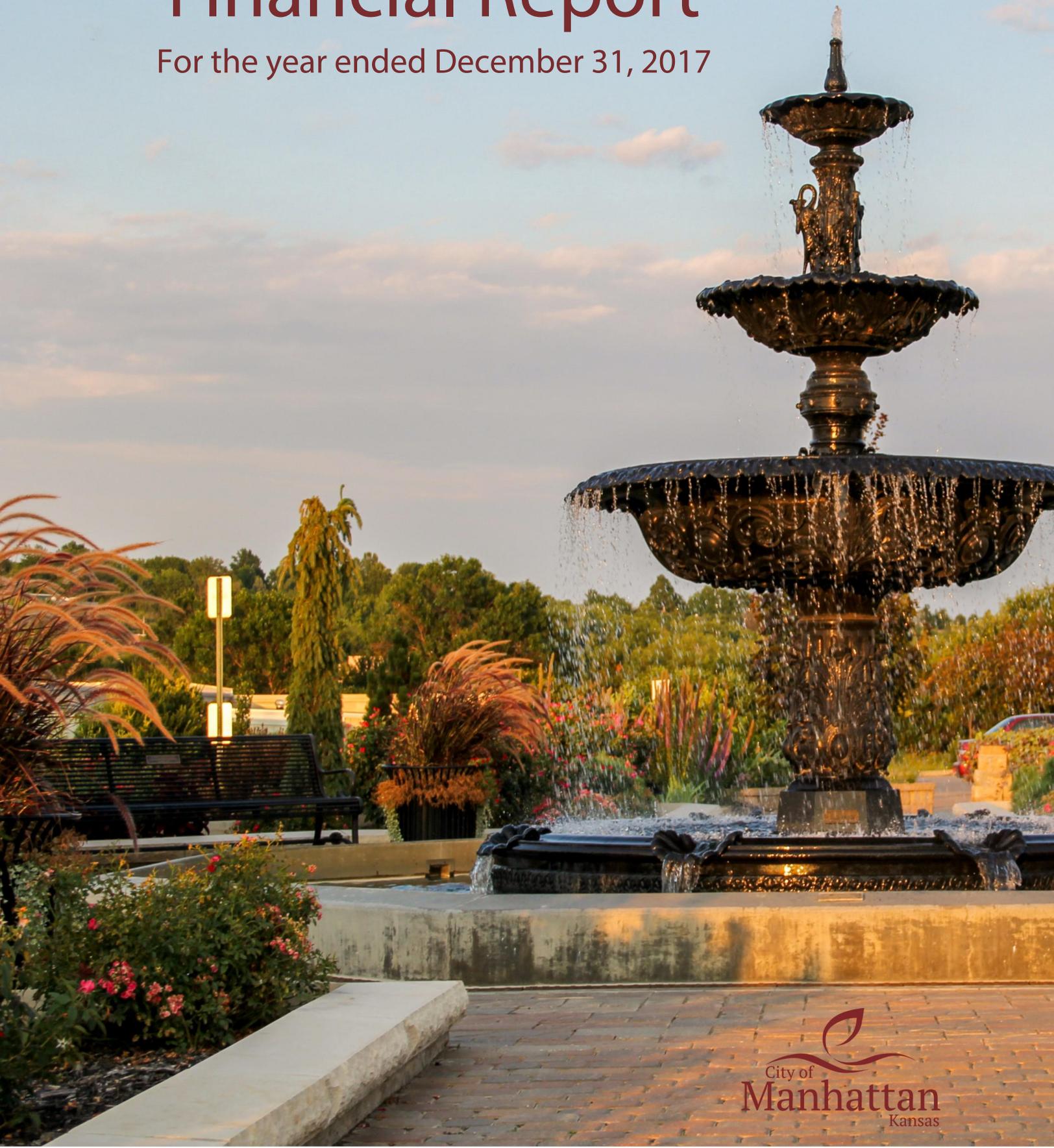


Comprehensive Annual Financial Report

For the year ended December 31, 2017



CITY OF MANHATTAN, KANSAS

Comprehensive Annual Financial Report

**Year Ended
December 31, 2017**

Prepared by:

Berberich Trahan & Co., P.A.
Department of Finance

CITY OF MANHATTAN, KANSAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017

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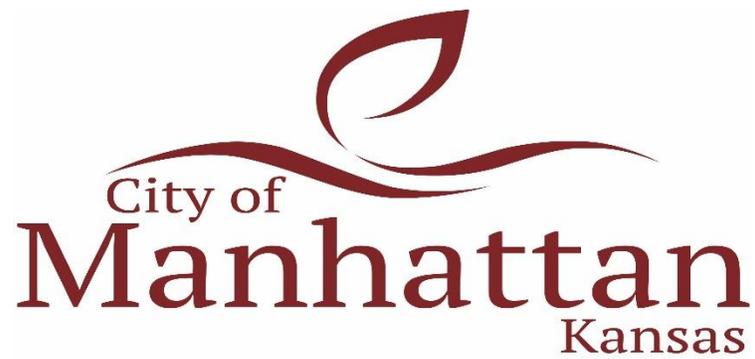
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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Introductory Section

**For the Year Ended
December 31, 2017**



April 18, 2019

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

RE: 2017 Comprehensive Annual Financial Report

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

We are pleased to submit the Comprehensive Annual Financial Report of the City of Manhattan, Kansas (the City) for the fiscal year ended December 31, 2017.

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

The City's financial statements have been audited by Berberich Trahan & Co., P.A., an independent firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2017, are presented fairly in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of the federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving administration of federal awards. These reports are included in the Single Audit Section of the Comprehensive Annual Financial Report.

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

Profile of the City of Manhattan

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

The City is in Pottawatomie and Riley Counties, and is located at the confluence of the Blue and Kansas Rivers in Northeast Kansas approximately 116 miles west of Kansas City (56 miles west of Topeka, the Kansas State Capital). The City encompasses approximately 18 square miles and has a current estimated population of 54,832 persons (includes Kansas State University which was annexed on July 3, 1994).

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

The City is also legally responsible for 80% of the operational budget for the Riley County Police Department, a City/Riley County consolidated law enforcement agency. This legally separate entity does not meet the criteria for inclusion as a component unit in the City’s financial statements.

Expenditures are authorized in the annual appropriated budget approved by the City Commission, as required by state statute. Activities of the General Fund, Special Revenue Funds, Debt Service Fund, and Enterprise Funds are included in the annual appropriated budget. A six-year Capital Improvement Plan is also adopted by the City Commission, and the first year of that plan is included in the City Budget. Expenditures cannot exceed the budgeted amount for each fund. Budgetary control is maintained through the use of an encumbrance system. As purchase orders are issued, corresponding amounts of appropriations are reserved, by the use of encumbrances for later payment, so that appropriations may not be overspent. Kansas statutes also require unencumbered cash be on hand before an obligation can be incurred. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated budget has been adopted. For the General Fund and the Riley County Police Department Fund these comparisons are presented as part of the basic financial statements. For the remaining governmental funds, these comparisons are presented in the governmental fund subsection of this report.

Factors Affecting Financial Condition

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

Municipal Services and Utilities

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

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

Transportation Facilities

Riley County is traversed by Interstate 70, U.S. Highway No. 24, and Kansas Highways No. 113, No.18, and No.177, all leading to Manhattan, Kansas. Seven motor freight lines serve the City. Rail service is provided by Union Pacific Railroad. In addition, air transportation services via regional jet are provided to and from Dallas/Fort Worth and Chicago by American Eagle Airlines. The area is also served by an aircraft charter service and four taxi services. Public transportation is also provided to Manhattan, Riley County, and Pottawatomie County by the Flint Hills Area Transportation Agency, a non-profit regional transit entity.

Kansas State University

Kansas State University, formerly Kansas State Agricultural College, has 150 years of distinguished service as one of the leading examples of the successful system of land-grant universities developed throughout the United States. Its campus contains over 668 acres and beyond the campus are more than 4,000 acres of university land used for experimental work in agriculture. Kansas State University is fully accredited by the North Central Accrediting Association and by various professional accrediting agencies. The University had an enrollment of 22,795 in the fall of 2017. Kansas State University ranks first nationally among state universities in its total of Rhodes, Marshall, Truman, Goldwater, and Udall scholars since 1986. The University offers many cultural, recreational, educational, and NCAA Division 1, Big XII athletic attractions.

Military-Activity - Fort Riley

Founded in 1853, Fort Riley is a military installation 15 miles west of Manhattan. Originally known as Camp Center, Fort Riley is a permanent post and has long been one of the nation's largest military installations. Today, Fort Riley is widely recognized as the Army's premier division-level installation covering approximately 102,000 acres with a military strength of approximately 15,009 soldiers and 18,028 family members. In addition to the military personnel at Fort Riley, approximately 5,625 civilians work at the installation.

The Fort's utilization changed in 2006, with the return of the 1st Infantry Division to Fort Riley. Since that time, units assigned to Fort Riley have supported Operation Enduring Freedom, Operation Iraqi Freedom, and transitioning to Operation New Dawn. From 2006 to 2009, the Fort Riley Training Mission provided pre-deployment training for an array of Military Transition Teams (MiTTs) deploying as advisors to Foreign Security Forces. During the first decade of the new century, Fort Riley has witnessed a large physical transformation. From modernization of the airfield to new barracks, housing, training and work areas, the changes to the installation have postured Fort Riley and the Central Flint Hills Region for the future. The Army has identified the fiscal need to cut 40,000 troops nationwide over a two-year period. In mid-2015, it was announced that Fort Riley would only be reduced by 615 troops meaning local areas that are heavily reliant on military spending will not be largely impacted.

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

Impact of Fort Riley

The following is the Economic Impact Summary for Fort Riley for the year ended September 30, 2017 (most recent federal fiscal year available):

Economic Impact of Fort Riley on the State of Kansas

Direct Economic Impact on Kansas	\$1,560,464,723
Payroll (Annually)	1,239,869,467
Supplies/Services/Contracts	138,969,141
Construction	71,619,284
Health Care	78,896,257
Education	31,110,574

Medical and Health Facilities

The City's two local hospitals, St. Mary's Hospital, built in 1960, and Riley County owned Memorial Hospital, which was built in 1954, have consolidated into one entity, Mercy Regional Health Center, which employs approximately 800 persons. In 2015, Mercy Regional Health Center underwent a change in name and ownership and is now Via Christi Hospital. The City also has two major retirement facilities, Meadowlark Hills Retirement Community and Via Christi Village, which provide assisted care as well as independent living. There are currently over 90 medical doctors practicing in the City, and a surgical center has been constructed to provide surgical and post-surgical services to the region.

Recreational Facilities

Tuttle Creek Reservoir, one of the largest bodies of water in Kansas, which is located two miles north of the City of Manhattan, and Milford Reservoir which is located approximately 20 miles west of Manhattan, provide substantial area income from recreational activities. The City also has many beautiful parks and ball fields which host youth and adult softball, baseball, soccer and various other sporting events.

The Larry Norvell band shell in City Park provides the venue for Arts in the Park, a series of free concerts held every weekend during the summer months. The Wefald Pavilion in City Park is available for public rental when not used as an ice skating rink in the winter months. The City also has three swimming pools. The City Park Aquatic Center was completed July 2010 and features an enhanced shaded area, a 50-meter competition quality pool, a Board Rider/Sting Ray wave pool, and a zero-entry combination pool that has features that include a lazy river, underwater seating and several slides. The CiCo Park and Northview Park pools were renovated in 2010 and opened for the 2011 summer season. City Park also features a Splash Park.

In addition, the City offers four golf courses, Sunset Zoological Park which is an Association of Zoos and Aquariums (AZA) accredited facility, the new Flint Hills Discovery Center (a LEED Gold Facility) and Blue Earth Plaza in the South Redevelopment Area, and an exceptional trail system featuring the Linear Park Trail.

Employment and Labor Force

The City's economic character is affected largely by two institutions, Kansas State University and Fort Riley. In spite of a low official unemployment rate, Manhattan has an abundant supply of above-average, trainable labor available. This is due to the dependents and students of Kansas State University and the dependents of Fort Riley, which are not counted in the official labor force statistics. Also, being the major community in a rural area, the draw is from a 40-mile radius. All of this contributes to a work ethic creating high productivity and a compatible labor climate. Some of the major employers in the Manhattan area include Fort Riley, Kansas State University, Unified School District No. 383, Via Christi Hospital, and GTM Sportswear.

In total, the civilian labor force of Riley County according to the Kansas Department of Labor, Labor Market Information Services, is 35,189 as of December of 2017. Of this number, 34,337 or 97.6% are employed. The area civilian labor force is primarily employed in the governmental sector. Kansas State University currently employs approximately 4,555 faculty and staff, and Fort Riley has a complement of approximately 15,009 military and approximately 5,625 civilian employees.

Work Force - Riley County, Kansas as of December 31, 2017

Civilian Work Force	35,189
Unemployed	852
Employed	34,337
Estimated % Unemployed	2.4%

Major Employers in the Manhattan Area:

<u>Employer</u>	<u>Product/Service</u>	<u>Approximate Employment</u>
Fort Riley Military Base	Military training	15,009
Fort Riley Military Base	Civilian employees	5,625
Kansas State University	Higher education	4,555
U.S.D. No. 383 - Manhattan Schools	Public Schools	1,600
Via Christi Hospital	Health Care	800
GTM Sportswear	Retail & Manufacturing	500
Wal-Mart*	Discount department store	450
Florence Corporation	Commercial Mailbox Manufacturer	450
City of Manhattan	Government	378
Meadowlark Hills Retirement Community	Geriatric care	352

*Wal-Mart Stores, Inc. *includes full-time, part-time and/or temporary employees.*

Economic Condition and Outlook

The major influences on the City's economy continue to be Fort Riley and Kansas State University. The City has used public funds, Industrial Revenue Bonds (IRBs), and limited or partial tax abatements to attract businesses and create economic development opportunities. Some of the recent developments include:

- *National Bio and Agro-Defense Facility (NBAF).* The United States Department of Homeland Security's Science and Technology Directorate has selected the City and Kansas State University (KSU) as the site of a state-of-the-art, high security laboratory facility to study foreign animal and zoonotic diseases that may impact livestock. There is currently no laboratory facility in the United States with the capabilities for BSL-4 research on large livestock. The facility design began in 2009 and site work began in 2010 with utility relocation. A Central Utility Plant (CUP) groundbreaking was held in May of 2013 for the NBAF. NBAF replaces the current facilities at the Plum Island Animal Disease Center (PIADC) in New York. Kansas' national leadership in animal health research and industry has made it the preferred location for the federal scientific laboratory that will accelerate animal disease research to protect the American food supply and agricultural economy. The total project estimate now exceeds \$1 billion. The CUP is complete and construction has begun on the main lab with an estimated building completion date of 2022.

- *Via Christi Hospital.* A change in ownership occurred in 2015, which resulted in a name change from Mercy Regional Health Center to Via Christi Hospital. Since then, Via Christi has upgraded Emergency Room services as part of a \$15.5 million renovation project to provide more clinical space, updated features, and improve patient flow, access and security. The City, through the Manhattan Economic Development Fund, has provided \$1 million to the expansion of the Health Center, in addition to issuing IRBs in the amount of \$38 million.
- *GTM Sportswear.* Located in the Pottawatomie County portion of the City, GTM Sportswear (GTM) sells custom embroidered and screen-printed sportswear and related goods. GTM is in the process of enlarging its current manufacturing facility in several phases over the next ten years to an ultimate footprint of approximately 200,000 square feet. The City committed to issuing up to \$28 million in IRBs for GTM and also providing incentives in the form of \$800,000 in forgivable loans and approximately \$2.4 million in tax abatements. In December 2015, the City issued additional IRBs in an amount not to exceed \$1,700,000 to assist GTM with their ongoing expansion efforts. In September 2016, GTM was sold to Hanesbrands, Inc. All operations will remain in the City and the corporate structure will remain as it exists currently. The existing IRBs and tax abatements will remain intact as well.
- *Kansas State University.* Recent building initiatives include: the renovation and expansion of Seaton Hall and additional improvements at Bill Snyder Family Stadium.

Current Major Initiatives/Planned Activities

In 2017, the City plans to continue or initiate many projects which will further improve and expand the City's infrastructure and facilitate the maintenance and growth of the City. The City has increased its focus on building up reserves not only to help facilitate anticipated growth, but also to help mitigate the impact of any potential revenue shortfalls. Below is a listing of recent accomplishments.

- *Airport.* American Eagle Airlines provides three (3) daily regional jet flights to and from Dallas/Fort Worth and Manhattan and two (2) daily regional flights to and from Chicago O'Hare International Airport. The airport continues on a track of development as it responds to the growth occurring throughout this region of Kansas. A 42,000 square-foot expansion of the passenger terminal began in November 2013. Phase I was completed in February 2015, and Phase II was completed in December 2016. Coinciding with the end of Phase II is the start of a parking improvement project. Improvements include aligning parking stalls consistent with the new terminal, and access control and revenue collection equipment. To accommodate the parking lot expansion, a new military entry road was designed and built west of the airport terminal entrance to provide access for Fort Riley equipment to the military aircraft apron. Construction of the entry road began in July 2016, and was completed in January 2017; and now affords access to property designed for future commercial development.

- *Community Development.* The Community Development Department administered 2017 calendar year Community Development Block Grant (CDBG) funds totaling approximately \$559,260 for housing rehabilitation, public services and the improvement of community facilities and infrastructure. In 2017, the City continued CDBG projects and received a Section 108 Loan Guarantee (for \$3,304,000) from the U.S. Department of Housing and Urban Development (HUD) to help finance construction of the Southeast Neighborhood Recreation Center. Other grant activities included the administration of \$172,027 in Emergency Solutions Grant funds in both the 2016 and 2017 program years for local agencies that address homelessness issues. The Department also administered a 2017 \$341,411 Flood Hazard Mitigation grant from the Federal Emergency Management Agency and Kansas Division of Emergency Management, to purchase and clear three repetitive loss flood prone properties through a voluntary buyout program that turns the land into permanent open space.

The Community Development Department addresses community needs in the areas of planning, zoning, floodplain mitigation and administration, historic preservation, and grant administration. In 2017, the Department continued implementation of the Manhattan Urban Area Comprehensive Plan, which was updated in 2015, and adopted by the City and Riley and Pottawatomie Counties. The Department also continued work with the consultant to update the Zoning and Subdivision Regulations into a Unified Development Ordinance (UDO).

In 2017, the Department completed the following projects:

- Completed, adopted and incorporated the Aggieville Community Vision Plan as a part of the Comprehensive Plan and began implementation activities including the parking and infrastructure capacity studies.
- Adopted and incorporated the Big Blue River Floodplain Management Plan as a part of the Comprehensive Plan.
- Submitted Community Rating System (CRS) 5-year update to increase flood insurance discounts for all property owners located in the City from 10%, to 20% (will take effect in May 2018).
- Adopted and incorporated the 2017 Flint Hills/Fort Riley Joint Land Use Study update as a part of the Comprehensive Plan.
- Rezoned remaining vacant city owned lots in the Manhattan Business Park to I-3, Light Industrial District, to respond to changing market conditions and to assist the Manhattan Area Chamber of Commerce in promoting economic development in the park.
- Submitted successful 2017 Heritage Preservation Fund grant application (\$14,700) and initiated Intensive Historic Resources Survey of City-owned properties in the Sunset area.
- Submitted successful nominations for Floral Hall (Register of Historic Kansas Places) and Landmark Water Tower (Register of Historic Kansas Places, and National Register of Historic Places).

- Sponsored 2017 Fair Housing Seminar with 57 attendees, including KSU students, landlords, property managers, and public housing and Section 8 providers.
- Public Works. W. Anderson transportation improvements. This project improved over a mile of Anderson Avenue and included several new pedestrian signals, bike trail, sidewalk, storm sewer, utilities, and widening of the existing two-lane roadway into a three-lane roadway with a center left turn lane, right turn deceleration lanes and a roundabout at the intersection of Kimball Avenue, Scenic Drive, and Anderson Avenue. This transportation project is being constructed to support two new commercial developments at the intersection, and new residential growth along the Anderson corridor and in the northwest quadrant of the City.
- In 2016, Manhattan voters approved a special ten-year, two-tenths sales tax (.20) that will be dedicated for street maintenance across the community. The Public Works Department will design a ten-year plan reflecting how these maintenance funds will be spent on an annual basis for street projects. Increased revenue from this sales tax or construction cost savings that are not expended during the calendar year will become part of the following year's beginning fund balance within the special street maintenance fund budget.
- In 2017, an upgrade project for Denison Avenue North of Kimball Avenue was completed, this a part of the overall North Campus Transportation Projects that is expected to take the next 5 years and approximately \$45 million investment by the community in roadways, trails, pedestrian sidewalks, landscaping, traffic signals and new turn lanes around the \$1.2 billion NBAF facility and animal health research campus of the North Campus Corridor of Kansas State University.
- In 2017, the rehabilitation of Juliette historical brick street between Bluemont Avenue and Poyntz Avenue continued.
- Construction of new turn lanes at the intersection of 11th Street and Poyntz Avenue for north and south bound traffic movements was completed in 2017.
- A Safe Routes to School Plan for (SRTS) USD 383 was finalized in September 2015. The goal is reinvestment into sidewalks and trails to improve connectivity between residential subdivision and school. The plan will be implemented as funding allows. The SRTS program Phase IIA will start construction at six different locations. The City recently receive notification from KDOT for another round of improvements in the community for Phase IIB.
- Residential. In 2017, the City experienced a growth in the number of new subdivisions. The following subdivisions were completed in 2017: Muirfield, the Links at Manhattan, Ledgestone Unit 1 and Unit 2, Ledge Stone Ridge, Pinehurst, Lansdowne and Legacy Ridge Subdivisions.

