965
$ 71,161,546	$ 24,167,473	$ 95,329,019	$ 725,467

CITY OF EMPORIA, KANSAS

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2008

	General Fund	Industrial Development Sales Tax	Debt Service	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	$ 2,652,307	$ 265,386	$ 471,052	$ 6,310,027	$ 9,698,772
Receivables					
Accounts	1,101,940	0	0	45,015	1,146,955
Taxes	3,737,869	0	2,042,388	657,951	6,438,208
Due form other funds	51,264	0	0	0	51,264
Total assets	$ 7,543,380	$ 265,386	$ 2,513,440	$ 7,012,993	$ 17,335,199
LIABILITIES & FUND BALANCES					
Liabilities					
Accounts payable	$ 267,494	$ 0	$ 0	$ 76,883	$ 344,377
Accrued liabilities	499,638	0	3,925	16,545	520,108
Due to other funds	0	0	0	51,264	51,264
Deferred revenue	3,737,963	0	2,042,387	657,951	6,438,301
Total liabilities	4,505,095	0	2,046,312	802,643	7,354,050
Fund Balance:					
Unreserved					
Undesignated, reported in:					
Special revenue funds	0	265,386	0	878,158	1,143,544
Debt service fund	0	0	467,128	0	467,128
Capital projects funds	0	0	0	5,332,192	5,332,192
General Fund	3,038,285	0	0	0	3,038,285
Total fund balance	3,038,285	265,386	467,128	6,210,350	9,981,149
Total liabilities & fund balances	$ 7,543,380	$ 265,386	$ 2,513,440	$ 7,012,993	$ 17,335,199

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

RECONCILIATION OF THE TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
December 31, 2008

Total Governmental Fund Balances		$ 9,981,149
Amounts reported for governmental activities in the statement of net assets are different because:		
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		1,239,313
Bond issuance costs are amortized over the life of the bonds for generally accepted accounting principles but expensed for fund purposes the amount of unamortized bond issuance costs as of December 31, 2008.		195,515
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
The cost of capital assets is	228,221,152	
Accumulated depreciation is	135,602,310	92,618,842
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds payable	31,815,709	
Loans payable	94,202	
Interest payable	473,293	
Compensated absences payable	490,069	(32,873,273)
Net Assets of Governmental Activities		$ 71,161,546

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

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

For the Year Ended December 31, 2008

	General Fund	Industrial Development Sales Tax	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes	$ 10,380,694	$ 0	$ 2,522,072	$ 727,937	$ 13,630,703
Charges for services	2,602,820	0	0	0	2,602,820
Special assessments	0	0	65,978	0	65,978
Intergovernmental	300,108	0	532,073	2,208,836	3,041,017
Licenses and permits	219,877	0	0	0	219,877
Fines and fees	918,706	0	0	0	918,706
Use of money and property	174,738	19,298	34,042	154,252	382,330
Contributions	0	0	0	296,791	296,791
Miscellaneous	225,070	26,125	25,908	113,005	390,108
Total revenues	14,822,012	45,423	3,180,073	3,500,821	21,548,329
Expenditures					
General government	1,727,673	0	0	581,552	2,309,225
Public safety	8,876,744	0	0	167,602	9,044,346
Highways and streets	869,366	0	0	604,158	1,473,524
Culture and recreation	1,560,838	0	0	726,745	2,287,583
Health and environment	0	0	0	72,474	72,474
Building maintenance	1,114,909	0	0	0	1,114,909
Planning and development	306,168	1,051,042	0	337,427	1,694,637
Airport operations	517,569	0	0	0	517,569
Appropriation	58,273	0	0	0	58,273
Capital outlay	0	0	0	2,140,096	2,140,096
Debt service					
Bond issuances costs	0	0	0	0	0
Principal	0	284,942	2,225,000	4,640,471	7,150,413
Interest and other charges	0	1,187	1,058,176	582,638	1,642,001
Total expenditures	15,031,540	1,337,171	3,283,176	9,853,163	29,505,050
Excess (deficiency) of revenues over (under) expenditures	(209,528)	(1,291,748)	(103,103)	(6,352,342)	(7,956,721)
Other financing sources (uses)					
Transfers in	1,992,111	659,233	343,047	58,570	3,052,961
Transfers out	(1,060,256)	(726)	0	(133,846)	(1,194,828)
Sale of bonds	0	0	0	5,500,000	5,500,000
Total other financing sources (uses)	931,854	658,507	343,047	5,424,724	7,358,132
Net change in fund balances	722,326	(633,241)	239,944	(927,618)	(598,589)
Fund balance:					
Beginning of year	2,315,959	898,627	227,184	7,137,968	10,579,738
End of year	$ 3,038,285	$ 265,386	$ 467,128	$ 6,210,350	$ 9,981,149

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT WIDE STATEMENT OF ACTIVITIES

December 31, 2008

Total Net Change In Fund Balances- Governmental Funds		$ (598,589)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period.		
Capital outlays	1,573,029	
Loss on sale of capital assets	(2,578)	
Depreciation expense	(7,722,278)	(6,151,827)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The revenues and expenses of certain internal service funds are included in governmental activities in the statement of activities.		515,687
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest accrual changed.		(78,982)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(135,323)
Proceeds of bonds is a revenue in the governmental funds, but it increase long-term liabilities in the statement of net assets and does not affect the statement of activities.		(5,500,000)
Repayment of loan principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		24,468
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.		7,150,413
Changes In Net Assets of Governmental Activities		$ (4,774,153)

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND
For the year ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance Favorable (Unfavorable)
Revenues						
Taxes	$ 10,380,694	$ 0	$ 10,380,694	$ 10,355,491	$ 10,355,491	$ 25,203
Intergovernmental	300,108	0	300,108	423,150	423,150	(123,042)
Licenses and permits	219,877	0	219,877	204,900	204,900	14,977
Charges for services	2,602,820	0	2,602,820	2,271,575	2,271,575	331,245
Fines and fees	918,706	0	918,706	678,700	678,700	240,006
Use of money & property	174,738	0	174,738	151,200	151,200	23,538
Reimbursements	0	0	0	147,847	147,847	(147,847)
Miscellaneous	225,069	0	225,069	1,713,952	1,713,952	(1,488,883)
Total revenues	14,822,012	0	14,822,011	$ 15,946,815	$ 15,946,815	$ (1,124,804)
Expenditures						
General government	1,727,673	(30,096)	1,697,577	$ 1,322,300	$ 1,322,300	$ (375,277)
Public safety						
Law enforcement	4,199,382	1,497	4,200,879	4,189,443	4,189,443	(11,436)
Animal control	124,833	0	124,833	131,712	131,712	6,879
Court services	439,375	0	439,375	508,456	508,456	69,081
Ambulance	2,329,528	0	2,329,528	1,970,634	1,970,634	(358,894)
Fire	1,783,625	(4,169)	1,779,456	1,931,976	1,931,976	152,520
Total public safety	8,876,744	(2,672)	8,874,072	8,732,221	8,732,221	(141,851)
Highways & streets						
Maintenance						
Maintenance	632,797	(26,271)	606,526	800,000	800,000	193,474
Snow removal	27,846	0	27,846	27,000	27,000	(846)
Street lighting	208,723	0	208,723	200,000	200,000	(8,723)
Total highways & streets	869,366	(26,271)	843,095	1,027,000	1,027,000	183,905
Culture & recreation						
Park	561,472	0	561,472	589,467	589,467	27,995
Swimming pool/ Peter Pan Park	93,067	0	93,067	92,170	92,170	(897)
Golf course	389,216	(2,060)	387,156	336,531	336,531	(50,625)
Golf shop	212,226	0	212,226	202,529	202,529	(9,697)
Zoo	304,858	0	304,858	269,426	269,426	(35,432)
Total culture & recreation	1,560,838	(2,060)	1,558,778	1,490,123	1,490,123	(68,655)

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND
For the year ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance Favorable (Unfavorable)
Expenditures - continued						
Building & maintenance						
Engineering	$ 346,972	$ 0	$ 346,972	$ 396,751	$ 396,751	$ 49,779
Grounds maintenance	60,696	0	60,696	47,182	47,182	(13,514)
Civic building	649,907	0	649,907	515,943	515,943	(133,964)
Library maintenance	57,335	0	57,335	55,814	55,814	(1,521)
Total building & maintenance	1,114,909	0	1,114,909	1,015,690	1,015,690	(99,219)
Planning & development	306,168	0	306,168	133,391	133,391	(172,777)
Airport operations	517,569	(20,053)	497,516	378,512	378,512	(119,004)
Appropriations	58,273	0	58,273	667,069	967,069	908,796
Total expenditures	15,031,540	(81,152)	14,950,388	14,766,306	15,066,306	115,918
Excess (deficiency) of revenues over (under) expenditures	(209,528)	81,152	(128,377)	1,180,509	880,509	(1,008,886)
Other Financing Sources (Uses):						
Transfers in	1,992,111	0	1,992,111	0	0	1,992,111
Transfers out	(1,060,256)	0	(1,060,256)	(1,152,365)	(1,152,365)	92,109
Total other financing sources (uses)	931,854	0	931,854	(1,152,365)	(1,152,365)	2,084,219
Excess (deficiency) of revenues and other sources over (under) expenditures & other (uses)	722,326	81,152	803,477	$ 28,144	$ (271,856)	$ 1,075,333
Fund Balance						
Beginning of year	2,315,959	(81,152)	2,234,807			
End of year	$ 3,038,285	$ 0	$ 3,038,284			

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
INDUSTRIAL DEVELOPMENT SALES TAX FUND
For the year ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance Favorable (Unfavorable)
Revenues						
Use of money & property	$ 19,298	$ 0	$ 19,298	$ 40,000	$ 40,000	$ (20,702)
Miscellaneous	26,125	0	26,125	1,000	1,000	25,125
Total revenues	45,423	0	45,423	$ 41,000	$ 41,000	$ 4,423
Expenditures						
Planning and development						
Contractual services	1,051,042	(93,150)	957,892	$ 1,654,908	$ 1,654,908	$ 697,016
Debt service						
Principal	284,942	0	284,942	0	0	(284,942)
Interest & other charges	1,187	0	1,187	0	0	(1,187)
Total expenditures	1,337,171	(93,150)	1,244,021	1,654,908	1,654,908	410,887
Excess (deficiency) of revenues over expenditures	(1,291,748)	93,150	(1,198,598)	(1,613,908)	(1,613,908)	415,310
Other financing sources						
Transfers in	659,233	0	659,233	668,976	668,976	(9,743)
Transfers out	(726)	0	(726)	0	0	(726)
Total other financing sources	658,507	0	658,507	668,976	668,976	(10,469)
Excess of revenues over (under) expenditures and other financing (uses)	(633,241)	93,150	(540,091)	$ (944,932)	$ (944,932)	$ 404,841
Fund Balance						
Beginning of year	898,627	(93,150)	805,477			
End of year	$ 265,386	$ 0	$ 265,386			

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2008

	Business-Type Activities Enterprise Funds		Business-Type Activities Enterprise Funds		
ASSETS	**Solid Waste Disposal**	**Sewer Utility**	**Water Utility**	**Total Enterprise Funds**	**Internal Service Funds**
Current assets:					
Cash and cash equivalents	$ 692,134	$ 2,432,213	$ 1,330,491	$ 4,454,838	$ 300,912
Investments	0	0	0	0	1,350,000
Receivables					
(net of allowance for uncollectible)	259,188	286,679	393,384	939,251	0
Inventory	0	0	291,008	291,008	0
Deferred charges	0	0	265,682	265,682	0
Total current assets	951,322	2,718,892	2,280,565	5,950,779	1,650,912
Capital assets:					
Land	102,625	7,702	100,198	210,525	0
Capital assets	3,846,692	34,609,652	27,753,666	66,210,010	0
Less: accumulated depreciation	(1,856,373)	(16,361,622)	(13,242,329)	(31,460,324)	0
Total net capital assets	2,092,944	18,255,732	14,611,535	34,960,211	0
Total assets	$ 3,044,266	$ 20,974,624	$ 16,892,100	$ 40,910,990	$ 1,650,912
LIABILITIES					
Current liabilities:					
Accounts payable	$ 95,018	$ 50,271	$ 55,734	$ 201,023	$ 13,545
Accrued liabilities	218,488	27,201	57,916	303,605	0
Interest payable	0	345	48,332	48,677	0
Unpaid claims	0	0	0	0	398,054
Current portion of:					
Compensated absences payable	9,257	2,017	25,095	36,369	0
Notes payable	0	525,424	209,556	734,980	0
General obligation bonds payable	3,000	0	684,100	687,100	0
Total current liabilities	325,763	605,258	1,080,733	2,011,754	411,599
Noncurrent liabilities:					
Compensated absences payable	9,257	2,016	25,094	36,367	0
General obligation bonds payable	66,291	0	3,110,900	3,177,191	0
Notes payable	0	8,558,816	2,959,389	11,518,205	0
Total noncurrent liabilities	75,548	8,560,832	6,095,383	14,731,763	0
Total Liabilities	$ 401,311	$ 9,166,090	$ 7,176,116	$ 16,743,517	$ 411,599
NET ASSETS					
Invested in capital assets, net of related debt	$ 2,023,653	$ 9,171,492	$ 7,647,590	$ 18,842,735	$ 0
Unrestricted	619,302	2,637,042	2,068,394	5,324,738	1,239,313
Total net assets	$ 2,642,955	$ 11,808,534	$ 9,715,984	$ 24,167,473	$ 1,239,313