- Utilities. In 2017, the City began projects to provide improvements to various portions of the City's public water and wastewater systems.
 - Construction was 95% completed on a \$2.8 million project to construct a high-pressure transmission main to supply adequate amounts of domestic water and fire protection to K-18/Eureka Valley Corridor, which includes the Manhattan Regional Airport, TecPark, and all future development throughout the corridor. Construction for this project commenced in 2016 and is scheduled for completion in early 2018.
 - Construction was completed for numerous improvements within the water supply, treatment and distribution system, including: \$585,000 for waterline replacement in Denison Avenue between Anderson Avenue and Claflin Road; \$138,000 for new waterline in Grand Mere Parkway between Grand Champions Court and Enclave Ridge Circle; \$150,000 for waterline extension to Berkshire Court to improve system water pressures for the North Wyndham Heights neighborhood; \$120,000 for waterline replacement in Sunset Lane; and \$115,000 for a new bulk water filling station to be located on Levee Drive.
 - Construction commenced for approximately \$626,000 in sanitary sewer and street improvements in Allen Road. The project will increase sewer capacities in the Northview area, as well as reducing the potential for sanitary sewer wet weather flows that can occur during rainfall events. The project also includes \$234,000 for waterline replacement and upsizing, as well as storm sewer and street improvements.
 - Construction was completed for a \$305,000 sanitary sewer extension project to extend a sanitary sewer interceptor along West Anderson Avenue west of Scenic Drive/Kimball Avenue. This project is the first phase of a project to provide future sanitary sewer capacity for the continued growth in the Grand Mere and Colbert Hills area. Also completed with this project was approximately 750 linear feet of sanitary sewer mains to serve the Wells Addition subdivision (funded by a benefit district).
 - The Davis Street Sanitary Sewer Lift Station was replaced in 2017 at an approximate cost of \$65,000.
 - Design commenced in 2017 for the WWTP Pump Station Pump Replacement and Upgrade project, which will consist of approximately \$1.25 million for replacement of four original pumps and motors at the Headworks Pumping Station with dry pit submersible pumps.

- Construction commenced in 2017 for a \$3.5 million project to make significant electrical improvements at the Water Treatment Plant (WTP), including the installation of a 2.00 megawatt emergency backup generator and the upgrade of the electrical gear from 12.5 kV to 480V. This project will be funded with a 20-year low-interest loan through the State of Kansas Revolving Public Water Supply Loan Fund.
- In 2017, a Water and Wastewater Facility Plan update was completed, at a cost of \$400,000, to study the long-term water and wastewater treatment needs for the City. Two of the primary focus areas of the update were to study the future of the Biosolids disposal program at the WWTP, as well as the potential need to develop an additional water supply and treatment facility in the Eureka Valley/K-18 corridor or to expand the existing treatment facility to meet the growing water demand on the western portions of the City. The update also included emergency and risk assessments for the two treatment facilities, as well as the initial implementation of an asset management program.
- Construction was completed for a \$122,000 project to upgrade mechanical systems for the Blower Building No. 1 at the Wastewater Treatment Plant. The project replaced an inefficient evaporative cooler system used to remove heat from three centrifugal blowers that provide diffused air to the aerations basins that are a primary component of the activated sludge treatment process.
- Construction commenced on a \$100,000 steel storage building at the Wastewater Treatment Plant.
- Design commenced on two significant Sanitary Sewer Improvements projects in 2017. The Sunny Slope Lane Sanitary Sewer Improvements will improve approximately 1,000 linear feet of existing sewer that is located in back-of-lot areas that are not accessible for City staff to perform routine maintenance due to easement restrictions, no manhole access or structures being built over the sewer. Also under design, is a project to improve several sanitary sewer aerial crossings that are aging and deteriorating. The crossings consist of segments of sanitary sewer mains that are above ground due to stream crossings and require upgrades to supports and insulated piping.
- Design was completed and construction commenced on a \$130,000 project to replace and upgrade approximately 800 linear feet of 8-inch water mains in Juliette Avenue. The water main replacement is associated with a KDOT-funded street project to reconstruct two blocks of historic brick-paved streets and is the first of four phases to complete the reconstruction of Juliette Avenue from Bluemont Avenue to Pierre Street. The waterline replaced with Phase I was originally installed in 1888.

- A study commenced in 2017 for the Booster Pump Station Capacity Upgrade Study. The study will update the City's water distribution models and make recommendations for upgrading and improving the City's Water Booster Pump Stations throughout the water distribution system to account for growth in the northwest and southwest portions of the system.
- Construction was completed on 450 lineal feet of a 4-inch waterline extension outside of the City limits in Riley County on Elliot Street near Fairmont Park. The project was funded by, a completed on behalf of, the Kansas Department of Health and Environment, to assist with removing three residences in the area off of contaminated private water supply wells and connecting them to the City's public water distribution system. The cost of this project was \$35,000.
- Parks and Recreation. A veteran's memorial was established in the lobby of Peace Memorial Auditorium at City Hall. Additional Improvements to the stage and seating area of the auditorium, largely funded by a private veterans committee, are scheduled for completion in 2018.
- Planning for the new 93-acre Park at Lee Mill Heights occurred throughout 2017. The new LedgeStone Trail was built between Miller Parkway and Hunter Drive, providing access to Anneberg Park.
- In 2015, the City annexed parkland in the Lee Mill Heights development and planning will be underway soon for a new 80-acre park. The goal of the park is to develop a new natural area park, which offers a unique opportunity to experience the beauty of the Flint Hills without leaving the City.
- A Facility Feasibility Study was completed in 2017 to identify potential recreation improvements in the community. The study focused on priority areas of creating neighborhood-based recreation opportunities, improving ballfield surfaces and player safety, and enhancing the City's network of trails. Concepts were developed for improvements at Anthony and Eisenhower Middle Schools, Douglass Park, and CiCo Park. The renewal of the City's 1/4-cent quality of life sales tax to fund identified improvements was passed in 2017 and design of improvements at Anthony and Eisenhower Middle Schools is scheduled to begin in 2018 with construction planned for 2019.
- Sunset Zoo began a process update to its existing Master Plan and develop its first Strategic Plan. Sunset Zoo is seeking direction on future exhibits, service facilities, pedestrian circulation patterns, accessibility, wayfinding, staffing levels, and estimated costs. The plan will be completed in 2018. A new parking lot to accommodate an additional 83 vehicles will be constructed in 2018.

- *Fire Department.* In 2016, the Fire Department lease-purchased a new 107 Quint Pierce PUC fire apparatus that was delivered during the first quarter of 2017. In 2016, the City adopted the 2015 International Fire Code along with the 2015 International Building Code. In 2017, the City purchased an Oshkosh Striker Airport Rescue Fire fighting vehicle through the FAA 90/10 split grant program with delivery in February of 2018.

Financial Policies

The City has focused on adopting policies which provide ongoing guidance in the administration of City financial decisions. The following policies are considered most relevant to this report:

- *Capital Improvements Program (CIP).* This policy establishes a process for a six-year CIP which shall set priorities and provide for the scheduling of capital improvements, major purchases of equipment and major studies or surveys. The first year of the CIP is considered in the development of the annual operating budget. The CIP is adopted by resolution approved by the City Commission after a public hearing has been conducted for the purpose of soliciting community comments on the proposed CIP.
- *Investment Policy.* This policy establishes that, giving due regard to the safety and risk of investments, all available funds shall be invested in conformance with legal and administrative guidelines and, to the maximum extent possible, at the highest rates obtainable at the time of investment. Annually, the City is granted expanded investment powers by the state's Pooled Money Investment Board (PMIB) and is one of only eight municipal entities in Kansas holding this designation.
- *Long-term Obligation Financing Policy.* This policy establishes a management committee to oversee the issuance of City debt. This policy also establishes benchmarks for the rapid payback of general obligation debt and present value savings to be achieved when refunding existing debt.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Manhattan for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2016. This was the 20th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The Popular Annual Financial Reporting Award (PAFR) Program was created by the Government Finance Officers Association (GFOA) in 1991. This program is designed to recognize local governments for their achievement in reporting information from the Comprehensive Annual Financial Report into a high quality summary report. The PAFR should be a document that is easily readable by those without a background in public finance, and a tool for community members to learn about the financial condition of their local municipal government. The City of Manhattan, Kansas has received the PAFR award four (4) times, for fiscal years ending in 2013, 2014, 2015, and 2016.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its budget document for fiscal year 2018. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communication device.

Preparation of this report would not have been possible without the professional, efficient, and dedicated services of the staff of Berberich Trahan & Co., P.A. and the Finance Department. Credit should also be given to the City Commission and the City Manager's Office for providing the direction and support necessary to maintain the highest standards of professionalism in conducting the financial operations of the City. Thanks should also be extended to Berberich Trahan & Co., P.A., for the cooperation and professional assistance provided during the audit of the City's 2017 financial records.

Respectfully submitted,



Ron R. Fehr
City Manager



Bernie Hayen
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Manhattan
Kansas**

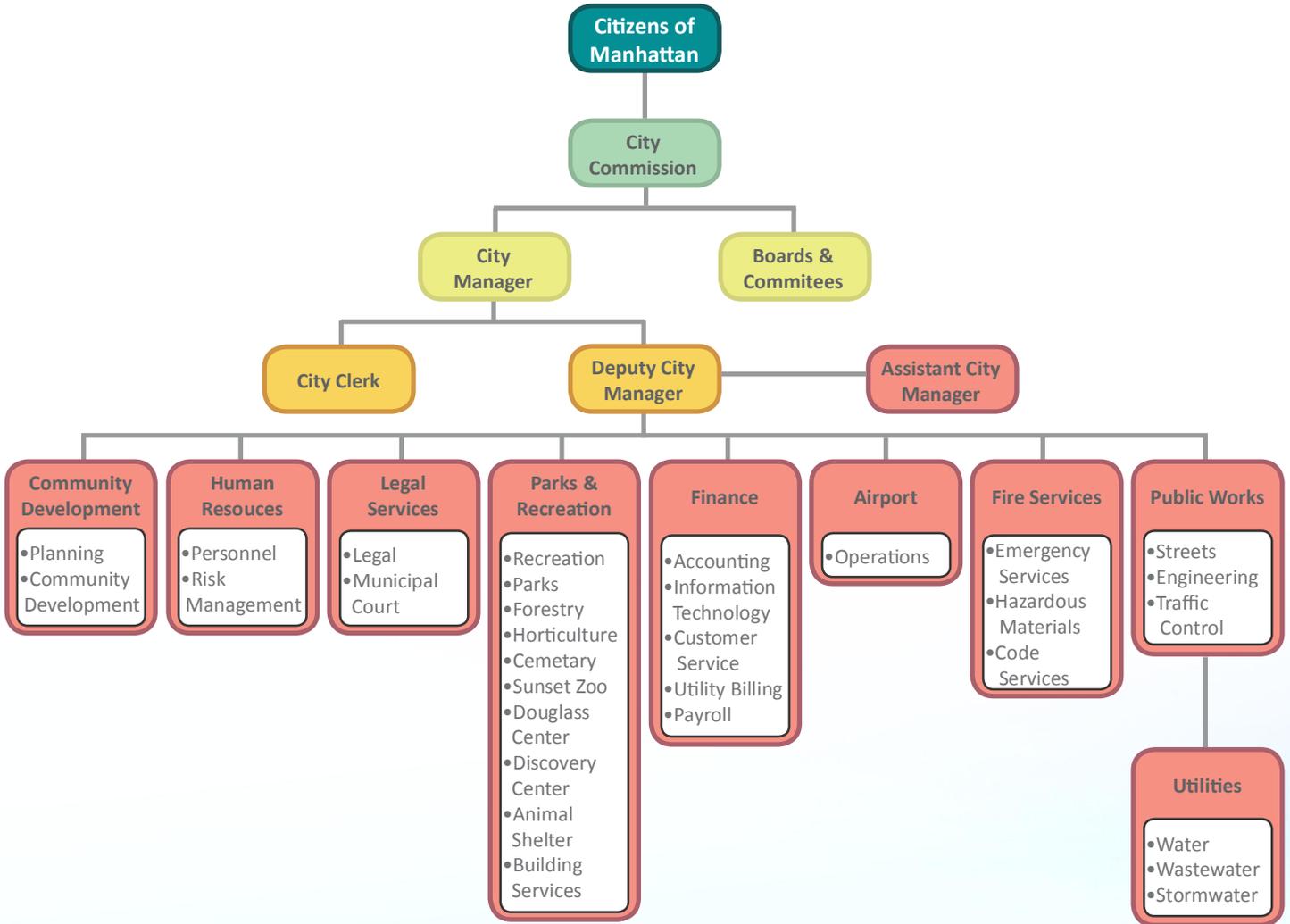
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

Organization Chart



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





List of Principal Officials

Elected Officials



Mayor Mike Dodson



Commissioner Linda Morse



Commissioner Usha Reddi



Commissioner Wynn Butler



Commissioner Jerred McKee

Appointed Officials

- | | |
|------------------------------------|-------------------|
| City Manager | Ron R. Fehr |
| Deputy City Manager | Jason Hilgers |
| Assistant City Manager | Dennis Marstall |
| City Clerk/Communications Manager | Gary Fees |
| City Attorney | Katherine Jackson |
| Airport Director | Jesse R. Romo |
| Director of Community Development | Eric Cattell |
| Director of Finance | Bernie Hayen |
| Director of Fire Services | Scott French |
| Director of Human Resources | Tammy Galvan |
| Director of Parks and Recreation | Eddie Eastes |
| Director of Public Works/Utilities | Rob Ott |



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Financial Section

**For the Year Ended
December 31, 2017**



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Commission
City of Manhattan, Kansas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manhattan, Kansas (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Manhattan Public Library, the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Manhattan Public Library, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and the Riley County Police Department fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the prior year financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the financial statements, on January 1, 2017, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* and GASB Statement No. 77, *Tax Abatement Disclosures*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information listed in the table of contents and the single audit compliance schedules, including the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the introductory and statistical sections, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The items listed in the above paragraph are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Berwick Trahan + Co., P.A.

April 18, 2019
Topeka, Kansas

Management's Discussion and Analysis

This section of the City of Manhattan's annual financial report presents our discussion and analysis of the City's financial performance during the year that ended on December 31, 2017. Please read it in conjunction with the City's financial statements, which follow this section, for a well-rounded picture of the City's financial condition.

Financial Highlights

- The assets and deferred outflows of resources of the City of Manhattan exceeded its liabilities and deferred inflows of resources at the close of 2017 by \$239,477,016. Of this amount, \$23,368,204 may be used to meet the City's ongoing obligations that would be due within one year.
- The City's total net position increased by \$9,074,797 over the prior year. The net position of our governmental activities increased by \$7,340,596 (6 percent) and the net position of our business-type activities increased by \$1,734,201 (2 percent).
- As of the end of 2017, the City of Manhattan's governmental funds reported combined ending fund balances of \$64,857,986, a decrease of \$2,756,611 in comparison with the prior year. Approximately 35 percent of this total amount, \$953,896, is unassigned for appropriations.
- At the end of 2017, there was an assigned fund balance for the general fund of \$129,023. The unassigned fund balance for the general fund is \$958,513.
- The City's total debt decreased by \$1,904,360 during 2017. General obligation bonds outstanding decreased by \$1,430,000 in 2017. General obligation bonds in the amount of \$14,615,000 were issued in 2017, while \$15,555,000 was retired and \$490,000 was refunded. The issuance of temporary notes decreased by nearly \$15.8 million from 2016 to 2017. The payment of debts related to special assessments contributed to the decrease in general obligation debt retirement.

Overview of the Financial Statements

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

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

The statement of net position presents information on all of the City of Manhattan's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Manhattan is improving or deteriorating.

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

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

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

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

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

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

The City of Manhattan maintains 57 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, Riley County Police Department fund, debt service fund, and capital projects fund, all of which are considered to be major funds. Data from the other 53 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

Government-wide Financial Analysis.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Manhattan, assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of 2017 by \$239,477,016.

A large portion of the City of Manhattan's net position (64 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Manhattan uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Manhattan's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MANHATTAN'S NET POSITION

	Governmental activities		Business-type activities		Total	
	2017	2016 (Restated)	2017	2016 (Not Restated)	2017	2016 (Restated)
Current and other assets	\$ 171,395,873	\$ 177,464,931	\$ (3,639,070)	\$ 363,887	\$ 167,756,803	\$ 177,828,818
Capital assets	227,677,896	225,284,648	171,751,492	165,317,157	399,429,388	390,601,805
Total assets	399,073,769	402,749,579	168,112,422	165,681,044	567,186,191	568,430,623
Deferred outflows	4,990,646	5,678,913	464,717	552,754	5,455,363	6,231,667
Long-term liabilities outstanding	237,440,720	251,634,593	58,895,438	58,261,922	296,336,158	309,896,515
Other liabilities	7,737,165	6,522,185	1,555,030	1,615,427	9,292,195	8,137,612
Total liabilities	245,177,885	258,156,778	60,450,468	59,877,349	305,628,353	318,034,127
Deferred inflows	27,427,316	26,153,096	108,869	72,848	27,536,185	26,225,944
Net position:						
Net investment in capital assets	37,942,390	20,803,629	115,893,744	110,296,275	153,836,134	131,099,904
Restricted	105,323,230	112,486,099	-	-	105,323,230	112,486,099
Unrestricted	(11,806,406)	(9,171,110)	(7,875,942)	(4,012,674)	(19,682,348)	(13,183,784)
Total net position	\$ 131,459,214	\$ 124,118,618	\$ 108,017,802	\$ 106,283,601	\$ 239,477,016	\$ 230,402,219

An additional portion of the City's net position (44 percent) represents resources that are subject to external restrictions on how they may be used. The positive balance of net position for governmental activities represents the city's growth in capital assets, specifically construction in progress. The city has met all statutory funding levels set by the State of Kansas. However the pension liability reflected in the negative balance of net position for governmental activities is that of the State of Kansas and their unfunded retirement portion for the City of Manhattan employees through the Kansas Public Employees Retirement System (KPERs).

It is important to remember that the City of Manhattan annually makes a statutorily required contribution to KPERs to ensure proper funding of its employee pension obligations. Under state law, the City cannot contribute additional revenue to its own pension plan. The Kansas Legislature continues not meeting its annual KPERs funding obligations to municipalities across the state. As a result of their inaction, the City of Manhattan's overall pension liability remains underfunded as reported in the annual audited financial statements.

Although the City's balance for restricted net position declined slightly in 2017, investments in capital assets net position for all categories increased by nearly 17 percent since the end of 2016. In 2017, the City's net position, for governmental and business activities, increased by \$9,074,797.

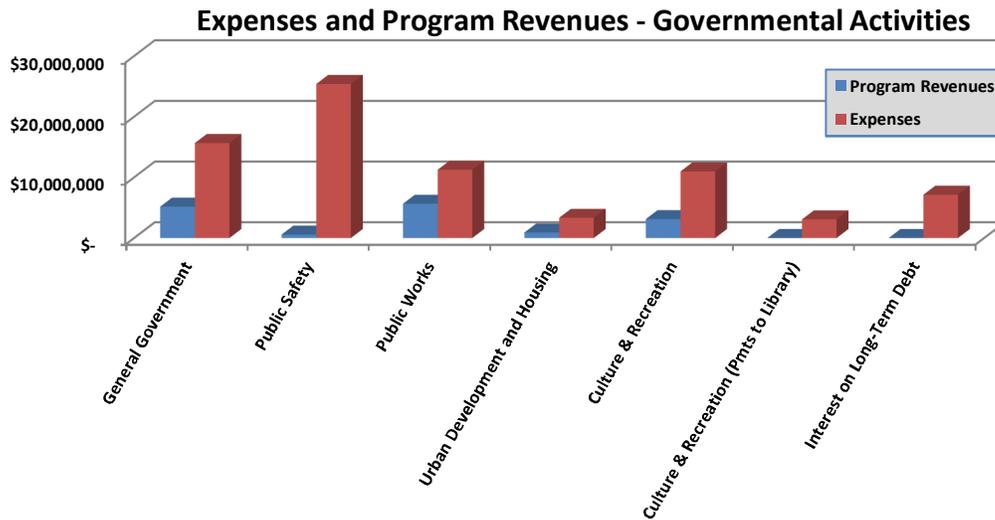
Governmental activities. Governmental activities increased the City's net position by \$7,340,596. Key elements of this increase are as follows:

CITY OF MANHATTAN'S CHANGES IN NET POSITION						
	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 6,095,543	\$ 6,849,725	\$ 22,946,910	\$ 21,789,137	\$ 29,042,453	\$ 28,638,862
Operating grants and contributions	3,353,714	3,408,120	-	-	3,353,714	3,408,120
Capital grants and contributions	5,358,486	13,401,984	-	-	5,358,486	13,401,984
General revenues:						
Property taxes	32,382,463	29,674,401	-	-	32,382,463	29,674,401
Other taxes	32,135,091	33,051,176	-	-	32,135,091	33,051,176
Other	1,665,429	1,519,491	445,005	398,511	2,110,434	1,918,002
Total revenues	80,990,726	87,904,897	23,391,915	22,187,698	104,382,641	110,092,545
Expenses:						
General government	15,369,275	14,881,392	-	-	15,369,275	14,881,392
Public safety	25,386,999	23,944,176	-	-	25,386,999	23,944,176
Public works	11,251,329	11,208,494	-	-	11,251,329	11,208,494
Urban development and housing	3,328,870	3,709,900	-	-	3,328,870	3,709,900
Culture and recreation	10,971,984	10,520,660	-	-	10,971,984	10,520,660
Culture and recreation (payments to Library)	3,061,813	2,935,903	-	-	3,061,813	2,935,903
Interest on long-term debt	7,128,980	7,574,049	-	-	7,128,980	7,574,049
Water	-	-	8,973,382	8,086,542	8,973,382	8,086,542
Wastewater	-	-	8,250,515	8,210,933	8,250,515	8,210,933
Storm water management	-	-	1,674,389	1,219,045	1,674,389	1,219,045
Total expenses	76,499,250	74,774,574	18,898,286	17,516,520	95,397,536	92,291,094
Increase in net position before transfers	4,491,476	13,130,323	4,493,629	4,671,128	8,985,105	17,801,451
Transfers	2,759,428	(578,684)	(2,759,428)	578,684	-	-
Increase in net position	7,250,904	12,551,639	1,734,201	5,249,812	8,985,105	17,801,451
Net position - 01/01	\$ 124,118,618	\$ 111,566,979	\$ 106,283,601	\$ 101,033,789	\$ 230,402,219	\$ 212,600,768
Net position - 12/31, as previously stated	\$ 131,369,522	\$ 124,118,618	\$ 108,017,802	\$ 106,283,601	\$ 239,387,324	\$ 230,402,219
Prior period adjustment	89,692	-	-	-	\$ 89,692	\$ -
Net position - 12/31	\$ 131,459,214	\$ 124,118,618	\$ 108,017,802	\$ 106,283,601	\$ 239,477,016	\$ 230,402,219

- Capital grants for governmental activities decreased by \$8,043,498 from 2016 to 2017. These decreases included general government and public works program revenues. General government capital grant revenues decreased by \$2,858,013 while public works capital grant revenues decreased by \$4,505,840 from 2016 to 2017.
- Operating grants and contributions decreased by \$54,406 from 2016 to 2017. This decrease can be attributed to operating grants and contributions for general government, public works, and urban housing and development. The remaining decrease reflects the normal fluctuation in several of the City's grant funds.
- Charges for services for governmental activities decreased by \$754,182 from 2016 to 2017. The majority of this decrease was from general government and public works, which decreased by \$722,489 combined from 2016 to 2017.
- Property taxes increased by \$2,708,062 from 2016 to 2017. The increase in taxes levied in 2017 is less than the increase of \$4,404,738 between 2015 and 2016. Other taxes decreased by \$916,085 during 2017.
- Other general revenues increased by \$145,938 from 2016 to 2017.

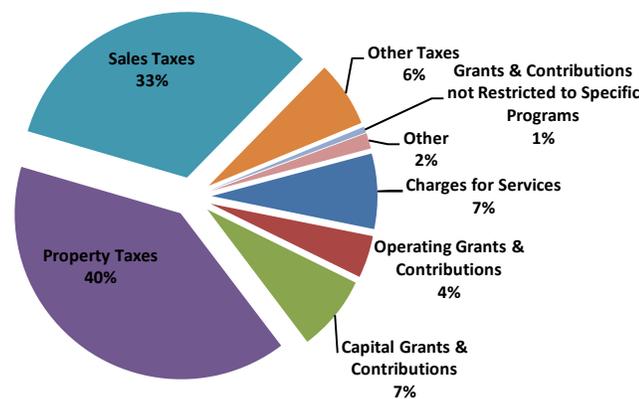
Total expenses increased by \$1,724,676 from 2016 to 2017. In 2017, expenses for public works, culture and recreation, and interest on long-term debt increased by \$175,000. The general government function increased expenses by \$487,883 (3 percent) from 2016 to 2017. Expenditures related to public safety, and urban development and housing increased by \$1,061,793 (5 percent) from 2016 to 2017.

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



The following graph shows the composition of 2017 revenues for the governmental activities.

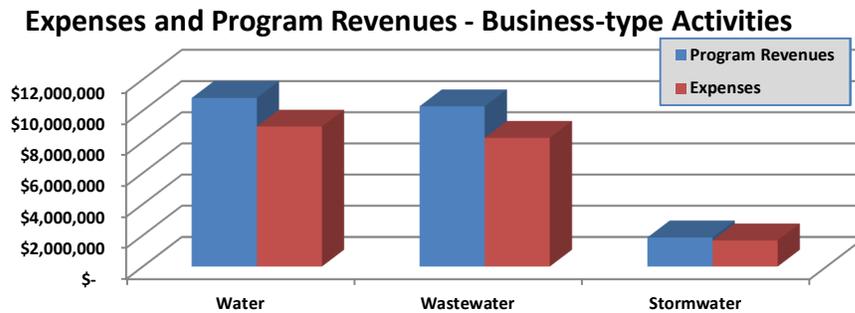
Revenues by Source - Governmental Activities



Business-type activities. Business-type activities increased the City's net position by \$1,734,201 in 2017. This increase is due to the net investment in capital assets in Water, Wastewater and Stormwater Funds. Revenue received from service charges in 2017 totaled \$22,946,910 compared to \$21,789,137 in 2016. This is an increase of \$1,157,773 (5 percent) from 2016 to 2017.

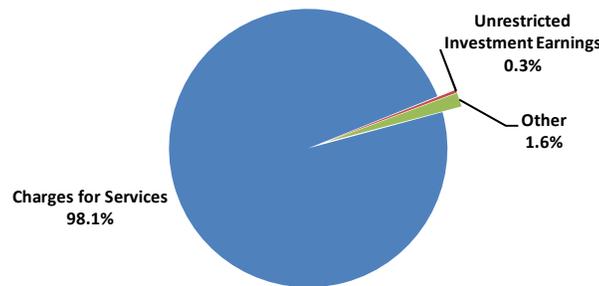
A rate increase of 3 percent went into effect January 1, 2017 for water, wastewater, and stormwater. Capital contributions received in 2017 totaled \$4,707,320 while these contributions totaled \$3,405,257 in 2016. Total expenses increased \$1,381,766 (8 percent) from 2016 to 2017.

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



The following graph shows the composition of 2017 revenues for the business-type activities.

Revenues by Source - Business-Type Activities



Financial Analysis of the City's Funds

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

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

At the end of 2017, the City of Manhattan's governmental funds reported combined ending fund balances of \$64,857,986 a decrease of \$2,756,611 in comparison with the prior year. The available unassigned balance for governmental funds was \$953,896 at the completion of the 2017 fiscal year. The remainder of fund balance is classified as assigned, committed, restricted, or non-spendable to indicate that it is not available for new spending. The assigned fund balance is less than one percent of the total and is dedicated to liquidate contracts and purchase orders for the year. The committed fund balance is less than one percent (\$165,296) of the total and is legally constrained by the governing body. The restricted fund balance is 98 percent (\$63,114,435) of the total and represents resources that are externally restricted by parties outside the government such as creditors, grantors, and contributors, or by laws or regulations of other governments. Several of the City's special revenue funds and grant funds are included in this balance. The non-spendable fund balance is less than one percent (\$495,336) of the total balance and is used to pay for the perpetual care of one of the municipal cemeteries.

The general fund is the chief operating fund of the City of Manhattan. At the end of 2017, unassigned fund balance of the general fund was \$958,513 while total fund balance was \$3,260,580. As a measure of the general fund's liquidity, it may be useful to compare the unassigned and assigned fund balance as well as the total fund balance to total fund expenditures. In total, the assigned and unassigned fund balance represents 4 percent of total general fund expenditures, while total fund balance represents 12 percent of the same expenditure amount.

In 2017, the City's general fund balance decreased by \$294,374. A decrease of \$274,099 was shown in 2016. Key elements of this are as follows:

- Taxes increased by \$375,197 in 2017. Sales tax revenues decreased by \$198,995 from 2016 to 2017. Franchise taxes decreased by \$163,236 from 2016 to 2017. Property taxes increased by \$168,936 from 2016 to 2017.
- Licenses and permits decreased by \$197,543 in 2017. There was minimal growth in building permit fees, and other licenses and permits received by the General Fund.
- Intergovernmental revenues decreased by \$21,749 from 2016 to 2017. A majority of this decrease was due to a drop in taxes received from liquor sales, which are collected by the State of Kansas and then distributed back to local units of government.
- Charges for services decreased by \$397,776 from 2016 to 2017. This decrease was primarily due to reduced administrative fees collected through the issuance of debt.
- Fine and forfeitures decreased by \$544,437 in 2017. This decrease of municipal court revenues was the result of a significant change in community policing tactics by the Riley County Police Department (RCPD).
- Investment income increased by \$24,756 from 2016 to 2017. This small increase was due to investment interest rates continuing to improve compared to prior years.
- Miscellaneous revenues increased by \$77,612 from 2016 to 2017. The increase is attributed to increases in several miscellaneous revenue line items.
- Expenditures decreased by \$2,541,416 in 2017. Some functions showed increases in expenditures, while others showed decreases. General government expenditures decreased by \$2,622,152. Majority of the decrease is due to health premiums transferring from General Fund to the Employee Benefit Fund (Non-Major Governmental Fund). Public safety expenditures increased by \$356,795. Public works expenditures decreased by \$378,980. Culture and recreation expenditures increased \$235,258.
- Transfers decreased \$1,928,335 from 2016 to 2017. This decrease is primarily attributed to a decrease in the sales transfer to the general fund.

The Riley County Police Department fund provides for expenditures made to the Riley County Police Department (RCPD). Police protection is provided to the City by the RCPD under a statutory arrangement whereby the City is responsible for 80 percent of the RCPD's budget. This fund had a balance of \$290,917 at the end of 2017.

The debt service fund has a total fund balance of \$12,166,876 at the end of 2017, which is restricted for future debt service payments. The net decrease in the debt service fund balance during the current year was \$1,904,359. Debt service expenditures were greater than revenues by \$6,984,986. However, this deficit was offset by issuance of general obligation bonds, premiums on general obligation bonds, and transfers in from other funds. The deficit of revenues over debt service expenditures in 2017 was \$643,671 less than in 2016.

The capital projects fund is used to account for the acquisition and construction of major facilities which are financed predominately through the issuance of general obligation bonds. This fund has a total fund balance of \$27,925,695 all of which all is restricted. The capital projects fund balance decreased by \$1,612,845 during 2017.

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

Unrestricted net position of the Water Fund at the end of 2017 amounted to negative \$2,231,425; the Wastewater Fund amounted to negative \$4,678,612, and the Stormwater Management Fund amounted to negative \$965,905. The Water and Wastewater Funds had a gain in net position of Water \$1,210,881 and \$856,628, respectively, while the Stormwater Management Fund had a loss in net position of \$333,308. A key element of these changes is as follows:

- Capital contributions are typically a significant revenue source for all of the enterprise funds. Capital contributions result primarily from the fact that a large portion of the infrastructure assets for these funds are financed from the proceeds of general obligation bonds which are repaid from governmental funds rather than these enterprise funds. Some capital assets are also donated by outside parties. During the current year, total capital contributions by the Water, Wastewater, and Stormwater Funds were \$2,196,254, \$1,523,383, and \$987,683, respectively, as compared to \$1,675,750, \$1,323,429 and \$406,078, in 2016. The overall increase from 2016 to 2017 was \$1,302,063.

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

General Fund Budgetary Highlights

Revenues falls short of budgetary estimates in all categories with the exceptions of charges for services and miscellaneous revenues. Taxes decreased by \$587,356 due to sales tax decreasing as well as delinquency from tax payers Investment income has declined dramatically since 2007, and while the 2017 budget figure was lowered in comparison to previous years, annual interest income is expected to slowly increase. One of the most significant variance from budget was in fines and forfeitures, which decreased below the budgeted amount by approximately \$215,816. The majority of this difference stemmed from Riley County Police Department's change in policing tactics. Total expenditures were less than budgetary estimates by \$2,159,271 (7 percent) of total budgeted expenditures.

Capital Asset and Debt Administration

Capital assets. The City of Manhattan's investment in capital assets for its governmental and business-type activities as of December 31, 2017, amounts to \$399,429,386 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, park and pool facilities, streets, storm sewers, bridges, and water and sewer lines. The total increase in the City's investment in capital assets was 2 percent.

Major capital asset events during 2017 included the following:

- Expansion of West Anderson increased assets by \$2,532,226.
- Construction of the Eureka Valley water main increased assets by \$2,226,177.
- Expansion of Manhattan Regional Airport Terminal Phase II increased assets by \$1,497,301.
- Construction of the Clearwell Pump Station increased assets by \$1,425,912.
- Construction of West Anderson Roundabout increased assets by \$1,298,614.

CITY OF MANHATTAN'S CAPITAL ASSETS

(Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 20,724,684	\$ 20,724,684	\$ 505,833	\$ 501,272	\$ 21,230,517	\$ 21,225,956
Buildings and improvements	86,767,551	75,631,186	47,319,108	48,559,275	134,086,659	124,190,461
Contents and equipment	2,463,741	2,480,708	2,377,346	2,143,763	4,841,087	4,624,471
Vehicles	1,464,595	1,701,847	667,967	770,365	2,132,562	2,472,212
Infrastructure	75,087,085	79,295,461	97,987,202	95,766,712	173,074,287	175,062,173
Construction in progress	41,170,240	45,450,762	22,894,036	17,575,770	64,064,276	63,026,532
Total	\$ 227,677,896	\$ 225,284,648	\$ 171,751,492	\$ 165,317,157	\$ 399,429,388	\$ 390,601,805

Additional information on the City's capital assets can be found in note 3. F on pages 58 - 60 of this report.

Long-term debt. At the end of 2017, the City had total bonded debt outstanding of \$150,485,000. Of this amount, \$69,006,496 comprises debt backed by the full faith and credit of the City and \$35,883,504 is special assessment debt for which the City is liable in the event of default by the property owners subject to the assessment. The remainder of the City's bonded debt represents bonds secured solely by specific revenue sources (i.e., special obligation bonds).

CITY OF MANHATTAN'S OUTSTANDING DEBT

General Obligation and Special Obligation Bonds

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
General obligation bonds	\$ 59,616,496	\$ 57,032,675	\$ 9,390,000	\$ 5,960,000	\$ 69,006,496	\$ 62,992,675
General obligation bonds (special assessment debt with governmental commitment)	35,883,504	43,327,325	-	-	35,883,504	43,327,325
Sales tax revenue bonds	4,810,000	4,970,000	-	-	4,810,000	4,970,000
Special obligation bonds	40,785,000	46,530,000	-	-	40,785,000	46,530,000
Total	\$141,095,000	\$151,860,000	\$9,390,000	\$5,960,000	\$150,485,000	\$157,820,000

The City's total outstanding debt decreased by \$7,335,000 during 2017. General obligation bonds outstanding decreased by \$1,430,000 in 2017. Bonds in the amount of \$14,615,000 were issued in 2017, while \$15,555,000 was retired and \$490,000 was refunded. There was a decrease of \$3,705,000 in temporary notes outstanding at the end of 2017 as compared to 2016.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 30 percent of its total assessed valuation. The current debt limitation for the City is \$174,177,993 which is significantly greater than the City's outstanding general obligation bonds.

Additional information on the City's long-term debt can be found in note 3.J on pages 62 - 74 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for the City of Manhattan at the end of 2017 was 3 percent. This rate decreased by 0.3 percent compared to the end 2016 and remains very favorable compared to the state's average unemployment rate of 3.50 percent and the national average rate of 4.10 percent at the end of 2017.
- Inflationary trends in the region compare favorably to national indices.

Highlights of the City’s 2018 budget are as follows:

The mill levy rate increased by 0.334, with a total mill levy rate of 48.357 for 2018. This rate is higher compared to mill levy rates over the last 20 years.

- Capital improvements anticipated for 2018 and beyond are incorporated into the proposed 2018-2022 Capital Improvements Program. The plan approximately totals \$188,948,819 and includes the following for 2018:
 - ✓Replacement of a Firefighting truck
 - ✓Upgrade to storm sirens
 - ✓Replacement of Fire Thermal Imaging Cameras
 - ✓Improvements to the flood Levee and Downtown Systems
 - ✓Improvements to the Southeast Campus Lighted Path, North Manhattan Avenue and North Campus Corridor

Requests for Information

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Basic Financial Statements

**For the Year Ended
December 31, 2017**

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CITY OF MANHATTAN, KANSAS
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 42,927,505
Cash with special obligation bonds trustee	3,369,909
Investment in joint venture	166,154
Receivables:	
Accounts (net of allowance for uncollectibles)	916,279
Intergovernmental	2,265,544
Franchise tax	402,849
Sales tax	4,294,460
Transient guest tax	492,317
Property tax	26,776,704
Other loans	23,143
Notes:	
Current	100,000
Noncurrent	4,300,000
Inventories	36,595
Prepaid items	-
Internal balances	21,334,598
Restricted assets:	
Cash and investments	
Construction accounts	-
Special assessments:	
Current	6,605,569
Noncurrent	57,384,247
Capital assets:	
Land	20,724,684
Infrastructure, net of accumulated depreciation	75,087,085
Other capital assets, net of accumulated depreciation	90,695,887
Construction in progress	41,170,240
	399,073,769
TOTAL ASSETS	
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,110,644
Deferred outflows - pension	3,880,002
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 4,990,646

(Continued)

Primary Government		Component Unit	
		Manhattan	
Business-type		Public	
Activities		Library	
	Total		
\$ 15,120,239	\$ 58,047,744	\$ 1,435,686	
-	3,369,909	-	
-	166,154	-	
2,271,146	3,187,425	-	
-	2,265,544	-	
-	402,849	-	
-	4,294,460	-	
-	492,317	-	
-	26,776,704	3,202,500	
-	23,143	-	
-	100,000	-	
-	4,300,000	-	
62,002	98,597	-	
-	-	71,148	
(21,334,598)	-	-	
242,141	242,141	-	
-	6,605,569	-	
-	57,384,247	-	
505,833	21,230,517	-	
97,987,203	173,074,288	-	
50,364,420	141,060,307	658,711	
22,894,036	64,064,276	-	
<hr/>	<hr/>	<hr/>	
168,112,422	567,186,191	5,368,045	
-	1,110,644	-	
464,717	4,344,719	254,433	
<hr/>	<hr/>	<hr/>	
\$ 464,717	\$ 5,455,363	\$ 254,433	

CITY OF MANHATTAN, KANSAS
STATEMENT OF NET POSITION (CONTINUED)
December 31, 2017

	Governmental Activities
LIABILITIES	
Accounts payable	\$ 5,425,755
Estimated insurance claims payable	744,360
Accrued interest payable	840,287
Accrued payroll	726,763
Unearned revenue	
Long-term liabilities:	
Due within one year	18,468,380
Due in more than one year	218,972,340
TOTAL LIABILITIES	245,177,885
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue - property taxes	26,776,704
Resources related to pensions	650,612
TOTAL DEFERRED INFLOWS OF RESOURCES	27,427,316
NET POSITION	
Net investment in capital assets	37,942,390
Restricted for:	
Culture and recreation	1,653,098
Public safety	698,004
Public works	28,299,383
Urban development and housing	10,709,346
Debt service	60,803,794
Perpetual care:	
Nonexpendable	495,336
Other purposes	2,664,269
Unrestricted	(11,806,406)
TOTAL NET POSITION	\$ 131,459,214