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

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

For the year ended December 31, 2008

	Business-Type Activities Enterprise Funds		Business-Type Activities Enterprise Funds		
	Solid Waste Disposal	Sewer Utility	Water Utility	Total Enterprise Funds	Internal Service Funds
Operating revenues					
Charges for services	$ 3,140,333	$ 3,880,277	$ 3,870,716	$ 10,891,326	$ 2,087,874
Miscellaneous	235,721	4,627	8,809	249,157	0
Total operating revenues	3,376,054	3,884,904	3,879,525	11,140,483	2,087,874
Operating expenses					
Personal services	1,197,450	628,342	681,409	2,507,201	0
Contractual services	844,993	636,966	1,010,766	2,492,725	1,604,132
Commodities	364,420	175,394	423,894	963,708	0
Capital outlay	0	25,255	11,771	37,026	0
Depreciation	244,122	1,192,179	762,220	2,198,521	0
Other	54,452	14,684	20,380	89,516	0
Total operating expenses	2,705,437	2,672,820	2,910,440	8,288,697	1,604,132
Operating income (loss)	670,617	1,212,084	969,085	2,851,786	483,742
Nonoperating revenues (expenses)					
Interest income	19,545	45,508	94,614	159,667	31,945
Interest expense	(6,764)	(296,494)	(345,304)	(648,562)	0
Gain (loss) on disposal of assets	(56,704)	(6,739)	0	(63,443)	0
Total nonoperating revenues (expenses)	(43,923)	(257,725)	(250,690)	(552,338)	31,945
Income (loss) before operating transfers	626,694	954,359	718,395	2,299,448	515,687
Transfers from (to) other funds					
Transfers out	(578,685)	(621,980)	(657,468)	(1,858,133)	0
Total transfers	(578,685)	(621,980)	(657,468)	(1,858,133)	0
Changes in net assets	48,009	332,379	60,927	441,315	515,687
Net assets, January 1	2,594,946	11,476,155	9,655,057	23,726,158	723,626
Net assets, December 31	$ 2,642,955	$ 11,808,534	$ 9,715,984	$ 24,167,473	$ 1,239,313

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2008

	Business-Type Activities Enterprise Funds		Business-Type Activities Enterprise Funds		
	Solid Waste Disposal	Sewer Utility	Water Utility	Total Enterprise Funds	Internal Service Funds
Cash flows from operating activities					
Cash received from customers & users	$ 3,387,037	$ 3,938,329	$ 3,924,603	$ 11,249,969	$ 2,087,874
Cash payments to employees	(1,194,208)	(634,850)	(699,685)	(2,528,743)	0
Cash payments to suppliers	(1,272,925)	(827,568)	(1,475,552)	(3,576,045)	(1,665,923)
Net cash provided by (used in) operating activities	919,904	2,475,911	1,749,366	5,145,181	421,951
Cash flows from noncapital financing activities					
Transfers (to) other funds	(578,685)	(621,980)	(657,468)	(1,858,133)	0
Cash flows from capital & related financing activities					
Purchase and construction of capital assets	(365,270)	0	(56,076)	(421,346)	0
Principal paid on bonds and notes	(22,641)	(509,326)	(721,281)	(1,253,248)	0
Interest paid	(6,764)	(296,494)	(330,536)	(633,794)	0
Net cash provided by (used in) capital and related financing activities	(394,675)	(805,820)	(1,107,893)	(2,308,388)	0
Cash flows from investing activities					
Interest on investments	19,545	45,508	94,614	159,667	31,945
Proceeds from sale of investments	0	0	0	0	976,000
Purchase of investments	0	0	0	0	(1,350,000)
Net cash provided by (used in) investing activities	19,545	45,508	94,614	159,667	(342,055)
Net increase (decrease) in cash and cash equivalents	(33,911)	1,093,619	78,619	1,138,327	79,896
Cash and cash equivalents - Beginning of year	726,045	1,338,594	1,251,872	3,316,511	221,016
Cash and cash equivalents - End of year	$ 692,134	$ 2,432,213	$ 1,330,491	$ 4,454,838	$ 300,912
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities					
Operating income (loss)	$ 670,617	$ 1,212,084	$ 969,085	$ 2,851,786	$ 483,742
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	244,122	1,192,179	762,220	2,198,521	0
Bad debt expenses	7,322	12,627	9,364	29,313	0
Change in assets and liabilities					
(Increase) decrease receivables	10,983	53,425	45,078	109,486	0
(Increase) decrease inventory	0	0	11,624	11,624	0
Increase (decrease) accounts payable	(3,392)	8,639	(57,367)	(52,120)	(643)
Increase (decrease) accrued liabilities	(12,990)	3,465	27,638	18,113	(61,148)
Increase (decrease) accrued compensation	3,242	(6,508)	(18,276)	(21,542)	0
Net cash provided by (used in) operating activities	$ 919,904	$ 2,475,911	$ 1,749,366	$ 5,145,181	$ 421,951

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2008

	Private Purpose Trust	Agency Funds
ASSETS		
Cash and cash equivalents	$ 770,322	$ 22,556
Accrued interest receivable	1,196	0
Notes receivable	298,297	0
Total assets	$ 1,069,815	$ 22,556
LIABILITIES		
Accounts payable	$ 0	$ 22,556
Total Liabilities	0	22,556
NET ASSETS		
Reserved for economic development	$ 1,066,888	$ 0
Unreserved		
Undesignated	2,927	0
Total liabilities and net assets	$ 1,069,815	$ 22,556

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the year ended December 31, 2008

	Private Purpose Trust
Addition:	
Interest Income	$ 39,086
Total Additions	39,086
Deductions	30
Change in net assets	39,056
Net assets, January 1	1,030,759
Net assets, December 31	1,069,815

The accompanying notes are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Discretely Presented Component Unit

Emporia Public Library – The Emporia Public Library (Library) serves the citizens within the City's jurisdiction. The City appoints the entire governing body of the Library. Because the Library is not a separate taxing entity, the City levies tax for the Library's operations. The city appropriated $726,746 to the Library in 2008. Complete financial statements may be obtained at the Emporia Public Library, 110 E. 6th Avenue, Emporia, Kansas.

Jointly Governed Organization

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

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

Government-wide and Fund Financial Statements

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collected within 60 days of the end of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources.

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

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 contributions made by the City to be used for paying claims for job related injuries as well as contributions made by the City, City employees and former City employees to be used for payment of medical claims of covered employee health care participants and additional health insurance premiums. The City was self insured for its employees' health insurance and workers' compensation insurance for the year ended December 31, 2008. As of January 1, 2009, the City has moved its employees' health insurance to a third party provider but has remained self insured for workers' compensation insurance.

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Measurement Focus, Basis of Accounting and Basis of Presentation - continued

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

Dog Park Private Purpose Trust Fund – To account for monies provided by private donors to finance a dog park.

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

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

The City reports the following major governmental funds:

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

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

The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The City reports the following major proprietary funds:

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

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

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

B. Pooled Cash and Investments

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Receivables and Payables

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

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

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

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2008 in the governmental fund financial statements. It is not practicable to apportion delinquent taxes held by the County Treasurer and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

D. Inventories

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

E. Prepaid Items

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

F. Restricted Assets

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

G. 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 that $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Capital assets used in governmental funds types of the City are recorded at cost or estimated

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

G. Capital Assets - continued

historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fait 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:

Assets	Years
Buildings	20-75
Land Improvements	20-75
Building Improvements	20-75
Machinery and equipment	5-10
Office equipment	5-10
Infrastructure	20-75

H. Compensated Absences

It is the city's policy to permit employees to accumulate earned but unused vacation, compensatory and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide and proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. The General Fund has been used to liquidate the governmental funds compensated absences in prior years.

I. 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.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

K. Landfill Post-closure Care Liability

State and federal laws and regulations required the City to place a final cover on its landfill site, which was closed during 1994, and to perform certain maintenance and monitoring activities at the site for thirty years after closure. The amount reported as landfill post-closure care liability at December 31, 2008 represents what it would cost to perform all post-closure care in 2008. The actual costs may be higher due to inflation, changes in technology or changes in regulations. The City intends to fund these costs internally.

L. Use of Estimates

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

M. Deferred Revenue

The City reports deferred revenue on its governmental funds balance sheet. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized on the statement of revenues, expenditures and changes in fund balances.

N. 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 of through external restrictions imposed by creditors, grantors or law or regulations of other governments.

II. 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 from statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

a) Preparation of the budget for the succeeding calendar year on or before August 1st of each year.

b) Publication in a local newspaper of the proposed budget and the notice of public hearing on the budget on or before August 5th.

c) Public hearing on or before August 15th of each year, but at least ten days after publication of the notice of hearing.

d) Adoption of the final budget on or before August 25th.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

A. Budgetary Information - continued

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The 2008 budget was amended for the General, Special Street, Water Utility, Solid Waste Disposal and the Sewer Utility Funds.

The statutes permit management to transfer budgeted amounts between line items and departments within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each 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 City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All encumbered appropriations (legal budget expenditures authority) lapse at year end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds: Housing CDBG Grant, Housing Study RDA, Emergency Shelter, Telephone Tax-911, Law Enforcement Block Grant, Home Owners Rehab, DARE Crime Prevention, Home Rehab, Lake Kahola, Wireless 911 Tax and 2003 Home Rehab. 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.

The actual data presented in the budgetary comparisons statements differs from the data presented in accordance with accounting principles generally accepted in the United States of America (GAAP). The following is a summary of the effects on the ending fund balances caused by the difference in accounting between the budgetary basis and GAAP basis.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – continued

	Major Governmental Funds			Other	
GAAP FUND BALANCE	General Fund	Industrial Development Sales Tax Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
December 31, 2008	$ 3,038,285	$ 265,386	$ 467,128	$ 6,210,350	$ 9,981,149
Adjustments:					
Unreserved fund balances not subject to the Kansas Budget Law:					
Housing CDBG Grant				(4,947)	(4,947)
Housing Study RDA				(1,694)	(1,694)
Telephone Tax 911				(48,681)	(48,681)
Law Enforcement Block Grant				41,131	41,131
Home Owners Rehab				(9,295)	(9,295)
DARE Crime Prevention				(1,687)	(1,687)
Home Rehab				(1,021)	(1,021)
Lake Kahola				(50,204)	(50,204)
Wireless 911 Tax				(116,606)	(116,606)
2003 Home Rehab				(33,946)	(33,946)
Rental Rehab				3,410	3,410
TDD				(1,283)	(1,283)
TIF				(12,933)	(12,933)
Internal Improvements				(22,537)	(22,537)
Park Improvement Project				(46,166)	(46,166)
Biodiesel Plant Project				(533,460)	(533,460)
Civic Auditorium Improvement				(12,407)	(12,407)
Prairie Pedestrian Bridge				(3,065,256)	(3,065,256)
Traffic Signals				(82,610)	(82,610)
Paving Projects				(1,305,508)	(1,305,508)
Construction Projects				(130,834)	(130,834)
Special Assessment				(143,547)	(143,547)
Airport Improvement				7,262	7,262
Improvement				2,871	2,871
Total deductions	0	0	0	(5,569,948)	(5,569,948)
BUDGETARY FUND BALANCE December 31, 2008	$ 3,038,285	$ 265,386	$ 467,128	$ 640,402	$ 4,411,201

	Major Business-Type Funds			
Change in Net Assets	Solid Waste Disposal Fund	Sewer Utility Fund	Water Utility Fund	Total Business-Type Funds
December 31, 2008	$ 48,009	$ 332,379	$ 60,927	$ 441,315
Adjustments:				
Capital assets	365,270	0	(56,076)	309,194
Loss on sale of assets	56,704	6,739	0	63,443
Depreciation	244,122	1,192,179	762,220	2,198,521
Total deductions	666,096	1,198,918	706,144	2,571,158
Budgetary Change in Net Assets December 31, 2008	$ 714,105	$ 1,531,297	$ 767,071	$ 3,012,473

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - continued

B. Compliance with Kansas Statutes

The following funds had deficit fund equities as of December 31, 2008: Law Enforcement Block Grant - $41,131, Rental Rehab - $3,410, Airport Improvement - $7,262 and Recreation Center Improvement - $2,871.

These deficits will be recovered from the receipt of bond proceeds and/or grant monies.

III. 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 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 it's 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, 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 US government or any agency thereof, investment agreements with a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's investors service or Standard and Poor's corporation, and various other investments as specified in KSA 10-131.

At December 31, 2008, the City has the following Investments:

Investment Type	Fair Value	Rating	(Years)
Kansas Municipal Investment Pool	$ 1,764,723	S&P AAAf/S1+	0.003

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

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

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

III. DETAILED NOTES ON ALL FUNDS - continued

A. Deposits and Investments - continued

Component Unit. At year-end, the carrying amount of the Library's cash, including certificates of deposit and cash on hand, was $400,780 and the bank balance was $427,260. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, $348,269 was covered by federal depository insurance and the remaining $78,992 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Library's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the Library, the pledging bank, and the independent third-party bank holding the pledged securities.

B. Receivables

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

	General	Debt Service	Solid Waste Disposal	Sewer Utility	Water Utility	Other Governmental	Total
Receivables:							
Accounts	$ 1,150,586	$ 0	$ 268,598	$ 302,571	$ 405,199	$ 45,015	$ 2,171,969
Taxes	3,737,869	2,042,388	0	0	0	657,951	6,438,208
Gross Receivables	4,888,455	2,042,388	268,598	302,571	405,199	702,966	8,610,177
Less: allowance for uncollectible	48,646	0	9,410	15,892	11,815	0	85,763
Total	$ 4,839,809	$ 2,042,388	$ 259,188	$ 286,679	$ 393,384	$ 702,966	$ 8,524,414

C. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2008, is as follows:

Fund Types	Due From	Due To
General Fund	$ 51,264	$ 0
Special Revenue:		
Law Enforcement Block Grant		41,131
Capital Projects:		
Airport Improvement		7,262
Recreation Center Improvement	0	2,871
	$ 51,264	$ 51,264

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.