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

Primary Government		Component Units	
Business-type		Manhattan	
Activities		Public	
		Library	
	Total		
\$ 847,522	\$ 6,273,277	\$ 2,315	
-	744,360	-	
573,296	1,413,583	-	
129,767	856,530	78,900	
4,445	4,445	-	
4,899,824	23,368,204	123,528	
53,995,614	272,967,954	1,645,047	
<u>60,450,468</u>	<u>305,628,353</u>	<u>1,849,790</u>	
-	26,776,704	3,202,500	
108,869	759,481	100,043	
<u>108,869</u>	<u>27,536,185</u>	<u>3,302,543</u>	
115,893,744	153,836,134	556,827	
-	1,653,098	-	
-	698,004	-	
-	28,299,383	-	
-	10,709,346	-	
-	60,803,794	-	
-	495,336	-	
-	2,664,269	-	
<u>(7,875,942)</u>	<u>(19,682,348)</u>	<u>(86,682)</u>	
<u>\$ 108,017,802</u>	<u>\$ 239,477,016</u>	<u>\$ 470,145</u>	

CITY OF MANHATTAN, KANSAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

	Expenses	Charges for Services
FUNCTIONS/PROGRAMS		
Primary government		
Governmental activities		
General government	\$ 15,369,275	\$ 3,046,897
Public safety	25,386,999	558,026
Public works	11,251,329	70,981
Urban development and housing	3,328,870	144,106
Culture and recreation	10,971,984	2,275,533
Culture and recreation (payments to Library)	3,061,813	-
Interest on long-term debt	7,128,980	-
Total governmental activities	76,499,250	6,095,543
Business-type activities		
Water	8,973,382	10,808,239
Wastewater	8,250,515	10,273,901
Storm water management	1,674,389	1,864,770
Total business-type activities	18,898,286	22,946,910
Total primary government	\$ 95,397,536	\$ 29,042,453
Component unit		
Manhattan Public Library	\$ 3,185,778	\$ 129,633

General revenues:
Taxes:
Property taxes, levied for general purposes
Property taxes, levied for debt service
Franchise taxes
Sales taxes
Transient guest taxes
Payments from the City of Manhattan
Grants and contributions not restricted to specific programs
Unrestricted investment earnings
Miscellaneous
Transfers-internal activities
Total general revenues and transfers
Change in net position
Net position-beginning
Prior period adjustment
Net position-beginning as restated
Net position-ending

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

Program Revenues		Net (Expense) Revenue and Changes in Net Position			Component Unit
Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Manhattan Public Library
		Governmental Activities	Business-type Activities	Total	
\$ 461,298	\$ 1,485,620	\$ (10,375,460)	\$ -	\$ (10,375,460)	\$ -
9,768	-	(24,819,205)	-	(24,819,205)	-
1,624,814	3,872,866	(5,682,668)	-	(5,682,668)	-
767,668	-	(2,417,096)	-	(2,417,096)	-
490,166	-	(8,206,285)	-	(8,206,285)	-
-	-	(3,061,813)	-	(3,061,813)	-
-	-	(7,128,980)	-	(7,128,980)	-
<u>3,353,714</u>	<u>5,358,486</u>	<u>(61,691,507)</u>	<u>-</u>	<u>(61,691,507)</u>	
-	-	-	1,834,857	1,834,857	4,491,476
-	-	-	2,023,386	2,023,386	-
-	-	-	190,381	190,381	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,048,624</u>	<u>4,048,624</u>	<u>4,491,476</u>
\$ 3,353,714	\$ 5,358,486	(61,691,507)	4,048,624	(57,642,883)	-
<u>\$ 294,747</u>	<u>\$ -</u>				(2,761,398)
		30,026,900	-	30,026,900	-
		2,355,563	-	2,355,563	-
		3,702,504	-	3,702,504	-
		26,852,223	-	26,852,223	-
		1,580,364	-	1,580,364	-
		-	-	-	2,989,853
		454,166	-	454,166	-
		197,813	73,882	271,695	12,729
		1,013,450	371,123	1,384,573	-
		2,759,428	(2,759,428)	-	-
		<u>68,942,411</u>	<u>(2,314,423)</u>	<u>66,627,988</u>	<u>3,002,582</u>
		<u>7,250,904</u>	<u>1,734,201</u>	<u>8,985,105</u>	<u>241,184</u>
		124,118,618	106,283,601	230,402,219	228,961
		89,692	-	89,692	-
		<u>124,208,310</u>	<u>106,283,601</u>	<u>230,491,911</u>	<u>228,961</u>
		<u>\$ 131,459,214</u>	<u>\$ 108,017,802</u>	<u>\$ 239,477,016</u>	<u>\$ 470,145</u>

CITY OF MANHATTAN, KANSAS
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2017

	General	Riley County Police Department
ASSETS		
Cash and cash equivalents	\$ 2,124,972	\$ 290,917
Cash with special obligation bonds trustee	-	-
Investment in joint venture	-	-
Receivables		
Accounts	433,655	33
Intergovernmental	-	-
Franchise tax	402,849	-
Sales tax	1,570,395	-
Transient guest tax	-	-
Property tax	3,257,641	15,211,000
Interfund	730,510	-
Other loans	23,143	-
Special assessments		
Current	-	-
Noncurrent	-	-
	<hr/>	<hr/>
TOTAL ASSETS	\$ 8,543,165	\$ 15,501,950
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Accounts payable	\$ 882,562	\$ -
Accrued payroll	709,492	-
Interfund payable	-	-
Temporary notes payable	-	-
	<hr/>	<hr/>
TOTAL LIABILITIES	1,592,054	-
	<hr/> <hr/>	<hr/> <hr/>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - property taxes	3,257,641	15,211,000
Unavailable revenue - receivables	432,890	33
Unavailable revenue - special assessments	-	-
	<hr/>	<hr/>
TOTAL DEFERRED INFLOWS	3,690,531	15,211,033
	<hr/> <hr/>	<hr/> <hr/>
FUND BALANCES (DEFICITS)		
Nonspendable:		
Perpetual care	-	-
Restricted:		
Urban Development & Housing	-	-
General Government	-	-
Capital Projects	-	-
Public Safety	-	290,917
Culture & Recreation	-	-
Public Works	-	-
Debt Service	2,173,044	-
Committed:		
General Government	-	-
Assigned:		
Purchases on Order	129,023	-
Unassigned	958,513	-
	<hr/>	<hr/>
TOTAL FUND BALANCES	3,260,580	290,917
	<hr/> <hr/>	<hr/> <hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,543,165	\$ 15,501,950
	<hr/> <hr/>	<hr/> <hr/>

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

Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 12,036,085	\$ 10,788,855	\$ 14,441,132	\$ 39,681,961
-	-	3,369,909	3,369,909
-	-	166,154	166,154
5,147	-	277,913	716,748
-	133,802	2,092,433	2,226,235
-	-	-	402,849
181,182	539,382	2,003,501	4,294,460
-	-	492,317	492,317
2,625,478	-	5,682,585	26,776,704
-	21,334,598	-	22,065,108
-	-	-	23,143
6,605,569	-	-	6,605,569
57,384,247	-	-	57,384,247
<u>\$ 78,837,708</u>	<u>\$ 32,796,637</u>	<u>\$ 28,525,944</u>	<u>\$ 164,205,404</u>
\$ 50,391	\$ 3,803,796	\$ 603,747	\$ 5,340,496
-	-	17,271	726,763
-	-	730,510	730,510
-	990,000	-	990,000
<u>50,391</u>	<u>4,793,796</u>	<u>1,351,528</u>	<u>7,787,769</u>
2,625,478	-	5,682,585	26,776,704
5,147	77,146	277,913	793,129
63,989,816	-	-	63,989,816
<u>66,620,441</u>	<u>77,146</u>	<u>5,960,498</u>	<u>91,559,649</u>
-	-	495,336	495,336
-	-	8,747,063	8,747,063
-	-	1,767,323	1,767,323
-	27,925,695	1,219,348	29,145,043
-	-	412,040	702,957
-	-	1,780,550	1,780,550
-	-	2,104,463	2,104,463
12,166,876	-	4,527,116	18,867,036
-	-	165,296	165,296
-	-	-	129,023
-	-	(4,617)	953,896
<u>12,166,876</u>	<u>27,925,695</u>	<u>21,213,918</u>	<u>64,857,986</u>
<u>\$ 78,837,708</u>	<u>\$ 32,796,637</u>	<u>\$ 28,525,944</u>	<u>\$ 164,205,404</u>

CITY OF MANHATTAN, KANSAS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2017

Fund balances of governmental funds	\$	64,857,986
Amounts reported for governmental activities in the statement of net position are different because:		
Certain receivables, net of an allowance for doubtful accounts, are not available to pay current period expenditures and therefore are deferred in the funds.		5,393,322
Capital assets net of depreciation are not financial resources and therefore have not been included in the funds.		227,677,896
Long-term debt and compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		
General Obligation Bonds Payable	\$ (95,500,000)	
Special Obligation Bonds Payable	(45,595,000)	
Temporary Notes Payable	(63,350,000)	
Premium on Bonds Payable	(3,426,202)	
Transportation Revolving Fund Loan Payable	(2,111,982)	
Capital Leases Payable	(2,173,044)	
Compensated absences	(2,531,601)	(214,687,829)
<hr style="width: 100%;"/>		
Deferred outflows represent a consumption of net position that applies to a future period and so will not be recognized as an expenditure of resources until then:		
Deferred charge on refunding		1,110,644
Accrued interest payable on long-term debt has not been reported in the governmental funds.		(840,287)
Other long-term assets related to special assessments are not available to pay current period expenditures and therefore are deferred in the funds.		63,989,816
In the statement of net position, a long-term liability is recorded for the unfunded portion of postemployment benefits other than pensions, while in the governmental funds, liabilities that do not require satisfaction with current resources are not recorded.		(3,063,340)
In the statement of net position, a long-term liability is recorded for the net pension liability as well as deferred inflows and outflows of resources related to the pension.		
Net pension liability	(18,699,551)	
Deferred outflows of resources - pension	3,880,002	
Deferred inflows of resources - pension	(650,612)	(15,470,161)
<hr style="width: 100%;"/>		
Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		2,491,167
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Net position of governmental activities	\$	<u>131,459,214</u>

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

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CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

REVENUES	<u>General</u>
Taxes	\$ 15,129,405
Special assessments	-
Licenses and permits	583,770
Intergovernmental revenues	531,894
Charges for services	2,589,494
Fines and forfeitures	1,469,323
Investment income	69,050
Miscellaneous revenues	306,719
Total Revenues	<u>20,679,655</u>
 EXPENDITURES	
Current	
General government	7,556,938
Public safety	6,794,185
Public works	3,705,919
Urban development and housing	505,898
Culture/recreation	7,332,451
Culture/recreation-payments to Library	-
Capital outlay	42,883
Debt service	
Principal	222,940
Bond issuance costs	-
Interest and fiscal charges	21,279
Total Expenditures	<u>26,182,493</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(5,502,838)</u>
 OTHER FINANCING SOURCES (USES)	
General obligation bonds issued	-
Premium on general obligation bonds	-
Payment to bond refunding escrow agent	-
Temporary notes issued	-
Capital leases	39,257
Transfers in	5,529,976
Transfers out	(360,769)
Total Other Financing Sources (Uses)	<u>5,208,464</u>
NET CHANGE IN FUND BALANCES	<u>(294,374)</u>
FUND BALANCE - BEGINNING OF YEAR	3,554,954
PRIOR PERIOD ADJUSTMENT	-
FUND BALANCE - BEGINNING OF YEAR AS RESTATED	<u>3,554,954</u>
FUND BALANCE - END OF YEAR	<u>\$ 3,260,580</u>

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

Riley County Police Department	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
\$ 16,363,214	\$ 4,520,956	\$ 1,937,245	\$ 26,566,735	\$ 64,517,555
-	6,630,993	261,092	-	6,892,085
-	-	-	-	583,770
-	-	1,864,463	4,782,751	7,179,108
-	277,802	-	690,480	3,557,776
4,135	-	-	-	1,473,458
-	38,815	-	70,412	178,277
-	354,246	651,672	520,146	1,832,783
<u>16,367,349</u>	<u>11,822,812</u>	<u>4,714,472</u>	<u>32,630,524</u>	<u>86,214,812</u>
-	95,183	-	4,616,797	12,268,918
16,223,184	-	-	1,264,485	24,281,854
-	-	232,780	653,447	4,592,146
-	-	-	2,699,938	3,205,836
-	-	-	1,384,166	8,716,617
-	-	-	2,990,500	2,990,500
-	-	15,295,974	3,503,520	18,842,377
-	14,797,258	10,370,000	9,406,953	34,797,151
-	355,005	104,429	-	459,434
-	3,560,351	501,854	2,653,386	6,736,870
<u>16,223,184</u>	<u>18,807,797</u>	<u>26,505,037</u>	<u>29,173,192</u>	<u>116,891,703</u>
<u>144,165</u>	<u>(6,984,985)</u>	<u>(21,790,565)</u>	<u>3,457,332</u>	<u>(30,676,891)</u>
-	3,066,338	3,977,445	3,071,217	10,115,000
-	1,186,355	-	-	1,186,355
-	(507,080)	-	-	(507,080)
-	-	9,220,000	-	9,220,000
-	-	-	-	39,257
-	1,638,197	7,706,771	4,405,228	19,280,172
-	(303,184)	(726,496)	(10,022,975)	(11,413,424)
<u>-</u>	<u>5,080,626</u>	<u>20,177,720</u>	<u>(2,546,530)</u>	<u>27,920,280</u>
<u>144,165</u>	<u>(1,904,359)</u>	<u>(1,612,845)</u>	<u>910,802</u>	<u>(2,756,611)</u>
146,752	14,071,235	29,538,540	20,213,424	67,524,905
-	-	-	89,692	89,692
<u>146,752</u>	<u>14,071,235</u>	<u>29,538,540</u>	<u>20,303,116</u>	<u>67,614,597</u>
<u>\$ 290,917</u>	<u>\$ 12,166,876</u>	<u>\$ 27,925,695</u>	<u>\$ 21,213,918</u>	<u>\$ 64,857,986</u>

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CITY OF MANHATTAN, KANSAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2017

Net change in fund balances - total governmental funds \$ (2,756,611)

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

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

Expenditures for capital assets	\$ 13,501,016	
Less current year depreciation	<u>(11,074,214)</u>	2,426,802

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals, donations) is to decrease net position. (33,554)

Long-term debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt and related items.

Long-term debt proceeds	(19,374,257)	
Premium on debt issued	(1,186,355)	
Amortization of bond premium	116,257	
Amortization on deferred charge on refunding	(97,283)	
Principal reductions	<u>35,287,151</u>	14,745,513

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

Compensated absences	(147,913)	
Other postemployment benefits other than pensions	(143,306)	
Net pension liability	(346,164)	
Accrued interest on bonds	<u>65,430</u>	(571,953)

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

Receivables	(351,097)	
Special assessments	<u>(5,473,636)</u>	(5,824,733)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management and self-insurance, to individual funds. The net revenues of the internal service funds are reported with governmental activities. (734,560)

Change in net position of governmental activities \$ 7,250,904

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

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

For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 15,716,761	\$ 15,716,761	\$ 15,129,405	\$ (587,356)
Licenses and permits	653,700	653,700	583,770	(69,930)
Intergovernmental revenues	583,000	583,000	531,894	(51,106)
Charges for services	2,353,300	2,353,300	2,589,494	236,194
Fines and forfeitures	1,685,139	1,685,139	1,469,323	(215,816)
Investment income	391,574	391,574	69,050	(322,524)
Miscellaneous revenues	194,500	194,500	306,719	112,219
Total Revenues	<u>21,577,974</u>	<u>21,577,974</u>	<u>20,679,655</u>	<u>(898,319)</u>
EXPENDITURES				
Current				
General government				
Administration	828,720	828,720	811,655	17,065
Finance	1,383,850	1,383,850	1,305,351	78,499
Airport	1,046,424	1,046,424	1,100,228	(53,804)
Animal Shelter	617,130	617,130	603,314	13,816
Human Resources	377,089	377,089	339,641	37,448
Legal Services	1,302,208	1,302,208	1,176,799	125,409
General Services	2,752,316	2,752,316	1,909,506	842,810
Outside Services	518,570	518,570	504,894	13,676
Municipal parking lots	67,200	67,200	36,418	30,782
Public safety				
Fire Department				
Administration	388,285	388,285	440,499	(52,214)
Operations	5,082,740	5,082,740	4,725,667	357,073
Technical Services	1,008,940	1,008,940	938,032	70,908
Municipal Building Maintenance	729,330	729,330	689,988	39,342
Public works				
Administration	203,050	203,050	191,744	11,306
Street	2,330,760	2,330,760	2,077,180	253,580
Engineering	1,015,425	1,015,425	896,288	119,137
Traffic Control	784,255	784,255	651,219	133,036
Urban development and housing	619,210	619,210	512,698	106,512
Culture/recreation				
Administration	254,280	254,280	259,106	(4,826)
Douglass Center	236,950	236,950	218,176	18,774
City Parks	2,515,220	2,515,220	2,397,031	118,189
Swimming Pools	734,800	734,800	838,478	(103,678)
Sunset Zoo	1,062,690	1,062,690	1,017,360	45,330
Blue Earth Park	20,750	20,750	20,307	443
Recreation	1,577,810	1,577,810	1,626,926	(49,116)
Discovery Center	944,840	944,840	955,066	(10,226)
Total Expenditures	<u>28,402,842</u>	<u>28,402,842</u>	<u>26,243,571</u>	<u>2,159,271</u>
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	<u>\$ (6,824,868)</u>	<u>\$ (6,824,868)</u>	<u>\$ (5,563,916)</u>	<u>\$ 1,260,952</u>

(Continued)

CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
GENERAL FUND (CONTINUED)
For The Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,041,254	\$ 5,041,254	\$ 5,529,976	\$ 488,722
Transfers out	(216,386)	(216,386)	(360,769)	(144,383)
Capital leases	-	-	39,257	39,257
Total Other Financing Sources (Uses)	<u>4,824,868</u>	<u>4,824,868</u>	<u>5,208,464</u>	<u>383,596</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,000,000)</u>	<u>\$ (2,000,000)</u>	(355,452)	<u>\$ 1,644,548</u>
FUND BALANCE - BEGINNING OF YEAR			<u>3,487,009</u>	
FUND BALANCE - END OF YEAR			3,131,557	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>129,023</u>	
FUND BALANCE - GAAP BASIS			<u>\$ 3,260,580</u>	

CITY OF MANHATTAN, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) -
RILEY COUNTY POLICE DEPARTMENT FUND
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 16,227,844	\$ 16,227,844	\$ 16,363,214	\$ 135,370
Fines and forfeitures	5,000	5,000	4,135	(865)
Total Revenues	<u>16,232,844</u>	<u>16,232,844</u>	<u>16,367,349</u>	<u>134,505</u>
EXPENDITURES				
Current				
Public safety	16,232,844	16,232,844	16,223,184	9,660
Total Expenditures	<u>16,232,844</u>	<u>16,232,844</u>	<u>16,223,184</u>	<u>9,660</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>144,165</u>	<u>144,165</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>144,165</u>	<u>\$ 144,165</u>
FUND BALANCE - BEGINNING OF YEAR			<u>146,752</u>	
FUND BALANCE - END OF YEAR			290,917	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE - GAAP BASIS			<u>\$ 290,917</u>	

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

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CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF NET POSITION
December 31, 2017

	Water
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 8,780,472
Accounts receivable (net of allowance for uncollectibles)	882,936
Inventories	60,163
Total Current Assets	9,723,571
Noncurrent Assets	
Restricted cash and cash equivalents	-
Capital assets:	
Land	281,430
Buildings and improvements	26,047,171
Equipment, contents and vehicles	2,573,839
Infrastructure	55,933,581
Construction in progress	10,447,859
Less accumulated depreciation	(31,043,091)
Total capital assets (net of accumulated depreciation)	64,240,789
Total Noncurrent Assets	64,240,789
TOTAL ASSETS	73,964,360
DEFERRED OUTFLOWS OF RESOURCES	
Resources related to pensions	\$ 212,664

(Continued)

Business-type Activities-Enterprise Funds			Governmental Activities-Internal Service Funds
Wastewater	Storm Water Management	Total	
\$ 2,593,928	\$ 3,745,839	\$ 15,120,239	\$ 3,245,544
1,154,305	233,905	2,271,146	38,647
1,839	-	62,002	36,595
<u>3,750,072</u>	<u>3,979,744</u>	<u>17,453,387</u>	<u>3,320,786</u>
242,141	-	242,141	-
217,842	6,561	505,833	-
36,958,653	29,827	63,035,651	-
3,209,328	1,113,434	6,896,601	19,673
91,975,169	22,201,807	170,110,557	-
7,057,542	5,388,635	22,894,036	-
<u>(55,288,879)</u>	<u>(5,359,216)</u>	<u>(91,691,186)</u>	<u>(19,673)</u>
84,129,655	23,381,048	171,751,492	-
<u>84,371,796</u>	<u>23,381,048</u>	<u>171,993,633</u>	<u>-</u>
88,121,868	27,360,792	189,447,020	3,320,786
\$ <u>219,778</u>	\$ <u>32,275</u>	\$ <u>464,717</u>	\$ <u>-</u>

CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF NET POSITION (CONTINUED)
December 31, 2017

	Water
LIABILITIES	
Current Liabilities	
Accounts payable	\$ 477,734
Accrued payroll	69,169
Estimated insurance claims payable	-
Unearned revenue	968
Interfund payable	9,946,196
Accrued interest	251,118
Current portion of compensated absences	119,191
Current portion of capital leases payable	-
Current portion of state revolving loan	914,179
Current portion of general obligation bonds payable	450,000
Total Current Liabilities	12,228,555
Noncurrent Liabilities	
Compensated absences	64,179
Net pension liability	1,189,285
Capital leases payable	-
State revolving loan	14,730,837
General obligation bonds payable	2,705,000
Total Noncurrent Liabilities	18,689,301
Total Liabilities	30,917,856
DEFERRED INFLOWS OF RESOURCES	
Resources related to pensions	49,820
	49,820
NET POSITION	
Net investment in capital assets	45,440,773
Unrestricted	(2,231,425)
TOTAL NET POSITION	\$ 43,209,348

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

Business-type Activities-Enterprise Funds			Governmental Activities-Internal Service Funds
Wastewater	Storm Water Management	Total	
\$ 324,424	\$ 45,364	\$ 847,522	\$ 85,259
52,595	8,003	129,767	-
-	-	-	744,360
-	3,477	4,445	-
6,696,626	4,691,776	21,334,598	-
293,991	28,187	573,296	-
157,567	8,491	285,249	-
-	122,806	122,806	-
2,162,590	-	3,076,769	-
470,000	495,000	1,415,000	-
<u>10,157,793</u>	<u>5,403,104</u>	<u>27,789,452</u>	<u>829,619</u>
84,844	4,573	153,596	-
1,229,070	180,490	2,598,845	-
-	265,253	265,253	-
28,272,083	-	43,002,920	-
1,895,000	3,375,000	7,975,000	-
<u>31,480,997</u>	<u>3,825,316</u>	<u>53,995,614</u>	<u>-</u>
<u>41,638,790</u>	<u>9,228,420</u>	<u>81,785,066</u>	<u>829,619</u>
<u>51,486</u>	<u>7,563</u>	<u>108,869</u>	<u>-</u>
51,329,982	19,122,989	115,893,744	-
<u>(4,678,612)</u>	<u>(965,905)</u>	<u>(7,875,942)</u>	<u>2,491,167</u>
<u>\$ 46,651,370</u>	<u>\$ 18,157,084</u>	<u>\$ 108,017,802</u>	<u>\$ 2,491,167</u>

CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2017

	Water
OPERATING REVENUES	
Charges for services	\$ 10,808,239
Rent income	232,388
Miscellaneous revenue	27,598
Total Operating Revenues	11,068,225
OPERATING EXPENSES	
Personnel services	2,277,077
Commodities	1,640,453
Contractual services	2,279,593
Depreciation	2,126,718
Total Operating Expenses	8,323,841
OPERATING INCOME (LOSS)	2,744,384
NON-OPERATING REVENUE (EXPENSE)	
Investment income	37,870
Interest and fiscal charges	(649,541)
Total Non-Operating Revenue (Expense)	(611,671)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,132,713
Capital contributions	2,196,254
Transfers in	-
Transfers (out)	(3,118,086)
CHANGE IN NET POSITION	1,210,881
TOTAL NET POSITION - BEGINNING OF YEAR	41,998,467
TOTAL NET POSITION - END OF YEAR	\$ 43,209,348

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

Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
Wastewater	Storm Water Management	Total	
\$ 10,273,901	\$ 1,864,770	\$ 22,946,910	\$ 5,292,263
-	-	232,388	-
107,358	3,779	138,735	64,581
<u>10,381,259</u>	<u>1,868,549</u>	<u>23,318,033</u>	<u>5,356,844</u>
2,175,695	340,021	4,792,793	-
555,463	80,117	2,276,033	62,538
1,769,562	441,357	4,490,512	5,648,401
2,841,191	700,006	5,667,915	-
<u>7,341,911</u>	<u>1,561,501</u>	<u>17,227,253</u>	<u>5,710,939</u>
<u>3,039,348</u>	<u>307,048</u>	<u>6,090,780</u>	<u>(354,095)</u>
15,094	20,918	73,882	19,535
(908,604)	(112,888)	(1,671,033)	-
<u>(893,510)</u>	<u>(91,970)</u>	<u>(1,597,151)</u>	<u>19,535</u>
2,145,838	215,078	4,493,629	(334,560)
1,523,383	987,683	4,707,320	-
-	57,000	57,000	-
<u>(2,812,593)</u>	<u>(1,593,069)</u>	<u>(7,523,748)</u>	<u>(400,000)</u>
<u>856,628</u>	<u>(333,308)</u>	<u>1,734,201</u>	<u>(734,560)</u>
<u>45,794,742</u>	<u>18,490,392</u>	<u>106,283,601</u>	<u>3,225,727</u>
<u>\$ 46,651,370</u>	<u>\$ 18,157,084</u>	<u>\$ 108,017,802</u>	<u>\$ 2,491,167</u>

CITY OF MANHATTAN, KANSAS
PROPRIETARY FUNDS - STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

	Water
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 11,298,987
Cash paid to vendors and suppliers	(3,909,555)
Cash paid to employees	(2,261,689)
Cash received from miscellaneous sources	27,598
Net Cash Provided (Used) by Operating Activities	5,155,341
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Cash received from other funds	-
Cash paid to other funds	392,630
Net Cash Provided (Used) by Non-Capital Financing Activities	392,630
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash received from issuance of debt	1,695,000
Cash paid for purchase of capital assets	(4,282,710)
Cash paid for interest on long-term debt	(651,669)
Cash paid for principal on long-term debt	(1,168,197)
Net Cash (Used) by Capital and Related Financing Activities	(4,407,576)
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash received from investment of idle funds	37,870
Net Cash Provided by Investing Activities	37,870
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,178,265
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	7,602,207
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 8,780,472
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	\$ 2,744,384
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	2,126,718
(Increase) decrease in accounts receivable	257,392
(Increase) decrease in inventory	7,468
(Increase) decrease in deferred outflows pension	39,703
Increase (decrease) in accounts payable and accrued expenses	(13,456)
Increase (decrease) in unearned revenue	968
Increase (decrease) in net pension liability	(24,397)
Increase (decrease) in deferred inflows pension	16,561
Total Adjustments	2,410,957
Net Cash Provided (Used) by Operating Activities	\$ 5,155,341
Noncash investing, capital, and financing activities:	
Capital assets acquired through contributions from governmental funds	\$ 2,196,254

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

Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds
Wastewater	Storm Water Management	Total	
\$ 10,050,520	\$ 1,808,677	\$ 23,158,184	\$ 5,325,009
(2,422,218)	(486,182)	(6,817,955)	(5,728,312)
(2,156,409)	(304,645)	(4,722,743)	-
107,358	3,779	138,735	-
<u>5,579,251</u>	<u>1,021,629</u>	<u>11,756,221</u>	<u>(403,303)</u>
-	57,000	57,000	-
(2,403,337)	(421,941)	(2,432,648)	(400,000)
<u>(2,403,337)</u>	<u>(364,941)</u>	<u>(2,375,648)</u>	<u>(400,000)</u>
1,380,000	1,425,000	4,500,000	-
(1,433,383)	(1,387,398)	(7,103,491)	-
(919,801)	(103,287)	(1,674,757)	-
(2,457,996)	(475,580)	(4,101,773)	-
<u>(3,431,180)</u>	<u>(541,265)</u>	<u>(8,380,021)</u>	<u>-</u>
15,094	20,918	73,882	19,535
<u>15,094</u>	<u>20,918</u>	<u>73,882</u>	<u>19,535</u>
(240,172)	136,341	1,074,434	(783,768)
3,076,241	3,609,498	14,287,946	4,029,312
<u>\$ 2,836,069</u>	<u>\$ 3,745,839</u>	<u>\$ 15,362,380</u>	<u>\$ 3,245,544</u>
\$ 3,039,348	\$ 307,048	\$ 6,090,780	\$ (354,095)
2,841,191	700,006	5,667,915	-
(221,418)	(56,817)	(20,843)	(31,835)
(334)	-	7,134	(12,837)
48,989	(655)	88,037	-
(79,146)	39,508	(53,094)	(4,536)
(1,963)	724	(271)	-
(63,482)	28,421	(59,458)	-
16,066	3,394	36,021	-
<u>2,539,903</u>	<u>714,581</u>	<u>5,665,441</u>	<u>(49,208)</u>
<u>\$ 5,579,251</u>	<u>\$ 1,021,629</u>	<u>\$ 11,756,221</u>	<u>\$ (403,303)</u>
\$ 1,523,383	\$ 987,683	\$ 4,707,320	\$ -

CITY OF MANHATTAN, KANSAS
STATEMENT OF FIDUCIARY NET POSITION-FIDUCIARY FUNDS

December 31, 2017

	ASSETS	Private- purpose Trust
Cash and cash equivalents		\$ 187,867
TOTAL ASSETS		\$ 187,867
	LIABILITIES	
Current Liabilities		
Accounts payable		\$ -
TOTAL LIABILITIES		-
	NET POSITION	
Held in trust for various purposes		\$ 187,867

CITY OF MANHATTAN, KANSAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION-
FIDUCIARY FUNDS
For the Year Ended December 31, 2017

	Private- purpose Trust
ADDITIONS	
Interest	\$ 436
Donations	1,000
Total additions	1,436
DEDUCTIONS	
Contractual services	252
Commodities	21,600
Total deductions	21,852
Change in net position	(20,416)
NET POSITION - BEGINNING	208,283
NET POSITION - ENDING	\$ 187,867

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

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Notes to the Financial Statements

**For the Year Ended
December 31, 2017**

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 1: Summary of Significant Accounting Policies:

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

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

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

A. Financial Reporting Entity

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

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

The City has two entities that meet the criteria as listed above, the Manhattan Public Library (MPL) and the Manhattan Housing Authority (MHA). Because the financial information of these entities is generally insignificant relative to that of the City's, the City's policy is to discretely present the financial information of these entities if they are readily available at the date of issuance. As of the date that these financial statements were ready to be issued, the Manhattan Public Library's financial statements were ready and have been discretely presented on the government-wide financial statements. The financial statements of the Manhattan Housing Authority, however, were not readily available and have not been discretely presented.

Manhattan Public Library

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

Complete financial statements for the Manhattan Public Library may be obtained at the entity's administrative offices, located at 629 Poyntz Avenue.

Manhattan Housing Authority

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

A. Financial Reporting Entity (Continued)

Joint Venture

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

Manhattan Holdings, LLC

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

The City of Manhattan appoints three members to the ten member Board of Members. Interest in the Joint Venture is proportionate to the amount of Class A units of Stock purchased by each entity. Each participant receives a pro-rata share of the Joint Venture's annual net income, if any, or remit a pro-rata share of any operating loss. The initial and December 31, 2017 percent interest and investments in the venture of each participant is as follows:

<u>Entity</u>	<u>Initial Percent Interest</u>	<u>Initial Investment</u>	<u>12/31/17 Percent Interest</u>	<u>12/31/17 Share of Contributed Capital</u>
KTEC Holdings	57.90%	\$550,000	33.334%	\$ 600,000
City of Manhattan	21.05%	\$200,000	33.333%	\$ 600,000
KSU Foundation	<u>21.05%</u>	<u>\$200,000</u>	<u>33.333%</u>	<u>\$ 600,000</u>
Total	<u>100%</u>	<u>\$950,000</u>	<u>100%</u>	<u>\$1,800,000</u>

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

The City's net investment is recorded in the Economic Development Special Revenue Fund, which provided the funds for the initial and subsequent investments. The City's equity interest as of December 31, 2017 was \$166,154, which includes \$166,154 for the City's share of the joint venture's net income from 1997 to 2017 less distributions of \$137,657, \$50,000, \$119,751, \$292,592, \$165,032, \$56,482, and \$30,352 in 2001, 2011, 2013, 2014, 2015, 2016, and 2017 respectively. The City's share of the joint venture's income is reported in investment income in these financial statements.

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

Stormwater Management Fund – The Stormwater Management Fund is used to account for revenues and expenditures related to the operation and maintenance of the stormwater system operated within the City.

Additionally, the City reports the following fund types:

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

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

Cash, Cash Equivalents and Investments

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Cash, Cash Equivalents and Investments (Continued)

If a fund is not required to account for its own earnings by law or regulation, the earnings are allocated to the General Fund. For the fiscal year ended December 31, 2017, investment earnings allocated to the various funds were \$222,052.

Receivables and Payables

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

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

Up to one year old	25%
More than one and up to two years old	65%
More than two and up to four years old	85%
More than four and up to five years old	95%
More than five years old	100%

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

Inventories

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

Capital Assets

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

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Capital Assets (Continued)

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

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category in the government-wide statement of net position and proprietary funds statement of net position, deferred charge on refunding, and deferred outflows for pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note 4C for more information on the deferred outflow for pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items, unavailable revenue, deferred revenue and deferred inflows for pensions, which qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property tax receivable, other receivables and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred revenues are reported in the government-wide statement of net position for property tax receivable. Property taxes are not recognized as revenue until the period for which they are levied. The last item, deferred inflows for pensions, is reported in both the government-wide statement of net position and the proprietary funds statement of net position. See Note 4C for more information on this deferred inflow.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Vacation and Sick Pay

The City's policy regarding vacation pay permits employees to accumulate vacation leave not to exceed two (2) times their annual rate (maximum hours depending on the rate are 192, 264, 312, 384 or 432) unless approved by the City Manager, as of December 31 of each year. The accumulated vacation is governed by agreements with the International Association of Fire Fighters (IAFF) for union employees, and the City's Personnel Rules and Regulations for non-union employees. Policy prohibits payment for vacation time in lieu of time off. At December 31, 2017, the City estimates the accumulated unpaid vacation amount to be \$1,346,398 for governmental funds and \$257,037 for proprietary funds.

There is no limit to the amount of sick leave that may be accumulated. However, there are limits to the amount of accumulated sick leave that will be paid on the date of employment termination. Shift employees who belong to the IAFF with from one to nineteen years of service with the City will receive payment for 1/3 of accumulated sick leave up to a maximum of 480 hours. Shift employees who belong to the IAFF with twenty or more years of service with the City will receive payment for 1/2 of accumulated sick leave up to a maximum of 720 hours. Other City employees with from one to nineteen years of service with the City will receive payment for 1/3 of accumulated sick pay up to a maximum of 320 hours. Other City employees with twenty or more years of service with the City will receive payment for 1/2 of accumulated sick pay up to a maximum of 480 hours. At December 31, 2017, the City estimates the accumulated unpaid sick pay amount to be \$1,185,203 for governmental funds and \$181,808 for proprietary funds. These amounts include only accumulated sick leave that would be paid on the date of employment termination.

The total liability for compensated absences for vacation and sick leave for governmental funds is \$2,531,601. This liability is recorded in the governmental activities column of the government-wide financial statements but not the governmental fund financial statements. The total liability for compensated absences for vacation and sick leave for proprietary funds is \$438,845. This liability is recorded in both the business-type activities column of the government-wide financial statements and the proprietary fund financial statements.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Long-term Liabilities

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

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

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

Special Assessments

Kansas Statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds which are secured by the full faith and credit of the City. Special assessments received prior to the issuance of bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of bonds are recorded as revenue in the Debt Service Fund. Accordingly, special assessments receivable are accounted for within the Debt Service Fund. Special assessments may be levied over various periods, but are generally levied over 20 years. The annual installments are due and payable with the annual ad valorem property taxes. Special assessments receivable are offset with a corresponding amount of deferred inflow of resources in the governmental fund financial statements, but not in the government-wide financial statements. Special assessments in the amount of \$117,562 were delinquent at December 31, 2017.

Fund Balance

Through various City ordinances and resolutions approved by the City Commission, in addition to policies set by the City Manager, the Finance Director assigns fund balances across all budgeted and non-budgeted funds of the City for any given fiscal year.

In the governmental fund financial statements, fund balances are classified as follows:

- Non-Spendable: amounts legally or contractually required to be maintained or not in spendable form, such as inventory or prepaid times. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.
- Restricted: amounts with externally imposed constraints, such as those mandated by creditors, grantors and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, law or regulations.
- Committed: amounts with a purpose formally imposed by resolution by the City Commission of the City, binding unless modified or rescinded by the City Commission.
- Assigned: amounts constrained by the express intent of the City Commission, City Manager or Finance Director. Encumbrances shall be considered as assigned, unless they specifically meet the requirements to be committed or restricted.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Fund Balance (Continued)

- Unassigned: all amounts not included in other fund balance classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balances.

In circumstances when an expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Net Position

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

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

Interfund Receivable/Liability

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

Interfund Transfers

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

Estimates

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Pending Governmental Accounting Standards Board Statements

At December 31, 2017, the Governmental Accounting Standards Board (GASB) had issued several statements not yet implemented by the City. The statements that might impact the City are as follows:

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about the OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The provisions of this statement are effective for periods beginning after June 15, 2017.

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued December 2016, will be effective for the City beginning with its fiscal year ending December 31, 2019. Under Statement No. 83, a government that has legal obligations to perform future asset retirement activities related to its tangible capital assets is required to recognize a liability and a corresponding deferred outflow of resources. The Statement identifies the circumstances that trigger the recognition of these transactions. The Statement also requires the measurement of an asset retirement obligation to be based on the best estimate of the current value of outlays expected to be incurred while the deferred outflow of resources associated with the asset retirement obligation will be measured at the amount of the corresponding liability upon initial measurement and generally recognized as an expense during the reporting periods that the asset provides service. The Statement requires disclosures including a general description of the asset retirement obligation and associated tangible capital assets; the source of the obligation to retire the assets; the methods and assumptions used to measure the liability; and other relevant information.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the City beginning with its fiscal year ending December 31, 2019. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB Statement No. 85, *Omnibus 2017*, issued March 2017, will be effective for the City beginning with its fiscal year ending December 31, 2018. Statement No. 85 is designed to address the practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, issued May 2017, will be effective for the City beginning with its fiscal year ending December 31, 2018. Statement No. 86 is designed to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement requires the inclusion of any remaining prepaid insurance related to extinguished debt in the net carrying amount of the debt when calculating the difference between the reacquisition price and the net carrying amount of the debt. This Statement also improves financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending December 31, 2020, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the [City, Authority, County] must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (Continued)

Pending Governmental Accounting Standards Board Statements (Continued)

GASB Statement No. 88, *Certain Disclosures Related to Debt*, including Direct Borrowings and Direct Placement, issued March 2018, will be effective for the City beginning with its fiscal year ending December 31, 2019, with earlier adoption encouraged. Statement No. 88 clarifies which liabilities governments should include in their note disclosures related to debt. This Statement defines debt that must be disclosed in the notes to financial statements as a liability that arises from a contractual obligation to pay cash in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. Governments must also disclose amounts of unused lines of credit, assets pledged as collateral for debt and the terms specified in debt agreements related to significant events of default with finance-related consequences, termination events with finance-related consequences, and subjective acceleration clauses. Within the notes, governments should separate information regarding direct borrowings and direct placements of debt from other debt.

E. Prior Period Adjustments

Beginning fund balance for nonmajor governmental funds and beginning net position for governmental activities on the statement of net position were restated to correct prior year grants receivable. The effect of this restatement on the beginning balance was an increase of \$602,499 in nonmajor governmental funds and governmental activities which resulted from grants receivable being increased by \$602,499. There was no effect on current revenue or expenses as a result of this adjustment.

Beginning fund balance for nonmajor governmental funds and beginning net position for governmental activities on the statement of net position were restated to correct prior year accounts payable. The effect of this restatement on the beginning balance was decrease of \$512,807 in nonmajor governmental funds and governmental activities which resulted from accounts payable being increased by \$512,807. There was no effect on current revenue or expenses as a result of this adjustment.