III. DETAILED NOTES ON ALL FUNDS – continued

D. Capital Assets

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

	Balance 12/31/2007	Additions/ Restatements	Retirements	Balance 12/31/2008
City governmental activities:				
Capital assets, not being depreciated				
Land	$ 1,683,849	$ 0	$ 0	$ 1,683,849
Construction in progress	1,070,920	0	0	1,070,920
Capital assets, being depreciated				
Land improvements	203,298,441	911,210	(15,000)	204,194,651
Buildings and improvements	12,920,695	16,504	(19,040)	12,918,159
Vehicles	2,654,960	87,032	(42,338)	2,699,654
Equipment, furniture and fixtures	5,133,769	558,283	(38,133)	5,653,919
Total capital assets	226,762,634	1,573,029	(114,511)	228,221,152
Less accumulated depreciation for:				
Land improvements	113,776,795	6,888,343	(15,000)	120,650,138
Buildings and improvements	7,451,106	364,451	(16,461)	7,799,096
Vehicles	2,288,160	159,671	(42,338)	2,405,493
Equipment, furniture and fixtures	4,475,856	309,860	(38,133)	4,747,583
Total accumulated depreciation	127,991,917	7,722,325	(111,932)	135,602,310
Governmental activities capital assets, net	$ 98,770,717	$ (6,149,296)	$ (2,579)	$ 92,618,842
Business-type activities:				
Capital assets, not being depreciated				
Land	$ 210,525	$ 0	$ 0	$ 210,525
Construction in progress	0	0	0	0
Capital assets, being depreciated				
Land improvements	35,961,089	56,076	(278)	36,016,887
Buildings and improvements	19,398,064	0	(11,812)	19,386,252
Vehicles	7,536,468	197,370	(143,640)	7,590,198
Equipment, furniture and fixtures	3,213,524	167,900	(179,215)	3,202,209
Total capital assets	66,319,670	421,346	(334,945)	66,406,071
Less accumulated depreciation for:				
Land improvements	15,023,270	956,998	(278)	15,979,990
Buildings and improvements	7,417,014	520,653	(5,058)	7,932,609
Vehicles	4,019,110	0	(2,817,201)	1,201,909
Equipment, furniture and fixtures	3,073,911	3,394,366	(122,464)	6,345,813
Total accumulated depreciation	29,533,305	4,872,017	(2,945,001)	31,460,321
Business-type activities capital assets, net	$ 36,786,365	$ (4,450,671)	$ (2,610,056)	$ 34,945,750

III. DETAILED NOTES ON ALL FUNDS – continued

D. Capital Assets

The City's depreciation expense was charged as follows:

Governmental Activities:	
General government	$ 145,808
Public safety	274,013
Highways and streets	6,648,667
Culture and recreation	482,600
Airport operations	171,237
Total depreciation	$ 7,722,325
Business-type Activities:	
Solid Waste Disposal	$ 244,122
Sewer Utility	1,192,179
Water Utility	762,220
Total depreciation	$ 2,198,521

E. Long-Term Debt

During the year ended December 31, 2008, the following changes, including the reallocation of the general obligation bonds outstanding between governmental and business-type activities, occurred in long term liabilities:

Governmental Activities	Balance January 1, 2008	Additions/ Adjustments	Reductions	Balance December 31, 2008	Amounts Due Within One Year
General obligation bonds	$ 27,156,654	$ 5,500,000	$ 2,310,945	$ 30,345,709	$ 2,522,900
Temporary note	6,290,000	0	4,820,000	1,470,000	1,470,000
Loans	118,670	0	24,468	94,202	25,457
Compensated absences	479,262	488,106	477,299	490,069	245,035
	$ 34,044,586	$ 5,988,106	$ 7,632,712	$ 32,399,980	$ 4,263,392
Business-type Activities					
General obligation bonds	$ 4,406,935	$ 0	$ 542,644	$ 3,864,291	$ 687,100
Notes payable	12,963,791	0	710,606	12,253,185	734,980
Compensated absences	94,279	0	21,543	72,736	36,369
	$ 17,465,005	$ 0	$ 1,274,793	$ 16,190,212	$ 1,458,449

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

III. DETAILED NOTES ON ALL FUNDS – continued

E. Long-Term Debt - continued

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

Issue	Interest Rates	Date of Issue	Original Issue	Date of Final Maturity	Bonds Outstanding
Governmental Activities					
1997-A internal improvements	4.25% to 6.00%	10/1/1997	$ 2,050,000	9/1/2011	$ 400,000
1998 refunding and improvements	3.875 % to 4.75%	12/1/1998	3,375,000	9/1/2014	1,030,000
2000 internal improvements	4.55% to 6.00%	12/1/2000	4,375,000	9/1/2015	325,000
2001-A internal improvements	3.75% to 5.6%	10/8/2001	6,190,000	9/1/2016	5,065,000
2002 refunding	3.00% to 4.30%	8/27/2002	3,019,980	9/1/2017	1,165,000
2002-B refunding	3.00% to 3.50%	11/20/2002	2,800,000	11/1/2012	1,595,000
2003 refunding	3.20% to 4.65%	8/15/2003	1,631,800	9/1/2018	1,230,000
2004 internal improvements	3.875% to 4.10 %	9/1/2004	3,045,000	9/1/2019	2,825,000
2005 internal improvements	3.70% to 5.00%	10/27/2005	3,022,000	9/1/2019	2,905,709
2007-A internal improvements	5.00% to 5.60%	10/10/2007	3,604,164	9/1/2018	3,560,000
2007-B refunding	3.50% to 5.25%	12/27/2007	5,229,425	9/1/2019	4,745,000
2007-A temporary notes	3.75%	12/8/2007	1,470,000	9/1/2009	1,470,000
2008 internal improvements	3.05-4.60%	9/1/2008	5,500,000	9/1/2009	5,500,000
Business-type Activities					
1998 refunding and improvements	3.875 % to 4.75%	12/1/1998	6,195,000	9/1/2014	3,385,000
2002 refunding	3.00% to 4.30%	8/27/2002	1,180,020	9/1/2017	180,000
2004 internal improvements	3.875% to 4.10 %	9/1/2004	265,000	9/1/2019	230,000
2005 internal improvements	3.70% to 5.00%	10/27/2005	138,000	9/1/2019	69,291
					$ 35,680,000

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

	Business-type Activities		Governmental Activities		
Year	Principal	Interest	Principal	Interest	Total
2009	$ 687,100	$ 159,543	$ 3,992,900	$ 1,339,261	$ 6,178,804
2010	540,790	129,833	2,939,210	1,157,901	4,767,734
2011	567,160	107,156	3,122,840	1,036,671	4,833,827
2012	587,620	83,102	3,207,380	909,353	4,787,455
2013	614,740	57,876	3,145,260	777,564	4,595,440
2014 to 2018	828,881	56,989	12,501,119	2,010,009	15,396,998
2019-2023	38,000	1,154	2,857,000	250,509	3,146,663
2024	0	0	50,000	6,900	56,900
	$ 3,864,291	$ 595,653	$ 31,815,709	$ 7,488,168	$ 43,763,821

III. DETAILED NOTES ON ALL FUNDS – continued

E. Long-Term Debt - continued

In prior years, the City had defeased certain 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, 2008, the following outstanding bonds are considered defeased:

		Principal
1993-A general obligation bonds	$	50,000
1993-B general obligation bonds		375,000
1989 water system revenue bonds		390,000
1994-A waster system revenue bonds		3,675,000
1994-B general obligation bonds		350,000
1996-A general obligation bonds		1,000,000
2000 internal improvements		2,900,000
Total	$	8,740,000

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

Conduit Debt. The City has entered into several conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the City. The City is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payment schedule related to the original debt. As of December 31, 2008, total outstanding conduit debt was $11,335,000.

Notes Payable. Payments began on February 1, 2000, on a 4.07% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund water system improvements. The annual debt service requirements for this loan, which matures August 1, 2020, are as follows:

Year Ending December 31,		Water Utility Fund
2009	$	336,421
2010		336,421
2011		336,421
2012		336,421
2013		336,421
2014-2018		1,682,106
2019-2020		672,842
Total Principal and interest		4,037,053
Less: Interest		868,108
Total Principal	$	3,168,945

III. DETAILED NOTES ON ALL FUNDS – continued

E. Long-Term Debt - continued

Payments began on September 1, 2001, on a 3.19% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund wastewater treatment plant expansion. The current amount of debt service for this loan is $3,191,077. Payments began on March 1, 2005, on a 3.10% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund the second phase of the wastewater treatment plant expansion. The current amount of debt service for this loan is $5,893,163. Annual debt service requirements for these loans, which mature March 1, 2021 and September 1, 2023, respectively, are as follows:

Year Ending December 31,	Wastewater Treatment Plant Expansion Phase I	Wastewater Treatment Plant Expansion Phase II	Total Sewer Utility Fund
2009	$ 311,561	$ 494,259	$ 805,820
2010	311,561	494,259	805,820
2011	311,561	494,259	805,820
2012	311,561	494,259	805,820
2013	311,561	494,259	805,820
2014-2018	1,557,807	2,471,293	4,029,100
2019-2023	778,904	2,471,293	3,250,197
Total Principal and interest	3,894,516	7,413,881	11,308,397
Less: Interest	703,439	1,520,718	2,224,157
Total Principal	$ 3,191,077	$ 5,893,163	$ 9,084,240

Loans Payable. Payments began on November 1, 2002, on a 2% interest rate loan agreement through the Camoplast Rockland economic development grant agreement. The annual debt service requirements on this loan, which matures May 1, 2012, are as follows:

Year Ending December 31,	Governmental Activities
2009	$ 27,708
2010	27,708
2011	27,708
2012	13,850
Total Principal and interest	96,974
Less: Interest	2,772
Total Principal	$ 94,202

III. DETAILED NOTES ON ALL FUNDS – continued

F. Reconciliation of Transfers

A reconciliation of interfund transfers follows:

	To	From
Major Funds:		
General	$ 1,992,111	$ 1,060,256
Industrial Development Sales Tax	659,233	726
Debt Service	343,047	0
Solid Waste Disposal	0	578,685
Sewer Utility	0	621,980
Water Utility	0	657,468
Other Governmental Funds	58,570	133,846
	$ 3,052,961	$ 3,052,961

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

G. Net Assets

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

	Governmental Activities	Business-type Activities	Primary Government Total
Total net capital assets	$ 92,618,842	$ 34,960,211	$ 127,579,053
Less:			
Current portion of loans payable	(25,457)	0	(25,457)
Current portion of notes payable	0	(734,980)	(734,980)
Current portion of general obligation bonds and temporary notes payable	(3,992,900)	(687,100)	(4,680,000)
Noncurrent portion of loans payable	(68,745)	0	(68,745)
Noncurrent portion of general obligation bonds and temporary notes payable	(27,827,809)	(3,177,191)	(31,005,000)
Noncurrent portion of notes payable	0	(11,518,205)	(11,518,205)
Add:			
Unspent general obligation bonds and temporary notes proceeds	1,043,416	0	1,043,416
Net assets - invested in capital assets, net of related debt	$ 61,747,347	$ 18,842,735	$ 80,590,082

IV. 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. –KSA 74-4919 established the KPERS member-employee contribution rate at 4% of covered salary. KSA 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provision of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. State law set a limitation on annual increases in the employer contribution rates. The employer rate was 5.93% from January 1 to December 31, 2008. The City employer contributions to KPERS for the years ending December 31, 2008, 2007, and 2006 were $249,304, $259,870, and $230,391, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2008 is 13.88%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2008, 2007, and 2006 were $625,634, $638,574, and $634,606, 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. All amounts of compensation deferred under the Plan are transferred to a third-party custodial trust. The amounts in the custodial trust at December 31, 2008 for IMCA was $996,024 and for Nationwide (PEBSCO) was $1,052,498.

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 full time employees are eligible to participate in the Plan beginning after two full months of employment. Each participant may elect to reduce his or her salary to purchase benefits offered through the Plan. Benefits offered through the Plan include insurance benefits.

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; and natural disasters for which the City carries commercial insurance. Settlements of claims have not exceeded available coverage for the years ended December 31, 2008, 2007, or 2006.

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

IV. OTHER INFORMATION - continued

D. Risk Management - continued

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

	2008	2007
Unpaid claims, January 1	$ 440,349	$ 404,266
Incurred claims (including IBNRs)	28,310	352,124
Claim payments	(98,966)	(316,041)
Unpaid claims, December 31	$ 369,693	$ 440,349

Employee Health Care. Similarly, the City has established a program to pay medical claims of covered current and former City employees. Liabilities are reported when it is probable that claims have been incurred and the amount of the liability can be reasonably estimated.

Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources.

	2008	2007
Unpaid claims, January 1	$ 18,853	$ 59,195
Incurred claims (including IBNRs)	1,514,674	1,616,386
Claim payments	(1,505,166)	(1,656,728)
Unpaid claims, December 31	$ 28,361	$ 18,853

E. Contingent Liabilities

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City at December 31, 2008.

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

F. New Governmental Accounting Standards

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

Statement 43 – "Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans" which establishes new reporting standards for Other Post Employment Benefit Plans (OPEB). This statement would impact the City in the event that it should decide to fund its OPEB liability as reported under Statement 45. See below. Statement 43 would be effective immediately after the implementation of Statement 45 in the event that the OPEB were funded.

IV. OTHER INFORMATION - continued

F. New Governmental Accounting Standards

Statement 45 – "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions" which requires that the cost of providing Other Post Employment Benefits (OPEB) be accounted for in basically the same way as pension benefits including the use of actuarial valuation methods. The liability reported under this standard may be funded as provided for by Statement 43 above. Statement 45 is effective for the fiscal year beginning January 1, 2008.

REQUIRED SUPPLEMENTAL INFORMATION

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CITY OF EMPORIA

SCHEDULE OF FUNDING PROGRESS
December 31, 2008

Health Care Plan

The City of Emporia by resolution has established a health care plan which provides medical, prescription and dental benefits to employees, retired employees and their dependents. Benefits are calculated by a third party administrator from reports of services rendered by health care providers to the administrator. The City pays for the services rendered from an internal service fund.

The plan is funded by premiums paid by employees and retired employees. The City subsidizes the plan by paying a specified amount of the total premium for active employees only. Retired employees pay the full premium. As noted above the plan is accounted for as part of an internal service fund and no separate financials statements are issued.

The following presents the key GASB Statement 45 valuation and accounting results for the retiree healthcare benefits offered to City employees. The Actuarial Accrued Liability is determined as of January 1, 2007, based on census data as of January 1, 2007.

The Annual Required Contribution (ARC) is defined as the Normal Cost plus 30-year level dollar amount amortization of the Unfunded Actuarial Accrued Liability. The Annual OPEB Cost equals the ARC because the initial balance sheet liability is zero.

Actuarial Accrued Liability as of January 1, 2007	$	950,929
Annual Required Contribution for 2007		101,665
Expected Employer Contribution for 2007 (pay-as-you-go-funding)		30,393

Employee Retirement System

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 (K.S.A 74-4901 et seg.) 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 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 calling 1-800-275-5737.

K.S.A 74-4919 established the KPERS member-employee contribution rate at 4% 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 set a limitation on annual increases in the employer contribution rates. The employer rate was 5.93% from January 1 to December 31, 2008. The City employer contributions to KPERS for the years ending December 31, 2008, 2007, and 2006 were $249,304, $259,870, and $230,391 respectively, equal to the required contributions for each year. The 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, 2008, 2007, 2006 were $625,634, $638,574 and $634,606, respectively, equal to the required contributions for each year.