Note 2: Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

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

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

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

B. Budgets and Budgetary Accounting (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 funds below were included as budgeted special revenue funds and have legally adopted annual budgets:

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

The following debt service funds also have legally adopted annual budgets:

- Debt Service
- Downtown Redevelopment Senior Lien TIF Bonds

The following enterprise funds also have legally adopted annual budgets:

- Water
- Wastewater
- Stormwater Management

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

A. Budgets and Budgetary Accounting (continued)

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

	Major Governmental Funds		
	General Fund	Riley County Police Department	Debt Service
Revenues - Budgetary basis	\$ 20,679,655	\$ 16,367,349	\$ 11,822,812
Canceled encumbrances	-	-	-
Revenues - GAAP basis	\$ 20,679,655	\$ 16,367,349	\$ 11,822,812
Expenditures - budgetary basis	\$ 26,243,571	\$ 16,223,184	\$ 18,807,797
Encumbrances, beginning of year	67,945	-	-
Encumbrances, end of year	(129,023)	-	-
Canceled encumbrances	-	-	-
Expenditures - GAAP basis	\$ 26,182,493	\$ 16,223,184	\$ 18,807,797
Fund balances - budgetary basis	\$ 3,131,557	\$ 290,917	\$ 12,166,876
Encumbrances, end of year	129,023	-	-
Fund balance - GAAP basis	\$ 3,260,580	\$ 290,917	\$ 12,166,876

B. Property Taxes

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

C. Deficit Fund Equity

The CDBG/Federal Entitlement Year 3 Special Revenue Fund had a deficit balance of \$487 as of December 31, 2017. The CDBG/Federal Entitlement Special Revenue Fund had a deficit balance of \$3,050 as of December 31, 2017. The Flint Hills MPO Trust and Agency Fund had a deficit balance \$1,080 as of December 31, 2017. Any deficits remaining in these funds after all grant revenues have been received will be covered with transfers from the General Fund.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 3: Detailed Notes on All Funds

A. Cash and Investments

At December 31, 2017, the City's investment balances were:

	Reported Amount/ Fair Value
Investment Type:	
Cash with special obligation bonds trustee	\$ 3,369,909
Total Investments	3,369,909
Deposits	58,471,877
Cash on Hand	5,875
Total Deposits	58,477,752
TOTAL DEPOSITS AND INVESTMENTS	\$ 61,847,661
Reconciliation of Government-wide Statement of Net Position to Total Deposits and Investments:	
Cash and Cash Equivalents	\$ 58,047,744
Cash with special obligation bonds trustee	3,369,909
Restricted Construction Accounts	242,141
Add Fiduciary Funds cash and cash equivalents: Private Purpose Trusts	187,867
 TOTAL DEPOSITS AND INVESTMENTS	 \$ 61,847,661

Interest rate risk – The City's exposure to declines in fair values is limited by the fact that, in accordance with Kansas statutes and expanded investment powers, investments are purchased with maturities of four years or less.

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

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 3: Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

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

Fair Value Measurement – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the investment.

Level 1 inputs are quoted prices in active markets for identical assets;

Level 2 inputs are significant other observable inputs, either directly or indirectly observable, and fair value can be determined through models or other valuation methodologies;

Level 3 inputs are significant unobservable inputs in situations where there is little or no market activity for the asset or liability and the entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The City has the following recurring fair value measurements as of year-end:

- Money Market mutual funds are valued using quoted market prices (level 1 inputs).
- Certificates of deposit are non-participating interest-earning investments contracts that are using the cost-based approach.
- The repurchase agreement is an overnight instrument, with fair value of the collateral underlying the repurchase agreement in excess of the amount invested. Given the short-term nature of the agreement, it is measured at amortized cost.

At December 31, 2017, the City had the following investments:

	Investment Maturities (in Years)			Fair Value Hierarchy
	Fair Value	Less Than One	1-5	
Repurchase Agreements	\$ 26,366,543	\$ 26,366,543	\$ -	N/A
Certificates of deposit	12,000,000	3,000,000	9,000,000	N/A
Subtotal general operating portfolio	\$ 38,366,543	\$ 29,366,542	\$ 9,000,000	
Assets held by trustee:				
Money Market Mutual Funds	\$ 3,369,909	\$ 3,369,909	\$ -	Level 1
Total Investments	\$ 41,736,452	\$ 32,736,451	\$ 9,000,000	

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 3: Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

Manhattan Public Library component unit cash and cash equivalents of \$1,435,686 are stated at cost which approximates fair value. As the Manhattan Public Library is governed by the same Kansas statutes as the City, their exposure to the various investment-related risks is similar to that of the City.

B. Receivables

Accounts receivable for the governmental activities are reported net of an allowance for uncollectible accounts in the amount of \$432,351.

Accounts receivable for the Enterprise Funds are reported net of allowances for uncollectible accounts. The allowances at December 31, 2017, are as follows:

Water Fund	\$ 79,980
Wastewater Fund	138,261
Stormwater Management Fund	<u>14,254</u>
 Total	 <u>\$232,495</u>

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

C. Economic Development Loans

Economic Development Loans receivable, aggregating \$1,043,840 at December 31, 2017, consist of loans to six companies in Manhattan as part of an economic development incentive program which included grants and tax abatements. The loans were funded from the Economic Development Fund. There were no new loans made during 2017. Loans are secured by either property and/or life insurance policies on key personnel of the company. An allowance for uncollectible amounts of \$21,433 has been recorded as of December 31, 2017. The loan balance is also presented net of \$1,022,407 of forgivable loans that will not be collected if specified terms are met.

D. Conference Center Promissory Note

In December 2009, the City entered into an economic development agreement with HCW-Manhattan, LLC for the construction of several components within the South End Redevelopment including the construction of a 30,000 square foot conference center as required by the Amended South Project Final Development Agreement (the ‘Amended South FDA’). According to the Amended South FDA, the City passed Ordinance 6810 authorizing the issuance of up to \$9,500,000 in economic development funds for the design and construction of the conference center. Per the economic development agreement, the City is required to provide HCW-Manhattan, LLC up to \$5,000,000 in the form of a repayable note followed by \$4,500,000 in the form of a forgivable note. The repayable note shall be repaid in annual installments of \$100,000 per year for 29 years with a single balloon payment in the amount of \$2,100,000 or the remaining unpaid balance in year 30. Under the forgivable note, 1/30 of the note shall be deemed forgiven on each due date of the repayable loan, as long as the developer is in compliance with the terms of the Notes. The payment of these notes is secured by a mortgage on the property which contains the conference center and that mortgage is subordinate to a lien in favor of the developer’s lending bank. In 2017, \$100,000 was paid on the loan and \$148,201 was forgiven. The balance as of December 31, 2017 is \$7,956,813 and is reported net expected of the forgivable note balance of \$3,556,813 on the government-wide financial statements.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 3: Detailed Notes on All Funds (continued)

E. FCIP Reimbursement from the Manhattan Public Library

The City entered into a Memorandum of Understanding (MOU) with the Library for the Facility Conservation Improvement Program (FCIP) during 2011. This project provided for various improvements to the Library which is intended to result in savings in annual energy costs. The MOU states that the City will pay all of the costs associated with the project and the Library will reimburse the City a total of \$254,710 over a ten year period. The payments will be made annually in the amount of \$25,471 beginning in 2012. The total balance is reflected on the Government Wide statements as a receivable and as a reduction of expense, with the receivable reduced each year by the payment received. Only the payment each year will be reflected on the governmental fund financial statements. In 2017, \$25,471 was paid by the Manhattan Public Library for the FCIP Improvements. The balance as of December 31, 2017 is \$101,884.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

F. Capital Assets

Capital asset activity for the year ended December 31, 2017, was as follows:

Primary Government

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 20,724,684	\$ -	\$ -	\$ 20,724,684
Construction in progress	45,450,762	-	4,280,522	41,170,240
TOTAL	66,175,446	-	4,280,522	61,894,924
Capital assets being depreciated:				
Buildings and improvements	116,225,845	14,473,044	-	130,698,889
Contents and equipment	9,608,858	443,200	110,208	9,941,850
Vehicles	8,268,216	144,032	66,416	8,345,832
Infrastructure	156,828,693	2,721,262	-	159,549,955
TOTAL	290,931,612	17,781,538	176,624	308,536,526
Less accumulated depreciation:				
Buildings and improvements	40,594,659	3,336,679	-	43,931,338
Contents and equipment	7,128,150	426,613	76,654	7,478,109
Vehicles	6,566,369	381,284	66,416	6,881,237
Infrastructure	77,533,232	6,929,638	-	84,462,870
TOTAL	131,822,410	11,074,214	143,070	142,753,554
Total capital assets being depreciated, net	159,109,202	6,707,324	33,554	165,782,972
Governmental activities capital assets, net	\$ 225,284,648	\$ 6,707,324	\$ 4,314,076	\$ 227,677,896
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 501,272	\$ 4,561	\$ -	\$ 505,833
Construction in progress	17,575,770	5,318,266	-	22,894,036
TOTAL	18,077,042	5,322,827	-	23,399,869
Capital assets being depreciated:				
Buildings and improvements	62,896,798	138,853	-	63,035,651
Contents and equipment	4,337,510	564,878	-	4,902,388
Vehicles	1,943,071	51,142	-	1,994,213
Infrastructure	164,086,007	6,024,550	-	170,110,557
TOTAL	233,263,386	6,779,423	-	240,042,809
Less accumulated depreciation:				
Buildings and improvements	14,337,523	1,379,020	-	15,716,543
Contents and equipment	2,193,747	331,295	-	2,525,042
Vehicles	1,172,706	153,540	-	1,326,246
Infrastructure	68,319,295	3,804,060	-	72,123,355
TOTAL	86,023,271	5,667,915	-	91,691,186
Total capital assets being depreciated, net	147,240,115	1,111,508	-	148,351,623
Business-type activities capital assets, net	\$ 165,317,157	\$ 6,434,335	\$ -	\$ 171,751,492

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

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

Discretely Presented Component Units

	Beginning Balance	Additions/ Transfers	Deletions/ Transfers	Ending Balance
Manhattan Public Library				
Capital assets not being depreciated:				
Works of Art	\$ 32,400	\$ -	\$ -	\$ 32,400
	32,400	-	-	32,400
Capital assets being depreciated:				
Contents and equipment	1,582,167	57,522	299,335	1,340,354
TOTAL	1,582,167	57,522	299,335	1,340,354
Less accumulated depreciation	840,323	160,352	286,632	714,043
Total capital assets being depreciated, net	741,844	(102,830)	12,703	626,311
Library capital assets, net	\$ 774,244	\$ (102,830)	\$ 12,703	\$ 658,711

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

Governmental activities:	
General government	\$ 1,835,800
Public safety	531,826
Public works	6,480,775
Urban development and housing	83,012
Culture/Recreation	1,931,400
Downtown Redevelopment	211,401
Total depreciation expense for governmental activities	<u>\$ 11,074,214</u>
Business-type activities:	
Water	\$ 2,126,718
Wastewater	2,841,191
Stormwater Management	700,006
Total depreciation expense for business-type activities	<u>\$ 5,667,915</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

G. Capital Projects

At December 31, 2017 the City had contractual commitments for the construction of various projects:

	<u>Expenditures to Date</u>	<u>Amount Authorized</u>
Miscellaneous governmental activities	\$ 3,373,300	\$ 4,390,898
Airport Improvements	9,125,265	9,528,177
Stormwater Improvements	5,388,632	7,100,361
Sanitary Sewer Improvements	7,057,542	11,827,453
Street Improvements	28,671,674	46,734,047
Water Improvements	10,447,860	16,509,099
Total	<u>\$ 64,064,273</u>	<u>\$ 96,090,035</u>

H. Interfund Receivable/Payable

Individual fund receivable/payable balances at December 31, 2017, are as follows.

	<u>Receivable</u>	<u>Payable</u>
Major Funds:		
Governmental Funds:		
General Fund	\$ 730,510	\$ -
Capital Projects Fund	21,334,598	-
Proprietary Funds:		
Water Fund	-	9,946,196
Wastewater Fund	-	6,696,626
Stormwater Management Fund	-	4,691,776
Non-major Governmental Funds	-	730,510
TOTAL	<u>\$ 22,065,108</u>	<u>\$ 22,065,108</u>

The amounts payable to the general fund relate to amounts drawn by other funds in excess of their respective shares of pooled cash while awaiting reimbursements from outside entities. The amounts payable to the Capital Projects Fund relate to amounts drawn by the Water and Wastewater Fund for KDHE Loan draws and temporary notes.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

I. Interfund Transfers

A summary of 2017 interfund transfers is as follows:

	Transfer In	Transfer Out
Major Funds:		
Governmental Funds:		
General	\$ 5,529,976	\$ 360,769
Debt Service	1,638,197	303,184
Capital Projects	7,706,771	726,496
Proprietary Funds:		
Water	-	3,118,086
Wastewater Fund	-	2,812,593
Stormwater Management Fund	57,000	1,593,069
Non-major Governmental Funds	4,405,228	10,022,975
Internal Service Funds	-	400,000
TOTAL TRANSFERS	\$ 19,337,172	\$ 19,337,172

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

On the government-wide statement of activities, capital asset transfers of \$33,554 were made from the business-type activities to the governmental activities.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt

The following is a summary of the debt transactions of the City for the year ended December 31, 2017:

	Balance January 1, 2017	Issued	Retired/ Refunded	Balance December 31, 2017	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 100,360,000	\$ 10,115,000	\$ (14,975,000)	\$ 95,500,000	\$ 11,035,000
General obligation bonds-premium	2,356,104	1,186,355	(116,257)	3,426,202	-
Senior lien special obligation bonds- Series 2009-A	17,180,000	-	(1,090,000)	16,090,000	1,185,000
Subordinate lien special obligation bonds- Series 2009-B	4,130,000	-	-	4,130,000	-
STAR bonds-Series 2009-1	2,360,000	-	(2,135,000)	225,000	-
Taxable STAR bonds-Series 2009-2	22,860,000	-	(2,520,000)	20,340,000	2,690,000
Temporary notes	68,045,000	10,210,000	(13,915,000)	64,340,000	990,000
Transportation Development District Sales Tax Revenue Bonds-Series 2010	4,970,000	-	(160,000)	4,810,000	170,000
Transportation Revolving Fund Loan	2,379,240	-	(267,258)	2,111,982	277,200
Capital leases	2,698,680	39,257	(564,893)	2,173,044	475,640
Other postemployment benefits	2,920,034	217,306	(74,000)	3,063,340	-
Compensated absences	2,383,688	1,788,405	(1,640,492)	2,531,601	1,645,540
Net Pension Liability	18,991,847	-	(292,296)	18,699,551	-
Total for governmental activities	\$ 251,634,593	\$ 23,556,323	\$ (37,750,196)	\$ 237,440,720	\$ 18,468,380
Business-type Activities:					
General obligation bonds	\$ 5,960,000	\$ 4,500,000	\$ (1,070,000)	\$ 9,390,000	\$ 1,415,000
State revolving loans	49,060,876	-	(2,981,187)	46,079,689	3,076,769
Capital leases	147,200	291,439	(50,580)	388,059	122,806
Compensated absences	435,537	303,054	(299,746)	438,845	285,249
Net Pension Liability	2,658,309	-	(59,464)	2,598,845	-
Total for business-type activities	\$ 58,261,922	\$ 5,094,493	\$ (4,460,977)	\$ 58,895,438	\$ 4,899,824

Of the \$95,500,000 in general obligation bond debt shown above, \$35,883,504 is special assessment debt with government commitment.

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

General Obligation Bonds and Temporary Notes

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital assets. General obligation bonds currently outstanding consist of the following:

General Obligation Bonds	Type of Bond	Original Issue Amount	Date of Issue	Remaining Principal Annual Installments		Interest Rate	Maturity Date	Balance December 31, 2017
				Lowest	Highest			
1999 Series 209	Serial	560,000	6/1/99	40,000	40,000	5.0% to 5.5%	11/1/19	\$ 80,000
1999 Series 210	Serial/Term	314,000	12/1/99	25,000	25,000	5.4% to 5.6%	11/1/19	50,000
2000 Series 213	Serial	340,000	12/1/00	25,000	25,000	5.0% to 5.45%	11/1/20	75,000
2008 Series 2008A	Serial	15,385,000	6/1/08	830,000	830,000	3.5% to 4.5%	11/1/28	830,000
2008 Refunding Series 2008B	Serial	2,495,000	6/1/08	250,000	270,000	3.5% to 3.75%	11/1/20	775,000
2008 Series 2008C	Serial/Term	1,865,000	12/1/08	130,000	130,000	3.25% to 5.0%	11/1/28	130,000
2009 Series 2009A	Serial	3,830,000	6/1/09	195,000	200,000	2.5% to 4.3%	11/1/29	395,000
2009 Refunding Series 2009B	Serial	4,325,000	6/1/09	155,000	165,000	2.0% to 3.5%	11/1/19	320,000
2009 Series 2009C	Serial	11,110,000	12/1/09	860,000	880,000	3.0% to 4.0%	11/1/29	1,740,000
2009 Refunding Series 2009D	Serial	8,820,000	12/1/09	705,000	920,000	2.375% to 3.375%	11/1/21	3,415,000
2010 Series 2010A	Serial	6,700,000	6/1/10	160,000	535,000	2.0% to 4.0%	11/1/30	3,425,000
2010 Series 2010B	Serial	10,860,000	12/1/10	1,040,000	1,140,000	2.0% to 4.0%	1/1/20	3,385,000
2011 Series 2011A	Serial	10,535,000	12/1/11	110,000	990,000	2.0% to 3.75%	11/1/31	5,105,000
2011 Refunding Series 2011B	Serial	2,790,000	12/1/11	160,000	405,000	2.0% to 3.0%	11/1/23	1,475,000
2012 Series 2012A	Serial	1,465,000	6/1/12	60,000	85,000	1.5% to 3.75%	1/1/32	1,105,000
2012 Series 2012B	Serial	12,885,000	12/1/12	45,000	1,095,000	1.5% to 3.0%	1/1/32	7,855,000
2012 Refunding Series 2012C	Serial	4,895,000	12/20/12	20,000	555,000	2.0% to 4.0%	11/1/26	4,445,000
2013 Series 2013A	Serial	6,400,000	12/1/13	45,000	695,000	3.0% to 4.0%	11/1/33	4,290,000
2014 Series 2014A	Serial	12,310,000	6/2/14	485,000	805,000	2.0% to 5.0%	11/1/34	10,565,000
2014 Series 2014B	Serial/Term	9,685,000	6/2/14	350,000	670,000	3.0% to 4.25%	11/1/34	8,595,000
2014 Series 2014C	Serial/Term	3,940,000	12/8/14	175,000	235,000	2.0% to 3.375%	11/1/34	3,375,000
2015 Series 2015A	Serial/Term	5,475,000	12/7/15	105,000	745,000	2.0% to 5.0%	11/1/35	4,195,000
2015 Refunding Series 2015B	Serial	4,805,000	12/7/15	5,000	595,000	2.0% to 5.0%	11/1/27	4,800,000
2016 Refunding and Improvement Series 2016A	Serial	18,050,000	6/6/16	120,000	1,985,000	2.0% to 5.0%	11/1/36	17,930,000
2016 Series 2016B	Serial/Term	2,065,000	12/5/16	50,000	165,000	2.0% to 3.5%	11/1/36	1,920,000
2017 Series 2017A	Serial/Term	1,235,000	6/5/17	50,000	80,000	0.90% to 3.30%	11/1/37	1,235,000
2017 Series 2017B Subject to AMT	Serial/Term	3,075,000	6/5/17	115,000	205,000	3.0% to 3.5%	11/1/37	3,075,000
2017 Series 2017C Taxable	Serial/Term	1,075,000	6/5/17	20,000	60,000	3.0% to 4.1%	11/1/47	1,075,000
2017 Series 2017D Refunding and Improvements	Serial/Term	9,230,000	12/15/17	65,000	1,510,000	3.0% to 5.0%	11/1/37	9,230,000
Subtotal								\$ 104,890,000
Less amount to be paid by Enterprise Funds								(9,390,000)
Total General Obligation Bonds Payable-Governmental Activities								\$ 95,500,000

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

The annual requirements to amortize governmental activities general obligation bonds outstanding as of December 31, 2017, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 11,035,000	\$ 3,249,141	\$ 14,284,141
2019	10,790,000	2,918,376	13,708,376
2020	10,210,000	2,563,166	12,773,166
2021	7,830,000	2,186,654	10,016,654
2022	6,705,000	1,902,685	8,607,685
2023-2027	28,220,000	6,068,051	34,288,051
2028-2032	14,060,000	2,454,820	16,514,820
2033-2037	6,145,000	555,003	6,700,003
2038-2042	225,000	84,820	309,820
2043-2047	280,000	35,415	315,415
TOTALS	<u>\$ 95,500,000</u>	<u>\$ 22,018,131</u>	<u>\$ 117,518,131</u>

General obligation bonds in the amount of \$9,390,000 are included as liabilities of the Water, Wastewater, and Stormwater Funds because the City intends to retire them through the operations of these funds. The annual requirements to amortize business-type activities general obligation bonds outstanding as of December 31, 2017, are as follows:

<u>Years Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 1,415,000	\$ 351,586	\$ 1,766,586
2019	1,355,000	324,075	1,679,075
2020	1,180,000	280,175	1,460,175
2021	1,020,000	235,350	1,255,350
2022	805,000	193,350	998,350
2023-2027	2,915,000	477,350	3,392,350
2028-2032	325,000	86,100	411,100
2033-2037	375,000	34,350	409,350
TOTALS	<u>\$ 9,390,000</u>	<u>\$ 1,982,336</u>	<u>\$ 11,372,336</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

Temporary notes currently outstanding consist of the following:

Series	Maturity Date	Rate	12/31/17 Balance
2014-05	6/15/2018	1.10%	\$ 5,075,000
2015-01	6/15/2018	1.25%	9,795,000
2015-02	6/15/2018	1.35%	2,315,000
2015-03	12/15/2018	1.50%	6,875,000
2015-04	6/15/2019	1.75%	3,735,000
2015-05	12/15/2019	1.50%	1,930,000
2015-06	6/15/2019	1.65%	390,000
2016-01	6/15/2019	1.05%	2,315,000
2016-02	6/15/2019	1.00%	7,075,000
2016-03	6/15/2020	1.25%	9,325,000
2016-04	6/15/2020	2.00%	2,015,000
2016-04	12/15/2020	2.00%	3,550,000
2017-01	6/15/2019	2.00%	430,000
2017-01	6/15/2020	2.00%	2,145,000
2017-01	12/15/2020	2.00%	470,000
2017-02	6/15/2021	1.75%	1,135,000
2017-03	6/15/2020	1.25%	1,920,000
2017-03	6/15/2021	1.50%	1,350,000
2017-04	6/15/2021	1.45%	2,495,000
TOTALS			\$ 64,340,000

\$12,166,876 is available in the Debt Service Fund to service the general obligation and special assessment bonds. Future tax revenues will pay off the remaining general long-term debt.