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OTHER FINANCIAL INFORMATION

NONMAJOR SPECIAL REVENUE FUNDS

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

BUDGETED FUNDS:

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

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

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

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

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

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

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

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

NON-BUDGETED FUNDS:

Housing CDBG Grant Fund - To account for the costs or rehabilitating eligible rental properties. Financing was provided by the US Department of Housing and Urban Development through a community development block grant.

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

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

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

NONMAJOR SPECIAL REVENUE FUNDS

NON-BUDGETED FUNDS: continued

Law Enforcement Block Grant Fund - To account for grant funds from the US Department of Justice to be used to purchase certain equipment for the police department.

Home Owners Rehab Fund - To account for funds used in the owner occupied rehabilitation grant program.

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

Home Rehab Fund - To account for the funds used in the owner occupied rehabilitation grant program.

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

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

2003 Home Rehab - To account for funds used in the owner occupied rehabilitation grant program.

NONMAJOR CAPITAL PROJECT FUNDS

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

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

Ball Diamonds - To account for the costs to improve existing ball diamond facilities.

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

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

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

Bridge Projects - To account for the cost of the construction of bridges over I35 and KTA.

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

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

Construction Projects - To account for the costs of construction of new City facilities.

Special Assessment - To account for the costs of new subdivisions that will be charged special assessments.

Airport Improvement - To account for the improvements at the airport.

Recreation Center Improvement - To account for the improvements at the Recreation Center.

CITY OF EMPORIA, KANSAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2008

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 874,330	$ 5,384,433	$ 6,258,763
Receivables			
Accounts	45,015	0	45,015
Taxes	657,951	0	657,951
Total assets	$ 1,577,296	$ 5,384,433	$ 6,961,729
LIABILITIES			
Accounts payable	$ 24,642	$ 52,241	$ 76,883
Accrued liabilities	16,545	0	16,545
Due to other funds	0	0	0
Deferred revenue	657,951	0	657,951
Total Liabilities	699,138	52,241	751,379
Fund Balance			
Reserved for encumbrances	0	0	0
Unreserved			
Designated			
For industrial development	125,819	0	125,819
Undesignated (deficit)	752,339	5,332,192	6,084,531
Total fund balance (deficit)	878,158	5,332,192	6,210,350
Total liabilities and fund balances	$ 1,577,296	$ 5,384,433	$ 6,961,729

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2008

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
Revenues			
Taxes	$ 727,937	$ 0	$ 727,937
Intergovernmental	1,947,063	261,773	2,208,836
Use of money and property	21,036	133,216	154,252
Donations and contributions	31,441	265,350	296,791
Miscellaneous	83,890	29,115	113,005
Total revenues	2,811,367	689,454	3,500,821
Expenditures			
Current			
General government	581,552	0	581,552
Law enforcement	167,602	0	167,602
Highways and streets	604,158	0	604,158
Culture and recreation	726,745	0	726,745
Health and environment	72,474	0	72,474
Planning and development	337,427	0	337,427
Capital outlay	0	2,140,096	2,140,096
Debt service			
Principal	0	4,640,471	4,640,471
Interest and other charges	0	582,638	582,638
Total expenditures	2,489,958	7,363,205	9,853,163
Excess (deficiency) of revenues over (under) expenditures	321,409	(6,673,751)	(6,352,342)
Other financing sources (uses)			
Transfers in	20,000	38,570	58,570
Transfers out	(133,503)	(343)	(133,846)
Sale of bonds	0	5,500,000	5,500,000
Total other financing sources (uses)	(113,503)	5,538,227	5,424,724
Net change in fund balances	207,906	(1,135,524)	(927,618)
Fund balance, beginning of year	670,252	6,467,716	7,137,968
Fund balances, end of year	$ 878,158	$ 5,332,192	$ 6,210,350

CITY OF EMPORIA, KANSAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2008

	Library	Library Employee Benefits	Convention and Tourism Promotion	Industrial
ASSETS				
Cash and investments	$ 4,974	$ 595	$ 132,417	$ 125,819
Receivables				
Accounts	0	0	0	0
Taxes	612,684	44,241	0	1,026
Total assets	$ 617,658	$ 44,836	$ 132,417	$ 126,845
LIABILITIES				
Accounts payable	$ 0	$ 0	$ 0	$ 0
Accrued liabilities	0	0	0	0
Deferred revenue	612,684	44,241	0	1,026
Total Liabilities	612,684	44,241	0	1,026
FUND BALANCE				
Reserved for encumbrances	0	0	0	0
Unreserved				
Designated				
For industrial development	0	0	0	125,819
Undesignated (deficit)	4,974	595	132,417	0
Total fund balance (deficit)	4,974	595	132,417	125,819
Total liabilities and fund balances	$ 617,658	$ 44,836	$ 132,417	$ 126,845

Special Alcohol Program	Special Park and Recreation	Special Street	Drug Money Forfeiture	Housing CDBG Grant	Housing Study RDA
$ 93,467	$ 92,918	$ 198,455	$ 13,874	$ 627	$ 1,694
0	0	5,272	0	4,320	0
0	0	0	0	0	0
$ 93,467	$ 92,918	$ 203,727	$ 13,874	$ 4,947	$ 1,694
$ 0	$ 0	$ 10,844	$ 0	$ 0	$ 0
0	0	16,545	0	0	0
0	0	0	0	0	0
0	0	27,389	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
93,467	92,918	176,338	13,874	4,947	1,694
93,467	92,918	176,338	13,874	4,947	1,694
$ 93,467	$ 92,918	$ 203,727	$ 13,874	$ 4,947	$ 1,694

CITY OF EMPORIA, KANSAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2008

	Emergency Shelter	Telephone Tax-911	Law Enforcement Block Grant	Home Owners Rehab
ASSETS				
Cash and investments	$ 0	$ 47,906	$ (41,131)	$ 1,198
Receivables				
Accounts	0	775	0	8,097
Taxes	0	0	0	0
Total assets	$ 0	$ 48,681	$ (41,131)	$ 9,295
LIABILITIES				
Accounts payable	$ 0	$ 0	$ 0	$ 0
Accrued liabilities	0	0	0	0
Deferred revenue	0	0	0	0
Total Liabilities	0	0	0	0
FUND BALANCE				
Reserved for encumbrances	0	0	0	0
Unreserved				
Designated				
For industrial development	0	0	0	0
Undesignated (deficit)	0	48,681	(41,131)	9,295
Total fund balance (deficit)	0	48,681	(41,131)	9,295
Total liabilities and fund balances	$ 0	$ 48,681	$ (41,131)	$ 9,295

DARE Crime Prevention	Home Rehab	Lake Kahola	Wireless 911 Tax	2003 Home Rehab	Rental Rehab
$ 1,687	$ 846	$ 50,204	$ 117,001	$ 11,248	$ 385
0	175	0	115	22,761	3,500
0	0	0	0	0	0
$ 1,687	$ 1,021	$ 50,204	$ 117,116	$ 34,009	$ 3,885
$ 0	$ 0	$ 0	$ 510	$ 63	$ 7,295
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	510	63	7,295
0	0	0	0	0	0
0	0	0	0	0	0
1,687	1,021	50,204	116,606	33,946	(3,410)
1,687	1,021	50,204	116,606	33,946	(3,410)
$ 1,687	$ 1,021	$ 50,204	$ 117,116	$ 34,009	$ 3,885

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CITY OF EMPORIA, KANSAS

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2008

	TDD Fund	TIF Fund	Totals
ASSETS			
Cash and investments	$ 1,283	$ 18,863	$ 874,330
Receivables			
Accounts	0	0	45,015
Taxes	0	0	657,951
Total assets	$ 1,283	$ 18,863	$ 1,577,296
LIABILITIES			
Accounts payable	$ 0	$ 5,930	$ 24,642
Accrued liabilities	0	0	16,545
Deferred revenue	0	0	657,951
Total Liabilities	0	5,930	699,138
FUND BALANCE			
Reserved for encumbrances	0	0	0
Unreserved			
Designated			
For industrial development	0	0	125,819
Undesignated (deficit)	1,283	12,933	752,339
Total fund balance (deficit)	1,283	12,933	878,158
Total liabilities and fund balances	$ 1,283	$ 18,863	$ 1,577,296

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2008

	Library	Library Employee Benefits	Convention and Tourism Promotion	Industrial
Revenues				
Taxes	$ 670,786	$ 55,960	$ 0	$ 1,191
Intergovernmental	0	0	468,957	0
Use of money and property	0	0	2,347	3,512
Donations	0	0	0	0
Miscellaneous	107	0	0	0
Total revenues	670,893	55,960	471,304	4,703
Expenditures				
General government	0	0	421,842	0
Law enforcement	0	0	0	0
Highways and streets	0	0	0	0
Culture and recreation	670,785	55,960	0	0
Health and environment	0	0	0	0
Planning and development	0	0	0	4,017
Total expenditures	670,785	55,960	421,842	4,017
Excess (deficiency) of revenues over (under) expenditures	108	0	49,462	686
Other financing sources (uses)				
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Net change in fund balances	108	0	49,462	686
Fund balance, beginning of year	4,866	595	82,955	125,133
Fund balances, end of year	$ 4,974	$ 595	$ 132,417	$ 125,819

Special Alcohol Program	Special Park and Recreation	Special Street	Drug Money Forfeiture	Housing CDBG Grant	Housing Study RDA
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
95,010	95,010	844,028	1,754	0	0
2,002	1,982	4,462	713	0	0
0	0	0	0	0	0
0	0	28,208	0	242	0
97,012	96,992	876,698	2,467	242	0
0	72,967	0	0	0	0
0	0	0	13,223	0	0
0	0	604,158	0	0	0
0	0	0	0	0	0
72,474	0	0	0	0	0
0	0	0		7	0
72,474	72,967	604,158	13,223	7	0
24,538	24,025	272,540	(10,756)	235	0
0	0	0	0	0	0
0	0	(133,503)	0	0	0
0	0	(133,503)	0	0	0
24,538	24,025	139,037	(10,756)	235	0
68,929	68,893	37,301	24,630	4,712	1,694
$ 93,467	$ 92,918	$ 176,338	$ 13,874	$ 4,947	$ 1,694

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2008

	Emergency Shelter	Telephone Tax-911	Law Enforcement Block Grant	Home Owners Rehab
Revenues				
Taxes	$ 0	$ 0	$ 0	$ 0
Intergovernmental	13,043	49,988	69,929	0
Use of money and property	0	943	0	0
Donations	0	0	31,441	0
Miscellaneous	0	0	0	0
Total revenues	13,043	50,931	101,370	0
Expenditures				
General government	13,043	29,861	0	0
Law enforcement	0	0	154,379	0
Highways and streets	0	0	0	0
Culture and recreation	0	0	0	0
Health and environment	0	0	0	0
Planning and development	0	0	0	2,296
Total expenditures	13,043	29,861	154,379	2,296
Excess (deficiency) of revenues over (under) expenditures	0	21,070	(53,009)	(2,296)
Other financing sources (uses)				
Transfers in	0	0	0	0
Transfers out	0	0	0	0
Total other financing sources (uses)	0	0	0	0
Net change in fund balances	0	21,070	(53,009)	(2,296)
Fund balance, beginning of year	0	27,611	11,878	11,591
Fund balances, end of year	$ 0	$ 48,681	$ (41,131)	$ 9,295

DARE Crime Prevention	Home Rehab	Lake Kahola	Wireless 911 Tax	2003 Home Rehab	Rental Rehab
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
0	0	0	62,667	68,908	147,873
0	0	2,381	2,666	0	0
0	0	0	0	0	0
0	0	51,425	0	(1)	3,909
0	0	53,806	65,333	68,907	151,782
0	0	0	35,317	8,522	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	3,495	73,974	0	62,738	175,192
0	3,495	73,974	35,317	71,260	175,192
0	(3,495)	(20,168)	30,016	(2,353)	(23,410)
0	0	0	0	0	20,000
0	0	0	0	0	0
0	0	0	0	0	20,000
0	(3,495)	(20,168)	30,016	(2,353)	(3,410)
1,687	4,516	70,372	86,590	36,299	0
$ 1,687	$ 1,021	$ 50,204	$ 116,606	$ 33,946	$ (3,410)

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CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
December 31, 2008

	TDD Fund	TIF Fund	Totals
Revenues			
Taxes	$ 0	$ 0	$ 727,937
Intergovernmental	1,278	28,618	1,947,063
Use of money and property	5	23	21,036
Donations	0	0	31,441
Miscellaneous	0	0	83,890
Total revenues	1,283	28,641	2,811,367
Expenditures			
General government	0	0	581,552
Law enforcement	0	0	167,602
Highways and streets	0	0	604,158
Culture and recreation	0	0	726,745
Health and environment	0	0	72,474
Planning and development	0	15,708	337,427
Total expenditures	0	15,708	2,489,958
Excess (deficiency) of revenues over (under) expenditures	1,283	12,933	321,409
Other financing sources (uses)			
Transfers in	0	0	20,000
Transfers out	0	0	(133,503)
Total other financing sources (uses)	0	0	(113,503)
Net change in fund balances	1,283	12,933	207,906
Fund balance, beginning of year	0	0	670,252
Fund balances, end of year	$ 1,283	$ 12,933	$ 878,158

CITY OF EMPORIA, KANSAS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2008

	Internal Improvements	Ball Diamonds	Park Improvement Project	Biodiesel Plant Project
ASSETS				
Cash and investments	$ 22,537	$ 0	$ 70,706	$ 533,460
Total assets	$ 22,537	$ 0	$ 70,706	$ 533,460
LIABILITIES				
Accounts payable	$ 0	$ 0	$ 24,540	$ 0
Due to other funds	0	0	0	0
Total Liabilities	0	0	24,540	0
FUND BALANCE				
Unreserved				
Undesignated (deficit)	22,537	0	46,166	533,460
Total fund balance (deficit)	22,537	0	46,166	533,460
Total liabilities and fund balances	$ 22,537	$ 0	$ 70,706	$ 533,460

Civic Auditorium Improvement	Bridge Projects	Traffic Signals	Paving Project	Construction Projects	Special Assessment
$ 12,407	$ 3,067,031	$ 82,610	$ 1,305,521	$ 156,747	$ 143,547
$ 12,407	$ 3,067,031	$ 82,610	$ 1,305,521	$ 156,747	$ 143,547
$ 0	$ 1,775	$ 0	$ 13	$ 25,913	$ 0
0	0	0	0	0	0
0	1,775	0	13	25,913	0
12,407	3,065,256	82,610	1,305,508	130,834	143,547
12,407	3,065,256	82,610	1,305,508	130,834	143,547
$ 12,407	$ 3,067,031	$ 82,610	$ 1,305,521	$ 156,747	$ 143,547

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CITY OF EMPORIA, KANSAS

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2008

	Airport Improvement	Recreation Center Improvement	Totals
ASSETS			
Cash and investments	$ (7,262)	$ (2,871)	$ 5,384,433
Total assets	$ (7,262)	$ (2,871)	$ 5,384,433
LIABILITIES			
Accounts payable	$ 0	$ 0	$ 52,241
Due to other funds	0	0	0
Total Liabilities	0	0	52,241
FUND BALANCE			
Unreserved			
Undesignated (deficit)	(7,262)	(2,871)	5,332,192
Total fund balance (deficit)	(7,262)	(2,871)	5,332,192
Total liabilities and fund balances	$ (7,262)	$ (2,871)	$ 5,384,433

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2008

	Internal Improvements	Ball Diamonds	Park Improvement Project	Biodiesel Plant Project
Revenues				
Intergovernmental	$ 3,162	$ 0	$ 188,530	$ 0
Use of money and property	1,729	92	0	0
Miscellaneous	1,185	0	27,430	0
Contributions	0	0	0	0
Total revenues	6,076	92	215,960	0
Expenditures				
Capital outlay				
Contract costs	826	8,001	168,879	109,695
Debt service				
Principal	185,000	0	204,242	0
Interest and other charges	10,181	0	17,417	(16,788)
Total expenditures	196,007	8,001	390,538	92,907
Excess (deficiency) of revenues over (under) expenditures	(189,931)	(7,909)	(174,578)	(92,907)
Other financing sources (uses)				
Transfers in	0	0	37,500	726
Transfers out	0	0	(194)	0
Sale of bonds	0	0	221,852	0
Total other financing sources (uses)	0	0	259,158	726
Net change in fund balances	(189,931)	(7,909)	84,580	(92,181)
Fund balance, beginning of year	212,468	7,909	(38,414)	625,641
Fund balances, end of year	$ 22,537	$ 0	$ 46,166	$ 533,460

Civic Auditorium Improvement	Bridge Projects	Traffic Signals	Paving Project	Construction Projects	Special Assessment
$ 0	$ 500	$ 0	$ 0	$ 0	$ 0
849	54,254	2,270	60,579	5,784	0
0	0	0	0	0	0
265,350	0	0	0	0	0
266,199	54,754	2,270	60,579	5,784	0
276,228	833,390	0	128,912	82,008	(4,264)
0	317,590	0	3,414,539	284,900	234,200
0	43,941	0	478,775	25,841	22,642
276,228	1,194,921	0	4,022,226	392,749	252,578
(10,029)	(1,140,167)	2,270	(3,961,647)	(386,965)	(252,578)
0	343	0	1	0	0
0	0	0	0	(149)	0
0	2,235,066	0	2,543,537	294,384	205,161
0	2,235,409	0	2,543,538	294,235	205,161
(10,029)	1,095,242	2,270	(1,418,109)	(92,730)	(47,417)
22,436	1,970,014	80,340	2,723,617	223,564	190,964
$ 12,407	$ 3,065,256	$ 82,610	$ 1,305,508	$ 130,834	$ 143,547

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
December 31, 2008

	Airport Improvement	Recreation Center Improvement	Totals
Revenues			
Intergovernmental	$ 69,581	$ 0	$ 261,773
Use of money and property	2,648	5,011	133,216
Miscellaneous	500	0	29,115
Contributions	0	0	265,350
Total revenues	72,729	5,011	689,454
Expenditures			
Capital outlay			
Contract costs	307,926	228,495	2,140,096
Debt service			
Principal	0	0	4,640,471
Interest and other charges	0	629	582,638
Total expenditures	307,926	229,124	7,363,205
Excess (deficiency) of revenues over (under) expenditures	(235,197)	(224,113)	(6,673,751)
Other financing sources (uses)			
Transfers in	0	0	38,570
Transfers out	0	0	(343)
Sale of bonds	0	0	5,500,000
Total other financing sources (uses)	0	0	5,538,227
Net change in fund balances	(235,197)	(224,113)	(1,135,524)
Fund balance, beginning of year	227,935	221,242	6,467,716
Fund balances, end of year	$ (7,262)	$ (2,871)	$ 5,332,192

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
LIBRARY FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Favorable (Unfavorable)
Revenue						
Taxes	$ 670,786	$ 0	$ 670,786	$ 664,487	$ 664,487	$ 6,299
Miscellaneous	107	0	107	0	0	107
Total revenues	670,893	0	670,893	$ 664,487	$ 664,487	$ 6,406
Expenditures						
Culture and recreation	670,785	0	670,785	677,932	677,932	7,147
Total expenditures	670,785	0	670,785	$ 677,932	$ 677,932	$ 7,147
Excess of revenues over (under) expenditures	108	0	108			
Fund Balance - Beginning of year	4,866	0	4,866			
End of year	$ 4,974	$ 0	$ 4,974			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
LIBRARY EMPLOYEE BENEFIT FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Favorable (Unfavorable)
Revenue						
Taxes	$ 55,960	$ 0	$ 55,960	$ 55,891	$ 55,891	$ 69
Total revenues	55,960	0	55,960	$ 55,891	$ 55,891	$ 69
Expenditures						
Culture and recreation	55,960	0	55,960	57,000	57,000	1,040
Total expenditures	55,960	0	55,960	$ 57,000	$ 57,000	$ 1,040
Excess of revenues over (under) expenditures	0	0	0			
Fund Balance - Beginning of year	595	0	595			
End of year	$ 595	$ 0	$ 595			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET CONVENTION AND TOURISM FUND

For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Favorable (Unfavorable)
Revenues						
Intergovernmental	$ 468,957	$ 0	$ 468,957	$ 384,000	$ 384,000	$ 84,957
Use of money & property	2,347	0	2,347	1,000	1,000	1,347
Total revenues	471,304	0	471,304	$ 385,000	$ 385,000	$ 86,304
Expenditures						
Current						
General government						
Appropriations	421,842	0	421,842	434,008	434,008	12,166
Total expenditures	421,842	0	421,842	$ 434,008	$ 434,008	$ 12,166
Excess of revenues over (under) expenditures	49,462	0	49,462			
Fund Balance - Beginning of year	82,955	0	82,955			
End of year	$ 132,417	$ 0	$ 132,417			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
INDUSTRIAL FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Favorable (Unfavorable)
Revenues						
Intergovernmental	$ 1,191	$ 0	$ 1,191	$ 1,138	$ 1,138	$ 53
Use of money & property	3,512	0	3,512	0	0	3,512
Total revenues	4,703	0	4,703	$ 1,138	$ 1,138	$ 3,565
Expenditures						
Current						
Planning and development						
Contractual services	4,017	0	4,017	126,304	126,304	122,287
Total expenditures	4,017	0	4,017	$ 126,304	$ 126,304	$ 122,287
Excess of revenues over (under) expenditures	686	0	686			
Fund Balance - Beginning of year	125,133	0	125,133			
End of year	$ 125,819	$ 0	$ 125,819			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL ALCOHOL PROGRAM FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Favorable (Unfavorable)
Revenues						
Intergovernmental	$ 95,010	$ 0	$ 95,010	$ 75,000	$ 75,000	$ 20,010
Use of money & property	2,002	0	2,002	2,000	2,000	2
Total revenues	97,012	0	97,012	$ 77,000	$ 77,000	$ 20,012
Expenditures						
Current						
Health and environment						
Appropriation	72,474	0	72,474	135,761	135,761	63,287
Total expenditures	72,474	0	72,474	$ 135,761	$ 135,761	$ 63,287
Excess of revenues over (under) expenditures	24,538	0	24,538			
Fund Balance - Beginning of year	68,929	0	68,929			
End of year	$ 93,467	$ 0	$ 93,467			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL PARK AND RECREATION FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Favorable (Unfavorable)
Revenues						
Intergovernmental	$ 95,010	$ 0	$ 95,010	$ 75,000	$ 75,000	$ 20,010
Use of money & property	1,982	0	1,982	2,500	2,500	(518)
Total revenues	96,992	0	96,992	$ 77,500	$ 77,500	$ 19,492
Expenditures						
Current						
General government						
Contractual	5,682	0	5,682	0	0	(5,682)
Capital outlay	67,285	0	67,285	93,502	93,502	26,217
Total expenditures	72,967	0	72,967	$ 93,502	$ 93,502	$ 20,535
Excess of revenues over (under) expenditures	24,025	0	24,025			
Fund Balance - Beginning of year	68,893	0	68,893			
End of year	$ 92,918	$ 0	$ 92,918			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
SPECIAL STREET FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Favorable (Unfavorable)
Revenues						
Intergovernmental	$ 844,028	$ 0	$ 844,028	$ 890,020	$ 890,020	$ (45,992)
Use of money & property	4,462	0	4,462	2,500	2,500	1,962
Miscellaneous	28,208	0	28,208	6,000	6,000	22,208
Total revenues	876,698	0	876,698	$ 898,520	$ 898,520	$ (21,822)
Expenditures						
Current						
Highways and streets						
Personal services	346,570	0	346,570	405,531	414,531	67,961
Contractual	198,229	0	198,229	289,722	289,722	91,493
Commodities	15,712	0	15,712	176,569	176,569	160,857
Other charges	2,846	0	2,846	35,000	35,000	32,154
Capital outlay	40,801	(22,603)	18,198	45,000	45,000	26,802
Total expenditures	604,158	(22,603)	581,555	$ 951,822	$ 960,822	$ 379,267
Excess of revenues over (under) expenditures	272,540	22,603	295,143			
Other Financing Sources (Uses):						
Transfers out	(133,503)	0	(133,503)	$ 0	$ 0	$ (133,503)
Excess of revenues over (under) expenditures & other financing (uses)	139,037	22,603	161,640			
Fund Balance - Beginning of year	37,301	(22,603)	14,698			
End of year	$ 176,338	$ 0	$ 176,338			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
DRUG MONEY FORFEITURE FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Favorable (Unfavorable)
Revenues						
Intergovernmental	$ 1,754	$ 0	$ 1,754	$ 20,000	$ 20,000	$ (18,246)
Use of money & property	713	0	713	300	300	413
Total revenues	2,467	0	2,467	$ 20,300	$ 20,300	$ (17,833)
Expenditures						
Current						
Law enforcement						
Commodities	13,223	0	13,223	10,545	10,545	(2,678)
Capital outlay	0	0	0	29,000	29,000	29,000
Total expenditures	13,223	0	13,223	$ 39,545	$ 39,545	$ 26,322
Excess of revenues over (under) expenditures	(10,756)	0	(10,756)			
Excess of revenues over (under) expenditures & other financing (uses)	(10,756)	0	(10,756)			
Fund Balance - Beginning of year	24,630	0	24,630			
End of year	$ 13,874	$ 0	$ 13,874			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - ACTUAL AND BUDGET
DEBT SERVICE FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget Favorable (Unfavorable)
Revenues						
Taxes	$ 2,522,072	$ 0	$ 2,522,072	$ 2,229,077	$ 2,229,077	$ 292,995
Special assessments	65,978	0	65,978	190,535	190,535	(124,557)
Intergovernmental	532,073	0	532,073	267,668	267,668	264,405
Use of money & property	34,042	0	34,042	25,000	25,000	9,042
Miscellaneous	25,908	0	25,908	0	0	25,908
Total revenues	3,180,073	0	3,180,073	$ 2,712,280	$ 2,712,280	$ 467,793
Expenditures						
Debt Service						
Principal	2,225,000	0	2,225,000	2,196,051	2,196,051	(28,949)
Interest	1,058,176	0	1,058,176	1,134,024	1,134,024	75,848
Total expenditures	3,283,176	0	3,283,176	$ 3,330,075	$ 3,330,075	$ 46,899
Excess of revenues over (under) expenditures	(103,103)	0	(103,103)			
Other Financing Sources (Uses):						
Transfers in	343,047	0	343,047	492,389	492,389	(149,342)
Total other financing sources (uses)	343,047	0	343,047	$ 492,389	$ 492,389	$ (149,342)
Excess of revenues over (under) expenditures & other financing (uses)	239,944	0	239,944			
Fund Balance - Beginning of year	227,184	0	227,184			
End of year	$ 467,128	$ 0	$ 467,128			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS - ACTUAL AND BUDGET
SOLID WASTE DISPOSAL FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance Favorable (Unfavorable)
Revenues						
Charges for services	$ 3,140,333	$ 0	$ 3,140,333	$ 3,356,831	$ 3,356,831	$ (216,498)
Use of money & property	19,545	0	19,545	15,000	15,000	4,545
Miscellaneous	179,017	0	179,017	1,500	1,500	177,517
Total revenues	3,338,895	0	3,338,895	$ 3,373,331	$ 3,373,331	$ (34,436)
Expenses						
Personal services	1,197,450	0	1,197,450	1,284,589	1,331,589	134,139
Contractual services	844,993	0	844,993	1,558,803	1,558,803	713,810
Commodities	364,420	0	364,420	372,588	372,588	8,168
Capital outlay	0	365,270	365,270	427,000	427,000	61,730
Debt service	6,764	0	6,764	45,291	45,291	38,527
Depreciation	244,122	(244,122)	0	0	0	0
Miscellaneous	54,452	0	54,452	0	0	(54,452)
Transfer out	578,685	0	578,685	30,000	30,000	(548,685)
Total operating expenses & transfers	3,290,886	121,148	3,412,034	$ 3,718,271	$ 3,765,271	$ 353,237
Change in net assets	48,009	(121,148)	(73,139)			
Net assets -						
Beginning of year	2,594,946	177,504	2,772,450			
End of year	$ 2,642,955	$ 56,356	$ 2,699,311			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS - ACTUAL AND BUDGET
SEWER UTILITY FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance Favorable (Unfavorable)
Revenues						
Charges for services	$ 3,880,277	$ 0	$ 3,880,277	$ 4,204,600	$ 4,204,600	$ (324,323)
Use of money & property	45,508	0	45,508	25,000	25,000	20,508
Miscellaneous	(2,112)	0	(2,112)	5,500	5,500	(7,612)
Total revenues	3,923,673	0	3,923,673	$ 4,235,100	$ 4,235,100	$ (311,427)
Expenses						
Personal services	628,342	0	628,342	797,291	819,291	190,949
Contractual services	636,966	0	636,966	1,167,030	1,167,030	530,064
Commodities	175,394	0	175,394	242,000	242,000	66,606
Capital outlay	25,255	0	25,255	690,166	690,166	664,911
Debt service	296,494	0	296,494	343,200	343,200	46,706
Depreciation	1,192,179	(1,192,179)	0	0	0	0
Miscellaneous	14,684	0	14,684	577,334	577,334	562,650
Transfer out	621,980	0	621,980	200,000	200,000	(421,980)
Total operating expenses & transfers	3,591,294	(1,192,179)	2,399,115	$ 4,017,021	$ 4,039,021	$ 1,639,906
Change in net assets	332,379	1,192,179	1,524,558			
Net assets -						
Beginning of year	11,476,155	3,912,186	15,388,341			
End of year	$ 11,808,534	$ 5,104,365	$ 16,912,899			