Bond proceeds and temporary notes issued have been reported in the Capital Projects Fund. Temporary notes paid have also been reported in the Capital Projects Fund, except for \$45,000, which have been reported in the Debt Service Fund.

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Most temporary notes issued by the City have initial maturities of at least two years. Therefore, they are considered long-term debt and have been included in long-term liabilities on the statement of net position. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds or other available funds or refinanced with temporary notes. Temporary notes in the amount of \$25,590,000 outstanding December 31, 2017, were retired June 15, 2018, with funds on hand. Temporary notes in the amount of \$37,760,000 will mature in 2018, 2019, 2020 and 2021.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

At December 31, 2017 there were temporary notes in the amount of \$990,000 maturing in 2018 for which the legal steps and the ability to consummate refinancing have not been met. Therefore, this balance is reported as a fund liability in the Capital Projects Fund at December 31, 2017.

Changes in this short-term debt during 2017 are summarized in the following table:

Balance at January 1, 2017	\$ 340,000
Issued	990,000
Retired	<u>(340,000)</u>
Balance at December 31, 2017	<u><u>\$ 990,000</u></u>

Debt Service Limit

The December 31, 2017 debt limit is \$174,177,993. There was \$93,675,113 in outstanding long and short-term G.O. debt applicable to the debt limit as of December 31, 2017. Sewer, water, Stormwater and refunding G.O. bonds are exempt from the state-imposed debt limit.

Transportation Development District Sales Tax Revenue Bonds-Series 2010

In 2010, the City issued Transportation Development District Sales Tax Revenue bonds in the amount of \$5,610,000. The proceeds were used to finance infrastructure improvements needed for the north project area of the downtown redevelopment project. An excise/sales tax has been imposed on purchases made within the transportation development district. The excise/sales tax collected will be used to retire the bonds. The bonds are considered a special obligation to the City secured by a pledge of the excise/sales tax revenues. The bonds are not a general obligation of the City, nor do they go against the City's debt limit. Interest on the bonds is payable semiannually. The interest rates on the bonds range from 2.0 to 5.0 percent.

The bonds include term bonds that are subject to mandatory redemption and payment prior to stated maturity. The annual requirements to amortize the bonds under these mandatory redemption provisions are as follows:

Years Ending December 31,	Principal	Interest	Total
2018	\$ 170,000	\$ 225,925	\$ 395,925
2019	185,000	220,400	405,400
2020	200,000	213,925	413,925
2021	215,000	206,425	421,425
2022	235,000	196,750	431,750
2023-2027	1,470,000	807,125	2,277,125
2028-2032	<u>2,335,000</u>	<u>386,250</u>	<u>2,721,250</u>
TOTALS	<u><u>\$ 4,810,000</u></u>	<u><u>\$ 2,256,800</u></u>	<u><u>\$ 7,066,800</u></u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

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

The Senior Lien TIF Special Obligation Bonds-Series 2009A and the Subordinate Lien TIF Special Obligation Bonds-Series 2009B were issued December 1, 2009, at a principal amount of \$21,220,000 and \$4,160,000, respectively. These bonds were issued to retire the Taxable Special Obligation Revenue Bonds-Series 2006 issued to finance land acquisition and site preparation of the North Redevelopment District. Funds from these issuances will also be used to construct a public plaza in the North District. The Series 2009B Bonds shall constitute subordinate lien bonds and shall be junior and subordinate with respect to the payment of debt service from the incremental tax revenues to the Series 2009A Bonds. Both series of bonds shall not constitute a debt or liability of the City nor any pledge of the full faith and credit of the City. Revenue available for debt service from the North District consists of incremental property taxes, City sales tax, compensating use tax, and the City's portion of the County's sales tax. Revenue available from the South District consists of incremental property taxes.

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

Series 2009A Bonds

Term Bonds		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2026	\$16,090,000	5.000%

Series 2009B Bonds

Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2027	\$4,130,000	7.500%

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

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

The Series 2009B Bonds are subject to redemption and payment prior to their stated maturity at the Redemption Price of 100% plus accrued interest to the redemption date; provided, however, the Series 2009B Bonds cannot be redeemed prior to maturity until all Senior Lien Bonds have been paid and are no longer outstanding.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

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

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

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

The Sales Tax and Revenue (STAR) Bonds-Series 2009-1 were issued December 1, 2009, at a principal amount of \$16,855,000. This series of STAR Bonds was issued to retire the Special Obligation Revenue Bonds-Series 2008A (see above) issued to finance the South District land acquisition. These bonds shall not constitute a debt or liability of the City nor any pledge of the full faith and credit of the City. Revenue available for debt service from the North District consists of State sales tax. Revenue available from the South District consists of State sales tax, City sales tax, compensating use tax, and the City's portion of the County's sales tax. These bonds have a stated maturity date of December 1, 2026. Interest is payable semiannually at an annual rate of 5.25%. In 2017, \$2,135,000 in principal has been redeemed on the 2009-1 STAR Bonds, resulting in a current balance of \$225,000.

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

Principal Amount	Year
\$225,000	2021

Taxable STAR Bonds-Series 2009-2

The Taxable STAR Bonds-Series 2009-2 were issued December 1, 2009, at a principal amount of \$33,145,000. This series of STAR Bonds was issued to finance eligible facilities and infrastructure costs within the South Redevelopment District. The 2009-2 STAR Bonds will be treated as "Build America Bonds" under the Recovery Act and will receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the bonds. These bonds shall not constitute a debt or liability of the City nor any pledge of the full faith and credit of the City. Revenue available for debt service from the North District consists of State sales tax. Revenue available from the South District consists of State sales tax, City sales tax, compensating use tax, and the City's portion of the County's sales tax. The 2009-2 STAR bonds shall become due on the stated maturity date and in the amount listed below. In 2017, \$2,520,000 in principal has been redeemed on the 2009-2 STAR Bonds, resulting in a current balance of \$20,340,000. Interest is payable semiannually at the following annual rates:

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)
J. Long-Term Debt (Continued)
Taxable STAR Bonds-Series 2009-2 (Continued)

Serial Bonds		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2018	\$2,690,000	5.232%
2019	\$2,865,000	5.332%
2020	\$3,055,000	5.482%
Term Bonds		
Stated Maturity December 1	Principal Amount	Annual Rate of Interest
2026	\$11,730,000	6.515%

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

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

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

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

Capital Leases

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

Equipment Leased	Amount Financed	Gross Cost of Assets Under Capital Leases	Accumulated Amortization 12/31/2017	Lease Balance 12/31/2017
Governmental Activities:				
Fire Truck	\$ 622,452	\$ 722,025	\$ 649,823	\$ -
Facilities Conservation Improv. Prog.	930,000	-	-	412,334
Narrow Band Equipment	303,804	-	-	140,218
International 7400 Truck	56,384	77,152	77,151	-
Backhoe Loader	47,147	66,780	17,808	12,072
2015 Freightliner Dump Truck	59,228	82,328	65,862	15,077
SCBA Equipment	292,230	-	-	74,092
Pumper Truck	529,802	610,742	183,222	386,319
EZ Liner Striping Unit	48,023	77,447	15,489	24,303
Quint Pumper Truck	950,000	993,985	99,399	863,986
Sign/Stencil Truck	71,539	94,639	18,928	53,740
Airport Truck	30,892	30,892	6,178	20,601
Rubber Tire Loader	92,118	92,118	12,282	73,636
Dump Truck	84,579	84,579	33,832	67,517
Paint Machine	29,149	39,257	7,851	29,149
Total	\$ 4,147,347	\$ 2,971,944	\$ 1,187,825	\$ 2,173,044
Street Sweeper	\$ 112,978	\$ 154,553	\$ 123,642	\$ 28,751
Street Sweeper	90,228	135,153	54,061	67,869
Mower	138,176	160,136	32,027	138,176
Street Sweeper	153,263	200,435	40,087	153,263
Total	\$ 494,645	\$ 650,277	\$ 249,817	\$ 388,059

Future minimum lease obligations as of December 31, 2017, are:

Year Ending December 31,	Governmental Activities	Business-type Activities
2018	\$ 527,681	\$ 128,989
2019	424,612	99,697
2020	401,483	99,697
2021	382,892	76,178
2022	190,027	-
2023-2026	431,028	-
Total Minimum Lease Payments	2,357,723	404,561
Less: Amount representing interest	(184,679)	(16,502)
Present Value of Minimum Lease Payments	\$ 2,173,044	\$ 388,059

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

K. Long-Term Debt (Continued)

Capital Leases

Amortization on these assets acquired through capital leases totaled \$317,648 for governmental activities and \$130,055 for business-type activities in 2017 and has been included in depreciation expense.

State Revolving Loans

During 2001, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement enabled the City to borrow up to \$6,411,155 on a low-interest loan with a 20-year repayment period to finance improvements to the wastewater system. The interest rate on the loan is 3.14%. The City completed the draw-down process in 2004 and drew down a total of \$6,175,678. This loan was amended in 2007 and 2009 to allow the City to borrow an additional \$2,510,637 to finance the cost of designing the wastewater treatment plant upgrade and expansion project. Principal in the amount of \$495,304 was paid in 2017. The balance on the loan as of December 31, 2017, is \$2,721,800 and is shown as a liability to the Wastewater Fund in the accompanying financial statements. The annual amounts to amortize the loan are as follows:

Years Ending December 31,	Principal	Interest	Total
2018	\$ 510,979	\$ 81,485	\$ 592,464
2019	527,150	65,314	592,464
2020	543,832	48,631	592,463
2021	561,042	31,421	592,463
2022	578,797	13,666	592,463
Totals	<u>\$ 2,721,800</u>	<u>\$ 240,517</u>	<u>\$ 2,962,317</u>

During 2009, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement will enable the City to borrow up to \$39,506,000 on a low-interest loan with a 20-year repayment period to finance the construction phase of the wastewater treatment plant upgrade and expansion project. The interest rate on the loan is 2.72%. The City completed the draw-down process in 2014 and drew down a total of \$36,732,684. Principal in the amount of \$1,545,832 was paid in 2017. The balance on the loan as of December 31, 2017, is \$26,660,098 and is shown as a liability to the Wastewater Fund in the accompanying financial statements. The annual amounts to amortize the loan are as follows:

Years Ending December 31,	Principal	Interest	Total
2018	\$ 1,588,164	\$ 714,428	\$ 2,302,592
2019	1,631,656	670,936	2,302,592
2020	1,676,339	626,253	2,302,592
2021	1,722,245	580,347	2,302,592
2022	1,769,409	533,183	2,302,592
2023-2027	9,600,963	1,912,000	11,512,963
2028-2031	8,671,322	539,046	9,210,368
Totals	<u>\$26,660,098</u>	<u>\$5,576,193</u>	<u>\$32,236,291</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

During 2010, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement enabled the City to borrow up to \$1,537,000 on a low-interest loan with a 20-year repayment period to finance the City's share of the cost of connecting the Pottawatomie County Blue Township Sewer District service area and adjacent tributary areas to the City's wastewater treatment facilities. The interest rate on the loan is 2.55%. The City started the draw-down process in 2010. The loan was amended to allow a total borrowing of \$1,642,258, with principal forgiveness of \$246,339. The balance on the loan as of December 31, 2017, is \$1,052,772 and is shown as a liability to the Wastewater Fund in the accompanying financial statements. Principal in the amount of \$61,860 was paid in 2017. The annual amounts to amortize the loan are as follows:

Years Ending December 31,	Principal	Interest	Total
2018	\$ 63,447	\$ 26,444	\$ 89,891
2019	65,076	24,816	89,892
2020	66,746	23,146	89,892
2021	68,459	21,433	89,892
2022	70,215	19,676	89,891
2023-2027	379,047	70,408	449,455
2028-2031	339,782	19,783	359,565
Totals	\$ 1,052,772	\$ 205,706	\$ 1,258,478

During 2007, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement will enable the City to borrow funds on a low-interest loan with a 20-year repayment period to finance the design and construction of the water treatment plant and wellfield improvements. During 2010 the loan was amended to increase the maximum loan amount to \$17,975,861. The interest rate on the loan is 3.63%. The City started the draw-down process in 2010. The balance on the loan as of December 31, 2017, is \$14,207,542 and is shown as a liability to the Water Fund in the accompanying financial statements. Payments on the loan began in 2012. Principal in the amount of \$733,127 was paid in 2017. The annual amounts to amortize the loan will be as follows:

Years Ending December 31,	Principal	Interest	Total
2018	\$ 759,981	\$ 508,899	\$ 1,268,880
2019	787,819	481,061	1,268,880
2020	816,676	452,204	1,268,880
2021	846,591	422,290	1,268,881
2022	877,601	391,279	1,268,880
2023-2027	4,894,400	1,450,000	6,344,400
2028-2032	5,224,474	485,486	5,709,960
Totals	\$ 14,207,542	\$4,191,219	\$18,398,761

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

During 2011, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement will enable the City to borrow funds up to \$1,395,461 on a low-interest loan with a 20-year repayment period to finance the extension of the Konza water main. The interest rate on the loan is 2.62%. This project is eligible for 20% principal forgiveness on the construction costs and an additional 20% principal forgiveness for any qualifying green infrastructure component, or energy or water efficiency component. The City completed the draw-down process in 2013. Draws in the amount of \$506,899 were made during 2013, with principal forgiveness of \$126,725. The balance on the loan as of December 31, 2017, is \$315,840 and is shown as a liability to the Water Fund in the accompanying financial statements. Principal in the amount of \$15,709 was paid in 2017. The annual amounts to amortize the loan will be as follows:

Years Ending December 31,	Principal	Interest	Total
2018	\$ 16,123	\$ 8,170	\$ 24,293
2019	16,548	7,745	24,293
2020	16,984	7,309	24,293
2021	17,432	6,861	24,293
2022	17,892	6,401	24,293
2023-2027	96,791	24,674	121,465
2028-2032	110,246	11,220	121,466
2033	23,824	469	24,293
Totals	<u>\$ 315,840</u>	<u>\$ 72,849</u>	<u>\$ 388,689</u>

During 2011, the City entered into a loan agreement with the Kansas Department of Health and Environment. This agreement will enable the City to borrow funds up to \$3,091,960 on a low-interest loan with a 10-year repayment period to finance the replacement and upgrade of water meters. The interest rate on the loan is 2.08%. This project is eligible for up to 40% principal forgiveness for any qualifying green infrastructure component, or energy or water efficiency component. The estimated principal forgiven amount is \$1,233,700. The City started the draw-down process in 2013. The balance on the loan as of December 31, 2017, is \$1,121,631 and is shown as a liability to the Water Fund in the accompanying financial statements. Principal in the amount of \$129,361 was paid in 2017. The annual amounts to amortize the loan will be as follows:

Years Ending December 31,	Principal	Interest	Total
2018	\$ 138,075	\$ 26,422	\$ 164,497
2019	141,450	23,046	164,496
2020	144,909	19,588	164,497
2021	148,451	16,046	164,497
2022	152,080	12,416	164,496
2023-2025	396,666	14,574	411,240
Totals	<u>\$ 1,121,631</u>	<u>\$ 112,092</u>	<u>\$ 1,233,723</u>

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 3: Detailed Notes on All Funds (Continued)

J. Long-Term Debt (Continued)

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

The balance as of December 31, 2017, is \$2,111,982. The annual amounts to amortize the loan are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 277,200	\$ 78,566	\$ 355,766
2019	287,512	68,254	355,766
2020	298,208	57,558	355,766
2021	309,301	46,465	355,766
2022	320,807	34,959	355,766
2023-2024	618,955	33,672	652,627
Totals	<u>\$ 2,111,983</u>	<u>\$ 319,474</u>	<u>\$ 2,431,457</u>

Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2017, Industrial Revenue Bonds relating to nine entities were outstanding with a total balance of \$89,850,455.

Crossover Refunding

In 2015, the City issued Series 2015B General Obligation Refunding bonds in the amount of \$4,805,000. The proceeds were used to crossover refund Series 2006A and Series 2007A General Obligation bonds in the amounts of \$930,000 and \$4,125,000, respectively. The proceeds were placed in an escrow account to provide for interest payments on the refunding bonds until the crossover dates. As a result, the refunded bonds were not considered to be defeased and the liability for the bonds and the assets of the related escrow account were reported on the face of the financial statements. In 2016, the Series 2006A (\$930,000) General Obligation bonds matured and were paid off. In 2017, the Series 2007A (\$4,125,000) General Obligation bonds matured and were paid off.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 4: Other Information

A. Risk Management

General

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

Self-Insured Health Care Fund

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

The internal service fund accrues the required amounts for the payment of these claims by rate charges to various City departments. These rate charges are reported as expenditures in the applicable funds. The Health Care Fund net position was \$1,508,537 at December 31, 2017. The claims liability of \$335,346 reported in the Fund at December 31, 2017 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimated claims are based on historical data. Changes in the Fund's claims expected liability amount in fiscal years 2017, 2016 and 2015 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Paid	Balance at Fiscal Year End
2016-2017	\$ 384,006	\$ 4,529,608	\$ 4,578,268	\$ 335,346
2015-2016	\$ 434,397	\$ 4,036,829	\$ 4,087,220	\$ 384,006

Self-Insured Workers' Compensation Fund

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

Thomas McGee, L.C., serves as the third party administrator and the reinsurer. The deductible is \$250,000 per occurrence and an annual aggregate of \$250,000. Estimated claims are based on historical data. Changes in the Fund's claims expected liability amount in fiscal years 2017, 2016 and 2015 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Paid	Balance at Fiscal Year End
2016-2017	\$ 358,918	\$ 231,399	\$ 181,303	\$ 409,014
2015-2016	\$ 305,543	\$ 153,137	\$ 99,762	\$ 358,918

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 4: Other Information (continued)

B. Contingent Liabilities

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

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

C. Defined Benefit Pension Plan

Plan Description

The City of Manhattan participates in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
 - State/School employees
 - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the City of Manhattan are included in the Local and Police and Firemen employee groups.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits Provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees (except police and firemen) with ten or more years of credited service may retire as early as age 55 (police and firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 points (police and firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 4: Other Information (continued)

C. Defined Benefit Pension Plan (continued)

Plan Description (continued)

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation for each of the three state-wide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. KPERS is funded on an actuarial reserve basis.