CITY OF EMPORIA, KANSAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS - ACTUAL AND BUDGET
WATER UTILITY FUND
For the Year Ended December 31, 2008

	GAAP Basis	Adjustments to Budgetary Basis	Budgetary Basis	Budgeted Amounts Original	Budgeted Amounts Final	Variance Favorable (Unfavorable)
Revenues						
Charges for services	$ 3,870,716	$ 0	$ 3,870,716	$ 4,751,175	$ 4,751,175	$ (880,459)
Use of money & property	94,614	0	94,614	40,000	40,000	54,614
Miscellaneous	8,809	0	8,809	8,000	8,000	809
Total revenues	3,974,139	0	3,974,139	$ 4,799,175	$ 4,799,175	$ (825,036)
Expenses						
Personal services	681,409	0	681,409	772,692	804,722	123,313
Contractual services	1,010,766	0	1,010,766	1,979,067	1,979,067	968,301
Commodities	423,894	0	423,894	413,600	413,600	(10,294)
Capital outlay	11,771	56,076	67,847	574,166	574,166	506,319
Debt service	345,304	0	345,304	337,020	337,020	(8,284)
Depreciation	762,220	(762,220)	0	0	0	0
Miscellaneous	20,380	0	20,380	456,755	456,755	436,375
Transfer out	657,468	0	657,468	0	0	(657,468)
Total operating expenses & transfers	3,913,212	(706,144)	3,207,068	$ 4,533,300	$ 4,565,330	$ 1,358,262
Change in net assets	60,927	706,144	767,071			
Net assets -						
Beginning of year	9,655,057	3,512,126	13,167,183			
End of year	$ 9,715,984	$ 4,218,270	$ 13,934,254			

CITY OF EMPORIA, KANSAS

INTERNAL SERVICE FUNDS
December 31, 2008

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

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

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

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2008

	Workers' Compensation	Employee Health Care	Total
ASSETS			
Cash and cash equivalents	$ 77,495	$ 223,417	$ 300,912
Investments	975,000	375,000	1,350,000
Total assets	$ 1,052,495	$ 598,417	$ 1,650,912
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	$ 13,545	$ 0	$ 13,545
Unpaid Claims	369,693	28,361	398,054
Total Liabilities	383,238	28,361	411,599
Net Assets			
Unrestricted	669,257	570,056	1,239,313
Total liabilities and net assets	$ 1,052,495	$ 598,417	$ 1,650,912

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2008

	Workers' Compensation	Employee Health Care	Total
Operating revenues			
Charges for services	$ 225,069	$ 1,862,805	$ 2,087,874
Total operating revenues	225,069	1,862,805	2,087,874
Operating expenses			
Cost of services	98,966	1,505,166	1,604,132
Total operating expenses	98,966	1,505,166	1,604,132
Operating income (loss)	126,103	357,639	483,742
Nonoperating revenues (expenses)			
Interest income	26,075	5,870	31,945
Changes in net assets	152,178	363,509	515,687
Net assets, January 1	517,079	206,547	723,626
Net assets, December 31	$ 669,257	$ 570,056	$ 1,239,313

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2008

	Workers' Compensation	Employee Health Care	Total
Cash flow from operating activities			
Cash received from participants	$ 225,069	$ 1,862,805	$ 2,087,874
Cash paid to supplies	(170,265)	(1,495,658)	(1,665,923)
Net cash provided by (used for) operating activities	54,804	367,147	421,951
Cash flows from investing activities			
Proceeds from sale of investments	876,000	100,000	976,000
Purchase of investments	(975,000)	(375,000)	(1,350,000)
Interest received	26,075	5,870	31,945
Net cash provided by (used for) investing activities	(72,925)	(269,130)	(342,055)
Net increase (decrease) in cash and cash equivalents	(18,121)	98,017	79,896
Cash and cash equivalents, January 1	95,616	125,400	221,016
Cash and cash equivalents, December 31	$ 77,495	$ 223,417	$ 300,912
Reconciliation of operating income (loss) to net cash Provided by (used for) operating activities			
Operating income (loss)	$ 126,103	$ 357,639	$ 483,742
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Changes in assets and liabilities			
Increase (decrease) in claims payable	(71,299)	9,508	(61,791)
Net cash provided by (used for) operating activities	$ 54,804	$ 367,147	$ 421,951

CITY OF EMPORIA, KANSAS

TRUST AND AGENCY FUNDS
December 31, 2008

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

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

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

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

Dog Park Private Purpose Trust Fund - To account for monies provided by private donors to finance the dog park.

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

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

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST
December 31, 2008

	Private Purpose Trust			
	Tree	Fremont Park	Las Casitas Park	Dog Park
Assets				
Cash and cash equivalents	$ 2,426	$ 88	$ 413	$ 0
Accrued interest receivable	0	0	0	0
Notes receivable	0	0	0	0
Total assets	$ 2,426	$ 88	$ 413	$ 0
Liabilities				
Accounts payable	$ 0	$ 0	$ 0	$ 0
Total Liabilities	0	0	0	0
Net Assets				
Reserved for economic development	0	0	0	0
Unreserved				
Undesignated	2,426	88	413	0
Total liabilities and net assets	$ 2,426	$ 88	$ 413	$ 0

Private Purpose Trust	
Economic Development	Total
$ 767,395	$ 770,322
1,196	1,196
298,297	298,297
$ 1,066,888	$ 1,069,815
$ 0	$ 0
0	0
1,066,888	1,066,888
0	2,927
$ 1,066,888	$ 1,069,815

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CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - AGENCY FUND
December 31, 2008

	Fire Insurance Proceeds
Assets	
Cash and cash equivalents	$ 22,556
Total Assets	$ 22,556
Liabilities	
Accounts payable	$ 22,556
Total Liabilities	$ 22,556

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSTS
FIDUCIARY FUNDS
For the Year Ended December 31, 2008

	Private Purpose Trust			
	Tree	Fremont Park	Las Casitas Park	Dog Park
Additions:				
Interest income	$ 67	$ 2	$ 0	$ 0
Total Additions	67	2	0	0
Deductions	0	0	0	30
Change in net assets	67	2	0	(30)
Net assets, January 1	2,359	86	413	30
Net assets, December 31	$ 2,426	$ 88	$ 413	$ 0

Private Purpose Trust	
Economic Development	Total
$ 39,017	$ 39,086
39,017	39,086
0	30
39,017	39,056
1,027,871	1,030,759
$ 1,066,888	$ 1,069,815

CITY OF EMPORIA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended December 31, 2008

	Balance January 1, 2008	Additions	Deductions	Balance December 31, 2008
Cash and cash equivalents	$ 9,292	$ 20,268	$ 7,004	$ 22,556
Total assets	$ 9,292	$ 20,268	$ 7,004	$ 22,556
Accounts payable	$ 9,292	$ 20,268	$ 7,004	$ 22,556
Total liabilities	$ 9,292	$ 20,268	$ 7,004	$ 22,556

STATISTICAL SECTION

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CITY OF EMPORIA

Statistical Section
(Unaudited)
December 31, 2008

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economical Information

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

Operating Information

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

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

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CITY OF EMPORIA, KANSAS

TABLE 1
UNAUDITED

NET ASSETS BY COMPONENT
LAST SIX YEARS
(Accrual Basis of Accounting)
As of December 31,

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental Activities:						
Invested in capital assets, net of related debt	$ 97,810,646	$ 90,115,362	$ 82,349,192	$ 75,354,567	$ 66,616,597	$ 61,752,347
Restricted	176,533	385,615	99,442	249,058	227,184	467,128
Unrestricted	2,600,173	3,102,278	4,806,454	8,871,611	9,091,918	8,942,071
Total net assets	$ 100,587,352	$ 93,603,255	$ 87,255,088	$ 84,475,236	$ 75,935,699	$ 71,161,546
Business-type Activities:						
Invested in capital assets, net of related debt	$ 21,896,814	$ 21,030,184	$ 20,188,141	$ 19,704,708	$ 19,415,639	$ 18,842,735
Unrestricted	1,388,623	2,298,165	1,825,862	2,814,926	4,310,519	5,324,738
Total net assets	$ 23,285,437	$ 23,328,349	$ 22,014,003	$ 22,519,634	$ 23,726,158	$ 24,167,473
Primary Government						
Invested in capital assets, net of related debt	$ 119,707,460	$ 111,145,546	$ 102,537,333	$ 95,059,275	$ 86,032,236	$ 80,595,082
Restricted	176,533	385,615	99,442	249,058	227,184	467,127
Unrestricted	3,988,796	5,400,443	6,632,316	11,686,537	13,402,437	14,266,809
Total net assets	$ 123,872,789	$ 116,931,604	$ 109,269,091	$ 106,994,870	$ 99,661,857	$ 95,329,018

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

Source: City of Emporia, Kansas Basic Financial Statements.

CITY OF EMPORIA, KANSAS

TABLE 2
UNAUDITED

CHANGES IN NET ASSETS
LAST SIX YEARS
(Accrual Basis of Accounting)
As of December 31,

	Fiscal Year		
Expenses	2003	2004	2005
Governmental activities:			
General government	$ 3,675,713	$ 3,667,468	$ 3,661,655
Public Safety	7,478,861	7,920,078	8,735,530
Highways and streets	8,271,956	8,147,882	8,174,128
Culture and recreation	2,517,403	2,693,563	2,779,900
Health and environment	66,180	66,672	65,539
Building maintenance	879,993	1,006,234	940,398
Planning and development	1,088,645	1,485,859	1,385,571
Airport operations	469,632	518,685	538,347
Interest on long-term debt	988,069	1,097,258	1,067,693
Total expenses	25,436,452	26,603,699	27,348,761
Business-type activities			
Solid waste disposal	2,287,948	2,434,993	2,561,538
Sewer utility	1,715,958	2,224,003	3,077,282
Water utility	3,684,072	3,503,268	3,491,982
Total activities	7,687,978	8,162,264	9,130,802
Total expenses	$ 33,124,430	$ 34,765,963	$ 36,479,563
Program Revenues			
Governmental activities:			
Charges for services	$ 3,294,809	4,200,665	$ 3,736,026
Operating grants & contributions	2,663,943	2,098,470	2,478,260
Total revenues	5,958,752	6,299,135	6,214,286
Business-type activities:			
Charges for Services	9,536,218	9,975,459	9,976,335
Capital grants & contributions	0	0	164,214
Total revenues	9,536,218	$ 9,975,459	10,140,549
Total revenues	$ 15,494,970	$ 16,274,594	$ 16,354,835
Net (expense)/revenue			
Governmental activities	$ (19,477,700)	$ (20,304,564)	$ (21,134,475)
Business-type activities	1,848,240	1,813,195	1,009,747
Total net expense	$ (17,629,460)	$ (18,491,369)	$ (20,124,728)
General revenues and other changes in net assets			
Governmental activities:			
Taxes	$ 10,570,695	11,627,273	$ 11,668,957
Investment earnings	154,282	170,491	231,223
Miscellaneous	152,951	152,533	268,970
Transfers	2,094,937	2,040,880	2,566,496
Total governmental activities	12,972,865	13,991,177	14,735,646

TABLE 2
UNAUDITED

Fiscal Year		
2006	2007	2008
$ 4,646,991	$ 6,205,113	$ 4,580,920
7,995,365	8,680,772	9,318,358
8,099,622	8,218,813	8,122,190
2,315,915	2,774,693	2,772,761
61,205	72,475	72,475
893,474	939,756	1,114,909
1,264,408	4,447,332	1,503,737
384,315	634,334	688,806
1,100,521	1,014,796	1,924,572
26,761,816	32,988,084	30,098,728
2,200,552	2,629,336	2,712,201
2,929,858	2,959,294	2,969,314
3,580,339	3,564,058	3,255,744
8,710,749	9,152,688	8,937,259
$ 35,472,565	$ 42,140,772	$ 39,035,987
$ 4,230,979	$ 4,716,743	$ 5,829,277
2,551,256	2,275,621	2,627,966
6,782,235	6,992,364	8,457,243
10,803,039	11,335,237	10,891,326
205,002	0	0
11,008,041	11,335,237	10,891,326
$ 17,790,276	$ 18,327,601	$ 19,348,569
$ (19,979,581)	$ (25,995,720)	$ (21,641,485)
2,297,292	2,182,549	1,954,067
$ (17,682,289)	$ (23,813,171)	$ (19,687,418)
$ 12,390,698	$ 13,087,215	$ 13,696,682
433,320	713,477	414,246
472,137	1,811,021	386,198
1,950,840	1,971,420	2,370,205
15,246,995	17,583,133	16,867,331

CITY OF EMPORIA, KANSAS

TABLE 2
UNAUDITED

CHANGES IN NET ASSETS
LAST SIX YEARS
(Accrual Basis of Accounting)
As of December 31,

	Fiscal Year		
	2003	2004	2005
Business-type activities:			
Investment earnings	$ 135,272	$ 92,389	$ 50,789
Miscellaneous	84,322	178,208	191,614
Transfers	(2,094,937)	(2,040,880)	(2,566,496)
Total business-type activities	(1,875,343)	(1,770,283)	(2,324,093)
Total primary government	$ 11,097,522	$ 12,220,894	$ 12,411,553
Change in net assets			
Governmental activities	$ (6,504,835)	(6,313,387)	$ (6,398,829)
Business-type activities	(27,103)	42,912	(1,314,346)
Total primary government	$ (6,531,938)	$ (6,270,475)	$ (7,713,175)

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

Source: City of Emporia, Kansas Basic Financial Statements.

TABLE 2
UNAUDITED

	Fiscal Year		
	2006	2007	2008
$	64,197	$ 496,647	$ 159,667
	107,922	248,217	185,713
	(1,950,840)	(1,971,420)	(1,858,133)
	(1,778,721)	(1,226,556)	(1,512,753)
$	13,468,274	$ 16,356,577	$ 15,354,578
$	(4,732,586)	$ (8,412,587)	$ (4,774,154)
	518,571	955,993	441,314
$	(4,214,015)	$ (7,456,594)	$ (4,332,840)

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CITY OF EMPORIA, KANSAS

TABLE 3
UNAUDITED

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
LAST SIX YEARS
(Accrual Basis of Accounting)
as of December 31,

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Vehicle Tax	Total
2003	$ 5,279,791	$ 3,712,601	$ 907,308	$ 670,995	$ 10,570,695
2004	6,036,903	3,854,759	992,036	743,575	11,627,273
2005	5,812,138	3,997,182	1,060,262	799,375	11,668,957
2006	6,218,970	4,032,795	1,372,059	766,874	12,390,698
2007	6,320,568	4,104,469	1,905,311	756,867	13,087,215
2008	6,646,981	4,161,025	2,108,211	780,464	13,696,681

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

Source: City of Emporia, Kansas Basic Financial Statements.

CITY OF EMPORIA, KANSAS

TABLE 4
UNAUDITED

FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)
As of December 31,

	1999	2000	2001	2002
General Fund				
Reserved	$ 103,517	$ 11,450	$ 34,748	$ 22,503
Unreserved	350,867	59,035	29,299	369,807
Total general fund	$ 454,384	$ 70,485	$ 64,047	$ 392,310
All other governmental funds				
Reserved	$ 1,912,150	$ 1,928,015	$ 1,600,936	$ 126,396
Unreserved, reported in:				
Special revenue funds	87,853	445,693	426,778	2,056,323
Debt service funds	147,400	100,916	247,620	24,843
Capital projects funds	(10,141)	2,188,816	3,767,233	2,132,896
Total all other governmental funds	$ 2,137,262	$ 4,663,440	$ 6,042,567	$ 4,340,458

Source: City of Emporia, Kansas Basic Financial Statements.

TABLE 4
UNAUDITED

2003	2004	2005	2006	2007	2008
$ 831	$ 0	$ 0	$ 53,991	$ 81,152	$ 0
385,191	883,809	906,267	1,346,381	2,234,807	3,038,285
$ 386,022	$ 883,809	$ 906,267	$ 1,400,372	$ 2,315,959	$ 3,038,285
$ 8,935	$ 0	$ 0	$ 0	$ 115,753	$ 0
1,989,329	1,164,245	1,329,900	1,919,585	1,453,126	1,143,544
176,533	385,615	99,442	249,058	227,184	467,128
(148,050)	459,924	1,949,760	5,427,142	6,467,716	5,332,192
$ 2,026,747	$ 2,009,784	$ 3,379,102	$ 7,595,785	$ 8,263,779	$ 6,942,864

CITY OF EMPORIA, KANSAS

TABLE 5
UNAUDITED

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN YEARS
(Modified Accrual Basis of Accounting)
December 31,

	1999	2000	2001	2002
Revenues				
Taxes	$ 8,693,691	$ 9,249,638	$ 9,622,700	$ 10,000,954
Charges for services	943,273	1,030,672	944,841	1,001,003
Special assessments	178,408	283,929	397,346	343,853
Intergovernmental	2,276,576	2,167,080	2,025,811	3,435,257
Licenses and permits	244,057	239,039	252,453	230,372
Fines and fees	575,612	662,477	694,922	904,089
Use of money and property	281,706	514,566	381,632	207,397
Contributions	106,030	50,504	13,280	1,180,864
Miscellaneous	152,189	135,358	170,842	237,816
Total revenues	13,451,542	14,333,263	14,503,827	17,541,605
Expenditures				
General government	789,188	988,077	903,816	1,599,225
Public safety	6,174,744	6,517,168	6,729,779	7,022,651
Highways and streets	1,276,783	945,181	1,428,172	1,614,230
Culture and recreation	1,804,195	1,785,406	1,853,974	2,002,345
Health and environment	146,564	63,600	63,600	59,010
Building Maintenance	631,561	613,362	688,741	737,577
Planning and development	1,535,910	1,367,275	1,288,605	1,254,285
Airport Operations	337,579	403,835	370,985	327,488
Capital outlay	2,376,062	2,659,475	5,983,369	7,574,461
Debt service				
Principal	1,241,736	1,571,162	1,287,276	1,540,882
Interest and other charges	650,833	701,711	643,332	1,171,256
Total expenditures	16,965,155	17,616,252	21,241,649	24,903,410
Excess of revenues over /(under) expenditures	(3,513,613)	(3,282,989)	(6,737,822)	(7,361,805)
Other financing sources (uses)				
Transfers In	3,073,121	2,831,013	3,446,018	4,169,969
Transfers out	(1,705,488)	(1,734,432)	(1,785,507)	(1,907,356)
Payment to refund bonds	0	0	0	0
Payment to escrow agent	0	0	0	0
Bond premium	0	0	0	0
Sale of bonds	1,765,612	4,328,687	6,450,000	3,725,346
Total other financing sources (uses)	3,133,245	5,425,268	8,110,511	5,987,959
Net change in fund balances	$ (380,368)	$ 2,142,279	$ 1,372,689	$ (1,373,846)
Debt service as a percentage of noncapital expenditures	12.97%	15.20%	12.65%	15.65%

Source: City of Emporia, Kansas Basic Financial Statements.

TABLE 5
UNAUDITED

2003	2004	2005	2006	2007	2008
$ 10,429,929	$ 11,545,148	$ 11,610,647	$ 12,324,809	$ 13,018,554	$ 13,630,703
1,215,208	1,664,767	1,380,037	1,744,253	1,725,796	2,602,820
140,766	82,125	58,310	65,889	68,661	65,978
2,650,278	2,092,293	2,472,129	2,442,244	2,091,977	2,508,944
223,767	222,834	236,014	287,456	310,062	219,877
609,956	846,047	704,566	663,204	701,957	918,706
139,577	152,792	182,814	359,238	639,281	382,330
13,665	6,177	6,131	825	183,644	296,791
152,258	149,850	268,970	472,137	1,811,021	390,107
15,575,404	16,762,033	16,919,618	18,360,055	20,550,953	21,016,256
2,002,363	1,697,194	1,723,621	1,892,612	1,986,354	2,309,225
7,244,197	7,633,408	8,444,565	7,523,946	8,414,431	9,044,346
1,265,207	1,575,987	1,587,864	1,357,344	1,479,746	1,473,524
1,862,663	2,021,225	2,098,537	2,054,308	2,233,824	2,287,583
66,180	66,672	65,539	61,205	72,475	72,475
790,025	903,207	839,482	827,882	939,756	1,114,909
1,088,645	1,485,858	1,385,571	1,164,397	4,447,332	1,694,637
290,382	345,189	364,066	384,316	463,628	517,569
4,630,990	1,873,304	1,583,078	2,250,940	4,166,044	2,140,096
1,244,835	1,469,713	2,001,186	1,848,559	1,948,203	7,330,674
1,026,653	1,075,217	1,073,492	1,078,698	1,086,649	1,520,013
21,512,140	20,146,974	21,167,001	20,444,207	27,238,442	29,505,051
(5,936,736)	(3,384,941)	(4,247,383)	(2,084,152)	(6,687,489)	(8,488,795)
3,252,994	3,518,373	3,841,246	3,860,551	3,510,358	3,585,034
(1,158,057)	(1,477,493)	(1,274,750)	(1,909,711)	(1,538,938)	(1,194,828)
(110,000)	(1,185,000)	0	0	(3,720,000)	0
0	0	0	0	(156,988)	0
0	0	0	0	103,588	0
1,631,800	3,465,000	3,022,000	4,820,000	10,200,000	5,500,000
3,616,737	4,320,880	5,588,496	6,770,840	8,398,020	7,890,206
$ (2,319,999)	$ 935,939	$ 1,341,113	$ 4,686,688	$ 1,710,531	$ (598,589)
13.46%	13.93%	15.70%	16.09%	13.15%	32.34%

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CITY OF EMPORIA, KANSAS

TABLE 6
UNAUDITED

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN YEARS
(Modified Accrual Basis of Accounting)
December 31,

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Vehicle Tax	Total
1999	$ 3,659,119	$ 3,604,402	$ 794,560	$ 635,610	$ 8,693,691
2000	4,105,956	3,706,938	830,254	606,490	9,249,638
2001	4,245,961	3,826,968	934,719	615,052	9,622,700
2002	4,650,010	3,779,416	911,158	660,370	10,000,954
2003	5,609,562	3,712,601	907,308	744,078	10,973,549
2004	5,954,778	3,854,759	992,036	743,575	11,545,148
2005	5,753,828	3,997,182	1,060,262	799,375	11,610,647
2006	6,153,081	4,032,795	1,372,059	766,874	12,324,809
2007	6,251,907	4,104,469	1,905,311	756,867	13,018,554
2008	6,581,003	4,161,025	2,108,211	780,464	13,630,703

Source: City of Emporia, Kansas Basic Financial Statements.

CITY OF EMPORIA, KANSAS

TABLE 7
UNAUDITED

ASSESSED VALUE & ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN YEARS
December 31,

Fiscal Year Ended December 31,	Real Property: Residential Property - 1	Real Property: Commercial Property - 1	Personal Property: Motor Vehicles - 2	Personal Property: Other - 1
1999	$ 75,899,700	$ 15,796,900	$ 19,986,000	$ 1,022,000
2000	76,375,900	18,175,000	19,989,300	1,120,000
2001	83,230,400	17,807,800	19,517,800	2,850,000
2002	93,952,600	19,060,600	20,866,000	4,163,000
2003	103,881,400	18,650,300	21,176,100	125,000
2004	95,122,800	19,083,100	21,704,600	973,000
2005	100,577,500	21,257,000	21,590,000	549,000
2006	106,044,300	22,987,100	21,849,600	2,773,000
2007	106,900,000	22,411,800	21,617,400	838,000
2008	113,779,300	46,140,400	20,997,600	1,117,000

Note 1 - Lyon County Appraiser
Note 2 - Lyon County Clerk's Office

TABLE 7
UNAUDITED

Less Tax Exempt Real Property - 1	Total Taxable Assessed Value	Total Direct Tax Rate - 2	Estimated Actual Taxable Value	Assessed Value As a Percentage of Actual Value
$ 4,109,000	$ 108,595,600	$ 36.283	$ 605,629,700	$ 17.93%
2,626,000	113,034,200	36.124	590,850,500	19.13%
4,412,000	118,994,000	35.882	663,678,000	17.93%
6,788,000	131,254,200	38.397	730,047,700	17.98%
9,074,000	134,758,800	42.062	760,455,400	17.72%
3,572,000	133,311,500	41.258	800,452,000	16.65%
4,993,000	138,980,500	41.157	852,801,400	16.30%
4,772,000	148,882,000	40.956	890,406,000	16.72%
4,568,000	147,199,200	42.033	895,502,100	16.44%
30,136,000	151,898,300	41.848	920,785,600	16.50%

CITY OF EMPORIA, KANSAS

TABLE 8
UNAUDITED

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN YEARS
December 31,

	City of Emporia, Kansas			Lyon County			USD 253			
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total USD Millage	Total Direct & Overlapping Rates
1999	26.205	10.078	36.283	46.017	1.756	47.773	40.233	4.870	45.103	129.159
2000	25.662	10.462	36.124	38.866	1.615	40.481	42.607	4.837	47.444	124.049
2001	25.848	10.034	35.882	43.699	1.893	45.592	43.886	17.223	61.109	142.583
2002	28.544	9.853	38.397	44.879	1.083	45.962	40.123	21.037	61.160	145.519
2003	29.839	12.223	42.062	47.685	0.502	48.187	43.989	16.224	60.213	150.462
2004	30.511	10.747	41.258	50.077	0.969	51.046	48.130	9.591	57.721	150.025
2005	28.859	12.298	41.157	50.165	0.768	50.933	45.060	11.324	56.384	148.474
2006	28.453	12.503	40.956	49.656	0.890	50.546	44.849	9.986	54.835	146.337
2007	28.699	13.334	42.033	50.998	0.641	51.639	45.248	8.876	54.124	147.796
2008	28.573	13.275	41.848	46.437	0.000	46.437	46.260	7.788	54.048	142.333

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

Source: Lyon County Clerk's Office

CITY OF EMPORIA, KANSAS

TABLE 9
UNAUDITED

PRINCIPAL PROPERTY TAXPAYERS
December 31, 2008

	2008			1999		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Tyson Fresh Meats	$ 4,865,015	1	3.879%	$ 3,609,737	2	3.165%
Westar Energy	3,466,184	2	2.763%	3,671,424	1	3.219%
Menu Pet Food	3,139,586	3	2.503%	0		
Emporia ROS / Wal-Mart	2,040,244	4	1.627%	0		
Southwestern Bell	1,931,010	5	1.539%	2,661,937	3	2.334%
Bunge North America	1,620,860	6	1.292%	1,840,519	4	1.614%
Kansas Gas Service	1,588,645	7	1.267%	1,071,204	10	0.939%
Emporia Partners	1,392,908	8	1.110%	0		
Interstate Brands	1,215,352	9	0.969%	1,108,880	9	0.972%
Deuce Holdings	1,053,264	10	0.840%	0		
Flint Hills Mall LLC	0		0.000%	1,315,530	6	1.154%
Didde Corporation	0		0.000%	1,463,743	5	1.284%
Modine Manufacturing	0		0.000%	1,277,346	7	1.120%
Hopkins Manufacturing	0		0.000%	1,160,337	8	1.017%
Total	$ 22,313,068		17.789%	$ 19,180,657		16.818%
Total Assessed Value	125,433,453 (1)			114,042,200		

(1)County Clerk's Budget Information for 2008

Data from County Treasurer's Office

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CITY OF EMPORIA, KANSAS

TABLE 10
UNAUDITED

PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS
December 31,

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	$ 3,937,947	$ 3,521,189	89.417%	59,357	$ 3,580,546	90.924%
2000	4,099,136	3,841,308	93.710%	41,556	3,882,864	94.724%
2001	4,417,433	3,956,498	89.566%	42,829	3,999,327	90.535%
2002	4,980,869	4,284,854	86.026%	80,801	4,365,655	87.648%
2003	5,406,369	4,808,654	88.944%	72,483	4,881,137	90.285%
2004	5,524,098	5,274,464	95.481%	67,114	5,341,578	96.696%
2005	6,016,595	5,329,513	88.580%	93,220	5,422,733	90.130%
2006	6,054,145	5,624,603	92.905%	148,472	5,773,075	95.357%
2007	6,324,371	5,779,655	91.387%	80,454	5,860,109	92.659%
2008	6,313,570	6,148,270	97.382%	110,117	6,258,387	99.126%

Data from City of Emporia Treasurer

(1) Taxes paid under protest in prior years that were refunded to taxpayers during the current year.

CITY OF EMPORIA, KANSAS

TABLE 11
UNAUDITED

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS
December 31,

	Governmental Activities					
Fiscal Year	General Obligation Bonds	Temporary Notes	Loans Payable	Capital Leases	Notes Payable	General Obligation Bonds
1999	$ 12,843,950	$ 0	$	$ 10,962	$ 2,467,589	$ 9,856,050
2000	16,031,755	0		244,686	7,318,886	9,003,245
2001	21,204,265	0		193,579	7,363,719	8,330,730
2002	23,614,730	0		142,472	13,338,218	7,525,270
2003	23,906,800	0		86,856	15,255,430	6,453,200
2004	24,320,600	420,000	192,083	30,178	15,063,089	5,989,400
2005	25,785,400	0	168,098	0	14,343,737	5,554,600
2006	23,961,309	4,820,000	143,630	0	13,650,842	4,928,691
2007	27,151,654	6,290,000	118,670	0	12,963,791	4,406,935
2008	30,345,709	1,470,000	94,202	0	12,253,185	3,864,291

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

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

TABLE 11
UNAUDITED

Capital Leases	Total Primary Government	Percentage of Personal Income - 1	Per Capita - 1
$ 7,861	$ 25,186,412	4.82%	987
2,026	32,600,598	5.81%	1,218
0	37,092,293	6.57%	1,386
0	44,620,690	7.87%	1,667
0	45,702,286	7.95%	1,708
0	46,015,350	7.94%	1,720
0	45,851,835	7.91%	1,713
0	47,504,472	8.13%	1,775
0	50,931,050	8.73%	1,903
0	48,027,387	8.23%	1,795

CITY OF EMPORIA, KANSAS

TABLE 12
UNAUDITED

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN YEARS
December 31,

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service fund	Net Bonded Debt	Percentage Estimated Annual Taxable Value of Property - 1	Per Capita - 2
1999	$ 12,843,950	$ 147,400	$ 12,696,550	11.692%	498
2000	16,031,755	100,916	15,930,839	14.094%	595
2001	21,204,265	247,620	20,956,645	17.612%	783
2002	23,614,730	24,843	23,589,887	17.973%	882
2003	23,906,800	208,172	23,698,628	17.586%	886
2004	24,320,600	391,321	23,929,279	17.950%	894
2005	25,785,400	105,875	25,679,525	18.477%	960
2006	23,961,309	253,874	23,707,435	15.924%	886
2007	27,151,654	227,184	26,924,470	18.291%	1,006
2008	30,345,709	467,128	29,878,581	20.069%	1,117

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

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

Note 2 - Population data can be found in the Schedule of Demographic and Economic Statistics at Table 16

CITY OF EMPORIA, KANSAS

TABLE 13
UNAUDITED

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2008

Governmental Unit	Debt Outstanding - Paid with Property Taxes	Percentage Applicable to City of Emporia	Amount Applicable to City of Emporia
City of Emporia, Kansas - Direct	$ 28,924,939	100.000%	$ 28,924,939
Unified School District #253 - Overlapping	42,185,000	87.197%	36,784,054
Lyon County, Kansas - Overlapping	16,635,000	63.085%	10,494,190
Total direct and overlapping debt			$ 76,203,183

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

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

Source: Lyon County Clerk

CITY OF EMPORIA, KANSAS

TABLE 14
UNAUDITED

LEGAL DEBT MARGIN INFORMATION
LAST TEN YEARS
December 31,

	1999	2000	2001	2002
Debt Limit	$ 32,578,680	$ 33,910,260	$ 35,698,200	$ 39,376,260
Total net debt applicable to limit	12,696,550	15,930,839	20,956,645	23,589,887
Legal debt margin	$ 19,882,130	$ 17,979,421	$ 14,741,555	$ 15,786,373
Total net debt applicable to the limit as a percentage of debt limit	38.97%	46.98%	58.71%	59.91%

Note: Under State finance law, the City's outstanding general obligation . debt should not exceed 30 percent of the total assessed property value

Source: Assessed Valuation from Lyon County Appraiser

TABLE 14
UNAUDITED

Fiscal Year					
2003	2004	2005	2006	2007	2008
$ 40,427,640	$ 39,993,450	$ 41,694,150	$ 44,225,583	$ 45,104,258	$ 44,639,313
23,698,628	23,929,279	25,679,525	23,707,435	26,924,470	30,345,709
$ 16,729,012	$ 16,064,171	$ 16,014,625	$ 20,518,148	$ 18,179,788	$ 14,293,604
58.62%	59.83%	61.59%	53.61%	59.69%	67.98%

Legal Debt Margin Calculation for the Fiscal Year	2008
Assessed Value	$ 148,797,709
Debt limit (30% of total assessed value)	$ 44,639,313
Debt applicable to limit:	
General obligation bonds	30,345,709
Less: amount set aside for repayment of general obligation debt	0
Total net debt applicable to limit	30,345,709
Legal debt margin	$ 14,293,604

CITY OF EMPORIA, KANSAS

TABLE 15
UNAUDITED

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS
December 31,

Fiscal Year	Population -1	Personal Income (amounts expressed in thousands)	Per Capita Personal Income - 2	Median Age - 2	Education Level in Years of Formal Schooling- 2	School Enrollment - 3	Unemployment Rate - 2
1999	25,512	$ 522,282	$ 20,472	36.8	14.6	5,610	2.8%
2000	26,760	561,077	20,967	36.6	14.3	5,616	2.7%
2001	26,760	564,315	21,088	36.5	14.5	5,823	3.7%
2002	26,760	567,071	21,191	36.8	14.6	6,005	3.7%
2003	26,760	574,698	21,476	36.7	14.6	6,011	4.0%
2004	26,760	579,702	21,663	36.9	14.7	6,194	4.3%
2005	26,760	579,943	21,672	37.0	14.7	6,192	4.1%
2006	26,760	584,438	21,840	37.1	15.0	6,201	3.6%
2007	26,760	583,475	21,804	37.4	14.9	6,257	4.8%
2008	26,760	569,373	21,277	38.1	14.2	6,167	6.3%

Note 1 - Data From U.S. Census Information

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

Note 3 - Data Obtained From Various Education Entities in Emporia

CITY OF EMPORIA, KANSAS

TABLE 16
UNAUDITED

PRINCIPAL EMPLOYERS
DECEMBER 31, 2008 AND TEN YEARS AGO

	2008			1999		
Taxpayer	Employees	Rank	Percentage of Total County Employment	Employee	Rank	Percentage of Total County Employment
Tyson Fresh Meats	949	1	3.55%	2601	1	10.20%
Emporia State University	791	2	2.96%	1500	2	5.88%
U. S. D. #253	783	3	2.93%	1140	3	4.47%
Interstate Brands	616	4	2.30%	725	4	2.84%
Newman Regional Health	549	5	2.05%	511	5	2.00%
Menu Foods Midwest	295	6	1.10%	0		0.00%
Lyon County	280	7	1.05%	280		1.10%
Hopkins Manufacturing	275	8	1.03%	455	6	1.78%
City of Emporia Kansas	260	9	0.97%	280	9	1.10%
Wal-Mart Super Center	235	10	0.88%	0		0.00%
Modine Manufacturing	0		0.00%	400	7	1.57%
Didde Corporation	0		0.00%	318	8	1.25%
Birch Telecom	0		0.00%	250	10	0.98%
Total	5033		18.82%	8460		33.17%

Data from Emporia Chamber of Commerce

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CITY OF EMPORIA, KANSAS

TABLE 17
UNAUDITED

FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS
December 31,

Function	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Government	35	35	37	34	32	32	32	37	35	26
Public Safety										
Officers	46	47	44	48	45	48	45	48	44	46
Civilians	21	21	29	20	21	24	21	23	23	22
Fire										
Firefighter & Officers	45	47	48	45	46	48	46	48	48	45
Civilians	1	1	1	1	1	1	1	1	1	5
Highways and Streets										
Engineering	5	5	5	6	5	7	5	7	8	8
Maintenance	13	11	15	16	16	11	11	11	9	9
Sanitation	28	28	28	32	28	30	28	31	30	27
Culture and Recreation	32	34	28	29	29	30	34	28	30	30
Water	20	19	20	21	19	17	19	18	17	16
Sewer	14	13	13	13	13	12	13	12	12	15
Total	**260**	**261**	**268**	**265**	**255**	**260**	**255**	**264**	**257**	**249**

(1) Data received from the Human Resources Department

CITY OF EMPORIA, KANSAS

TABLE 18
UNAUDITED

OPERATING INDICATORS BY FUNCTION
LAST TEN YEARS
December 31,

	Fiscal Year			
	1999	2000	2001	2002
Function				
Police				
Physical arrests(1)	2,273	2,195	2,095	2,341
Parking violations(1)	9,081	7,338	7,853	6,535
Traffic violations(1)	5,170	5,140	5,026	5,415
Fire				
Number of calls answered(2)	NA	1,430	1,320	1,411
Inspections(2)	417	1,008	848	1,004
Highways and streets				
Street resurfacing (miles)(3)	4.52	4.64	4.01	5.00
Potholes repaired(4)	70	70	55	80
Sanitation				
Refuse collected (tons/day)(5)	117.89	122.89	130.89	142.27
Recyclables collected (tons/day)(5)	6.13	6.00	6.52	6.46
Water				
New connections(6)	173	173	173	173
Water main breaks(6)	39	49	43	88
Average daily consumption (thousands of gallons)(7)	2,825	2,913	2,942	3,160
Wastewater				
Average Daily Treatment Capacity (thousands of gallons)(8)	2,183	2,186	2,187	2,190

(1) data received from the police department
(2) data received from the fire department
(3) data received from the engineering department
(4) data received from the street department
(5) data received from the solid waste department
6) data received from the public works department
(7) data received from the water department
(8) data received from the wastewater department
(9)estimate

TABLE 18
UNAUDITED

Fiscal Year					
2003	2004	2005	2006	2007	2008
1,961	2,008	1,952	1,859	1823	Not available
5,840	7,289	6,308	6,355	6609(9)	Not available
4,991	5,075	4,788	4,969	4879(9)	Not available
1,445	1,396	1,448	1,333	1435	1267
1,045	1,614	1,067	980	1023	1127
4.81	4.79	4.80	4.82	4.81	3.53
80	78	95	100	150	201
134.83	127.14	142.04	133.09	132.58	75.92
6.98	6.21	6.04	6.71	6.57	3.56
173	173	173	173	169	177
84	61	57	63	72	69
2,686	3,195	2,671	2,859	2,669	2,568
2,003	2,192	2,002	2,200	3,190	2,400

CITY OF EMPORIA, KANSAS

TABLE 19
UNAUDITED

CAPITAL ASST STATISTICS BY FUNCTION
LAST TEN YEARS
December 31,

Function	Fiscal Year 1999	2000	2001	2002
Public Safety				
Police				
Stations	1.00	1.00	1.00	1.00
Patrol Units(1)	21.00	21.00	21.00	21.00
Fire Stations	2.00	2.00	2.00	2.00
Sanitation				
Collection Trucks(2)	11.00	11.00	11.00	11.00
Highways and Streets				
Streets (miles)(3)	160	160	161	167
Traffic Signals(4)	65	66	68	69
Culture and Recreation				
Parks Acreage(5)	249.50	325.16	341.22	357.28
Parks(5)	17	18	19	20
Swimming Pools	2	2	2	2
Tennis Courts(5)	6	6	6	6
Community Centers	1	1	1	1
Water				
Water Main (miles)(3)	173.00	173.00	173.00	173.00
Fire Hydrants(6)	888	890	890	892
Maximum Daily Capacity (thousands of gallons)(7)	2,899	3,017	3,124	3,325
Sewer				
Sanitary Sewers (miles)(3)	138.00	138.00	138.00	138.00
Storm Sewers (miles)(3)	56	56	56	56
Maximum Daily Treatment Capacity (thousands of gallons)(8)	5,997	5,997	5,997	5,997

(1) data supplied by police department
(2) data supplied by sanitation department
(3) data supplied by engineering
(4) data supplied by public works department
(5) data supplied by parks department
(6) data supplied by fire department
(7) data supplied by water department
(8) data supplied by wastewater department

TABLE 19
UNAUDITED

Fiscal Year					
2003	2004	2005	2006	2007	2008
1.00	1.00	1.00	1.00	1.00	1.00
22.00	22.00	24.00	23.00	23.00	23.00
2.00	2.00	2.00	2.00	2.00	2.00
11.00	11.00	11.00	11.00	11.00	11.00
167	167	167	167	167	168
71	72	74	75	76	77
357.28	357.28	325.16	325.16	325.16	325.16
20	20	20	18	18	18
2	2	2	2	2	2
6	6	6	6	6	6
1	1	1	1	1	1
173.00	173.00	173.00	173.00	178.60	179.20
897	897	899	902	916	918
3,430	3,351	3,416	3,611	3,249	2,429
138.00	138.00	138.00	138.00	138.50	138.70
56	56	56	56	57	57
6,129	6,129	6,130	6,130	7,640	7,520

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