For KPERS fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the KPERS fiscal year ended June 30, 2017.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 4: Other Information (continued)

C. Defined Benefit Pension Plan (continued)

The actuarially determined employer contribution rate (not including the 1% contribution rate for the Death and Disability Program) and the statutory contribution rate were 8.46% for the Local Group and 19.03% for the Police and Firemen Group for the year ended December 31, 2017. Contributions to the Pension Plan from the City of Manhattan were \$1,321,717 for the Local Group and \$919,706 for the Police and Firemen Group for the year ended December 31, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred inflows of Resources Related to Pensions

At December 31, 2017, the City of Manhattan reported a liability of \$12,200,949 for the Local Group and \$9,097,447 for the Police and Firemen Group for its proportionate share of the KPERS collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2017, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer. The City of Manhattan's proportion of the collective net pension liability was based on the ratio of the City of Manhattan's actual contributions to the Local Group and the Police and Firemen Group, relative to the total employer and nonemployer contributions of the Local Group and Police and Firemen Group within KPERS for the KPERS fiscal year ended June 30, 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2017, the City of Manhattan's proportion and change from its proportion measured as of June 30, 2016 were as follows:

	Net Pension Liability as of December 31, 2017	Proportion as of June 30, 2017	Increase in Proportion From June 30, 2016
Local Group	\$ 12,200,949	0.842342%	0.013105%
Police and Firemen Group	9,097,447	0.970094%	0.020271%
	\$ 21,298,396		

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 4: Other Information (continued)

C. Defined Benefit Pension Plan (continued)

For the year ended December 31, 2017, the City of Manhattan recognized pension expense of \$1,308,763 for the Local Group and \$1,312,879 for the Police and Firemen Group. At December 31, 2017, the City of Manhattan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 498,794	\$ 489,938
Net difference between projected and actual earnings on pension plan investments	719,743	-
Changes of assumptions	1,292,331	129,874
Changes in proportionate share	722,746	139,669
City of Manhattan's contributions subsequent to measurement date	1,111,105	-
	\$ 4,344,719	\$ 759,481
Total	\$ 4,344,719	\$ 759,481

The \$1,111,105 reported as deferred outflows of resources related to pensions resulting from the City of Manhattan's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,		
2018	\$	421,286
2019		1,222,350
2020		739,986
2021		(40,637)
2022		131,148
		\$ 2,474,133
		\$ 2,474,133

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 4: Other Information (continued)

C. Defined Benefit Pension Plan (continued)

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Wage inflation	3.50 percent
Salary increases, including wage increases	3.50 to 12.00 percent, including inflation
Long-term rate of return net of investment expense, and including price inflation	7.75 percent

Mortality rates were based on the RP-2014 Mortality Tables with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using scale MP-2016. Different adjustments apply to pre-retirement versus post-retirement versus post-disability mortality tables.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the three year period ending December 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Pension Plan's target asset allocations as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	6.80%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	(0.25%)
Total	<u>100%</u>	

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 4: Other Information (continued)

C. Defined Benefit Pension Plan (continued)

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for the Police and Firemen Group. Future employer contribution rates were also modeled for the Police and Firemen Group, assuming all actuarial assumptions are met in future years. Based on those assumptions, the Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City of Manhattan's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the City of Manhattan's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the City of Manhattan's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City of Manhattan's Local Group proportionate share of the collective net pension liability	\$ 17,572,035	\$ 12,200,949	\$ 7,673,336
City of Manhattan's Police and Firemen Group proportionate share of the collective net pension liability	12,906,040	9,097,447	5,909,112
	\$ 30,478,075	\$ 21,298,396	\$ 13,582,448

Pension plan fiduciary net position. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued KPERS financial report.

Information related to the Manhattan Public Library's Defined Benefit Pension Plan can be found in the financial statements of the Manhattan Public Library, which may be obtained at the entity's administrative offices.

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 4: Other Information (continued)

D. Postemployment Benefits Other Than Pensions

Plan Description

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

Funding Policy

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

The City provides funding for the expenditures on a pay-as-you-go basis through the Health Care Fund. In 2017, active and retired plan members contributed \$694,238 to the plan and the City contributed \$3,520,494 to the plan.

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution (ARC)	\$ 227,039
Interest on net OPEB obligation	87,601
Adjustment to ARC	<u>(97,334)</u>
Annual OPEB cost (expense)	\$ 217,306
Contributions made	<u>(74,000)</u>
Increase in net OPEB obligation	\$ 143,306
Net OPEB obligation January 1, 2017	<u>2,920,034</u>
Net OPEB obligation December 31, 2017	<u>\$3,063,340</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows in the table below:

Year Ended	OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 320,890	23.4%	\$ 2,764,302
12/31/2016	207,732	25.0%	2,920,034
12/31/2017	217,306	34.1%	3,063,340

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 4: Other Information (continued)

D. Postemployment Benefits Other Than Pensions (continued)

Funded Status and Funding Progress

As of January 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$1,745,469. The City's policy is to fund the benefits on a pay-as-you-go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,745,469. The covered payroll (annual payroll of active employees covered by the plan) in 2017 was \$20,047,821 and the ratio of the UAAL to covered payroll was 8.7 percent.

Actuarial Methods and Assumptions

The cost of the plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc., which are assumed to hold for many years into the future. Since actual experience may differ somewhat from the long-term assumptions, the cost determined by the valuation must be regarded as estimates of the true costs of the plan. Actuarially determined amounts reflect a long-term view and are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial liabilities and comparative costs were computed using the unprojected unit credit actuarial cost method and the following assumptions:

Amortization Method:	Level percent of payroll, open
Amortization Period:	30 years
Discount rate:	3.00% per annum, compounded annually
Mortality rate:	RP-2000 Mortality Tables for Healthy Annuitants and Employees for Males and Females with generational projection, ages set forward on year
Withdrawal rates:	Past history of City used to establish rates
Retirement rates:	Past history of City used to establish rates
Marriage and family assumptions:	Wives are assumed to be three years younger than husbands and 50% of members who elect coverage are assumed to have spouses who will also elect coverage.
Price inflation:	2.75% per year
Payroll growth:	3.0% per year
Health care cost trend rate:	0.00% grading up to 4.1%
Participation rate:	40% of members are assumed to elect coverage upon retirement

CITY OF MANHATTAN, KANSAS
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017

Note 4: Other Information (Continued)

E. Tax Abatements

The City of Manhattan enters into tax abatement agreements with local businesses for the purpose of attracting businesses within its jurisdiction. For the fiscal year ended December 31, 2017, abated property taxes that impacted the City totaled \$ 8,945,651 which included the following tax abatement agreements that each exceeded 10 percent of the total amount abated:

- A property tax abatement for expansion of a facility. The City's portion of the abatement amounted to \$1,892,710.
- A property tax abatement for constructing a commercial office building. The City's portion of the abatement amounted to \$7,052,941.

F. Subsequent Events

On March 15, 2018, the City issued \$3,390,000 in Series 2018-01 General Obligation Temporary Notes. The principal maturity of the \$3,390,000 is due on December 15, 2021.

On June 4, 2018, the City issued \$17,630,000 in Series 2018-A General Obligation Bonds. Principal maturities ranging from \$615,000 to \$1,340,000 are due through November 1, 2038. The interest rate ranges from 3.0% to 5.0%.

On June 15, 2018, the City issued \$3,150,000 in Series 2018-02 General Obligation Temporary Notes. The principal maturity of the \$3,150,000 is due on June 15, 2022.

CITY OF MANHATTAN, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the City of Manhattan's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Three Fiscal Years

	2017	2016	2015
City of Manhattan's proportion of the collective net pension liability			
KPERS	0.842342%	0.829237%	0.821215%
KP&F	0.970094%	0.949823%	0.978480%
City of Manhattan's proportionate share of the collective net pension liability	\$ 21,298,396	\$ 21,650,150	\$ 17,887,831
City of Manhattan's covered-employee payroll	\$ 19,780,545	\$ 18,727,868	\$ 18,132,433
City of Manhattan's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	108%	116%	99%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	65.10%	64.95%

The pension schedules in the required supplementary information are intended to show information for ten years and additional years' information will be displayed as it becomes available.

CITY OF MANHATTAN, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION
Schedule of City of Manhattan's Contributions
Kansas Public Employees Retirement System
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
KPERS/Ret Contractually required contributions	\$ 1,321,717	\$ 1,382,451	\$ 1,454,056	\$ 1,304,973	\$ 1,145,040	\$ 1,026,736	\$ 893,886	\$ 815,626	\$ 704,786	\$ 538,332
KP&F Contractually required contributions	919,706	962,890	952,624	874,519	730,347	623,028	512,620	467,903	598,214	558,258
Contributions in relation to the contractually required contributions	(2,243,904)	(2,345,299)	(2,406,680)	(2,179,492)	(1,875,387)	(1,648,729)	(1,406,571)	(1,284,499)	(1,303,000)	(1,096,590)
Contribution deficiency (excess)	\$ (2,481)	\$ 42	\$ -	\$ -	\$ -	\$ 1,035	\$ (65)	\$ (970)	\$ -	\$ -
City of Manhattan's covered-employee payroll	\$ 20,047,821	\$ 19,410,097	\$ 18,422,768	\$ 18,016,283	\$ 17,139,649	\$ 16,232,981	\$ 15,167,579	\$ 15,098,217	\$ 15,179,204	\$ 13,040,404
Contributions as a percentage of covered-employee payroll	11.2%	12.1%	13.1%	12.1%	10.9%	10.2%	9.3%	8.5%	8.6%	8.4%

The data is presented on a calendar year end basis.

CITY OF MANHATTAN, KANSAS
SCHEDULE OF FUNDING PROGRESS
POST EMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2010	\$ -	\$ 3,534,909	\$ 3,534,909	0.00%	\$ 14,399,071	24.55%
1/1/2012	\$ -	\$ 3,781,944	\$ 3,781,944	0.00%	\$ 15,418,180	24.53%
1/1/2014	\$ -	\$ 2,554,263	\$ 2,554,263	0.00%	\$ 16,277,538	15.69%
1/1/2016	\$ -	\$ 1,745,469	\$ 1,745,469	0.00%	\$ 17,950,750	9.72%

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Nonmajor Governmental Funds

**For the Year Ended
December 31, 2017**

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

BUDGETED SPECIAL REVENUE FUNDS:

Aggieville Business Improvement District Fund

Funds the beautification of the Aggieville Business District.

City/University Projects Fund

An agreement with Kansas State University for special joint projects.

Downtown Business Improvement District Fund

Funds the beautification of the Downtown Business District.

Economic Development Fund

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

Employee Benefit Contribution Fund

Provides for the funding of employees' retirement.

Fire Equipment Reserve Fund

Funds the purchase of fire equipment.

Fire Pension KP&F Fund

Special levy for Firemen's Retirement.

General Improvement Fund

Provides for the cost of general improvements.

Industrial Promotion Fund

Special tax for the promotion of industrial development.

Library Fund

Funds the operation of the municipal library.

Library Employee Benefit Contribution Fund

Provides for the funding of library employees' retirement.

Park Development Fund

Provides for park capital improvements.

Sales Tax Fund

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

SPECIAL REVENUE FUNDS

Special Alcohol Programs Fund

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

Special Parks and Recreation Fund

Special alcohol liquor tax for recreation.

Special Street and Highway Fund

State gasoline tax monies for streets and highways.

Special Street Maintenance Fund

A special ten-year, two-tenths cents sales tax (.20) that will be dedicated for street maintenance across the community.

Special Sunset Zoo Fund

Special fees for zoo improvements.

Tourism and Convention Promotion Fund

Special hotel guest tax for tourism.

Capital Improvement Reserve Fund

Revenue may be credited to this fund from any source including budgeted transfers from other funds, investment income, or reimbursements from bond proceeds, special assessments, state or federal aid. Moneys in the capital improvements reserve fund may be used to finance, in whole or in part, any public improvement within the City's annual capital improvement plan, including the repair, restoration and rehabilitation of existing public facilities, or for engineering and other public improvement plans or studies.

NON-BUDGETED SPECIAL REVENUE FUNDS:

Airport Federal Grant No. 42 Fund

This federal grant pays for 90% of the cost of designing the airport terminal expansion.

Airport Federal Grant No. 44 Fund

This federal grant pays for 90% of the eligible cost of construction for the airport terminal expansion project.

Airport Federal Grant No. 46 Fund

This federal grant pays for 90% of the eligible cost of construction for the airport terminal expansion project (Phase II).

Airport TVOR Land Acquisition Grant

This Federal Grant pays for 95% of the cost of acquiring the land needed to construct a wildlife fence around the Airport and to protect the critical area around the Federal Aviation Administration (FAA) electronic equipment used by pilots for navigating aircraft.

NON-BUDGETED SPECIAL REVENUE FUNDS:

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

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

Behind the Science Fund

This fund is passed-through from Kansas State University from a grant received from NASA to provide science communication training to program participants at the Sunset Zoo.

CDBG Program Income

CDBG funds reimbursed to the City by homeowners who wish to end the agreement for participation in one of the CDBG Housing Rehabilitation Projects.

Emergency Shelter Grant Funds

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

CDBG/Federal Entitlement Funds

Community Development Block Grant Funds for Entitlement Communities received from the Department of Housing and Urban Development for developing viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.

FHDC Sponsored Events

Sponsorships received to help fund the Flint Hill's Discovery Center's programming efforts.

Firefighter Memorial Fund

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

Juneteenth Grant-2009

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

Norvell Band Shell Fund

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

Old Engine One Fund

Funds received are used for fire prevention awareness and the maintenance of the historic 1947 Old Engine One Fire Truck.

NON-BUDGETED SPECIAL REVENUE FUNDS:

Park Improvement Fund

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

Share the Story Grant

Funds received by the Flint Hills Discovery Center Foundation to provide a free outreach program for preschool groups to receive a story time activity at the Flint Hills Discovery Center.

Special Taxi Fund

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

Westar Energy Solar Photovoltaic Grant

Funds received from Westar Energy to be used install a 10 kilowatt solar array at the Nature Exploration Center.

Wetland Development Grant

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

Yes! Grant Funds

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

DEBT SERVICE FUNDS

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

Downtown Redevelopment Senior Lien TIF Bonds Fund

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

Downtown Redevelopment TDD Fund

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

DEBT SERVICE FUNDS

Limey Pointe TDD Fund

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

Downtown South End TDD Fund

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

McDonald's TDD

This fund was established to account for the McDonald's Transportation Development District excise/sales tax revenues, which will be used to pay for the costs of the public improvements.

Blueville TDD

This fund was established to account for the Blueville Transportation Development District excise/sales tax revenues, which will be used to pay for the costs of the public improvements.

NON-BUDGETED DEBT SERVICE FUNDS

Flint Hills MPO

The City of Manhattan serves as a fiscal agent for this regional, governmental organization. The revenue received is from a federal pass-through grant (Consolidated Planning Grant) managed by the Kansas Department of Transportation, as well as revenue from other City and County jurisdictions to provide the local match required for the federal grant. The MPO is a federally required organization responsible for managing the long-range transportation planning process to improve the multi-modal transportation system.

PERMANENT FUND

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

Sunrise Perpetual Care Fund

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

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

December 31, 2017

	Aggieville Business Improvement District	City/ University Projects	Downtown Business Improvement District	Economic Development
Assets				
Cash	\$ 568	\$ 165,296	\$ 294	\$ 7,789,171
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	166,154
Receivables	2,044	-	-	272,653
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	333,523
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Total Assets	\$ 2,612	\$ 165,296	\$ 294	\$ 8,561,501
Liabilities				
Accounts payable	\$ 99	\$ -	\$ -	\$ 48,200
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Total Liabilities	99	-	-	48,200
Deferred Inflows of Resources				
Unavailable revenue - Property Taxes	-	-	-	-
Unavailable revenue - Receivables	2,044	-	-	272,653
Total Deferred Inflows of Resources	2,044	-	-	272,653
Fund Balance				
Nonspendable - Perpetual Care	-	-	-	-
Restricted:				
Urban Development & Housing	469	-	294	8,240,648
General Government	-	-	-	-
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - Urban Development	-	165,296	-	-
Assigned - Purchases on Order	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	469	165,296	294	8,240,648
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 2,612	\$ 165,296	\$ 294	\$ 8,561,501

(Continued)

Special Revenue

Employee Benefit Contribution	Fire Equipment Reserve	Fire Pension KP&F	General Improvement	Industrial Promotion	Library
\$ 401,452	\$ 55,166	\$ 351,921	\$ 4,744	\$ 244,392	\$ 3,372
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,341	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,585,000	254,285	881,000	-	-	2,402,800
<u>\$ 1,986,452</u>	<u>\$ 309,451</u>	<u>\$ 1,232,921</u>	<u>\$ 4,744</u>	<u>\$ 245,733</u>	<u>\$ 2,406,172</u>
\$ -	\$ -	\$ -	\$ -	\$ 9,756	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	9,756	-
1,585,000	254,285	881,000	-	-	2,402,800
-	-	-	-	1,341	-
<u>1,585,000</u>	<u>254,285</u>	<u>881,000</u>	<u>-</u>	<u>1,341</u>	<u>2,402,800</u>
-	-	-	-	-	-
-	-	-	-	-	-
401,452	-	-	-	234,636	-
-	-	-	-	-	-
-	55,166	351,921	-	-	-
-	-	-	-	-	3,372
-	-	-	4,744	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>401,452</u>	<u>55,166</u>	<u>351,921</u>	<u>4,744</u>	<u>234,636</u>	<u>3,372</u>
<u>\$ 1,986,452</u>	<u>\$ 309,451</u>	<u>\$ 1,232,921</u>	<u>\$ 4,744</u>	<u>\$ 245,733</u>	<u>\$ 2,406,172</u>

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2017

	Library Employee Benefit Contribution	Park Development	Sales Tax	Special Alcohol Programs
Assets				
Cash	\$ 2	\$ 119,880	\$ 11,099	\$ 9,818
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	1,004,302	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	559,500	-	-	-
Total Assets	\$ 559,502	\$ 119,880	\$ 1,015,401	\$ 9,818
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable revenue - Property Taxes	559,500	-	-	-
Unavailable revenue - Receivables	-	-	-	-
Total Deferred Inflows of Resources	559,500	-	-	-
Fund Balance				
Nonspendable - Perpetual Care	-	-	-	-
Restricted:				
Urban Development & Housing	-	-	-	-
General Government	-	-	1,015,401	9,818
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	2	119,880	-	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - General Government	-	-	-	-
Assigned - Purchases on Order	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	2	119,880	1,015,401	9,818
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 559,502	\$ 119,880	\$ 1,015,401	\$ 9,818

(Continued)

Special Revenue

Special Parks and Recreation	Special Street and Highway	Special Sunset Zoo	Tourism and Convention Promotion	Capital Improvement Reserve	Airport Federal Grant No. 42
\$ 1,527,789	\$ 657,125	\$ 155,630	\$ -	\$ 34,185	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	492,317	-	-
-	-	-	-	-	-
<u>\$ 1,527,789</u>	<u>\$ 657,125</u>	<u>\$ 155,630</u>	<u>\$ 492,317</u>	<u>\$ 34,185</u>	<u>\$ -</u>
\$ 28,083	\$ 286,278	\$ 16,419	\$ -	\$ -	\$ -
-	1,825	11,759	-	-	-
-	-	-	-	-	-
<u>28,083</u>	<u>288,103</u>	<u>28,178</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	492,317	-	-
-	-	-	-	34,185	-
-	-	-	-	-	-
-	-	-	-	-	-
1,499,706	-	127,452	-	-	-
-	369,022	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,499,706</u>	<u>369,022</u>	<u>127,452</u>	<u>492,317</u>	<u>34,185</u>	<u>-</u>
<u>\$ 1,527,789</u>	<u>\$ 657,125</u>	<u>\$ 155,630</u>	<u>\$ 492,317</u>	<u>\$ 34,185</u>	<u>\$ -</u>

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

December 31, 2017

	CDBG/Federal Entitlement Year 3	Airport TVOR Land Acquisition Grant	Airport Federal Grant No. 44	Alcohol and Drug Safety
Assets				
Cash	\$ -	\$ -	\$ -	\$ 30,539
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	1,875
Intergovernmental receivables	29,779	127,536	446,274	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Total Assets	\$ 29,779	\$ 127,536	\$ 446,274	\$ 32,414
Liabilities				
Accounts payable	\$ 18,105	\$ -	\$ -	\$ 16,755
Accrued payroll	487	-	-	-
Interfund payable	11,674	127,536	424,161	-
Total Liabilities	30,266	127,536	424,161	16,755
Deferred Inflows of Resources				
Unavailable revenue - Property Taxes	-	-	-	-
Unavailable revenue - Receivables	-	-	-	1,875
Total Deferred Inflows of Resources	-	-	-	1,875
Fund Balance				
Nonspendable - Perpetual Care	-	-	-	-
Restricted:				
Urban Development & Housing	-	-	-	-
General Government	-	-	-	13,784
Capital Projects	-	-	22,113	-
Public Safety	-	-	-	-
Culture & Recreation	-	-	-	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - General Government	-	-	-	-
Assigned - Purchases on Order	-	-	-	-
Unassigned	(487)	-	-	-
Total Fund Balance	(487)	-	22,113	13,784
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 29,779	\$ 127,536	\$ 446,274	\$ 32,414

(Continued)

CITY OF MANHATTAN, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
December 31, 2017

	Norvell Band Shell	Old Engine One Fund	Park Improvement	Special Taxi
Assets				
Cash	\$ 1,864	\$ 680	\$ 2,973	\$ 47,326
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	-
Receivables	-	-	-	-
Intergovernmental receivables	-	-	-	-
Sales tax receivable	-	-	-	-
Transient guest tax receivable	-	-	-	-
Property tax receivable	-	-	-	-
Total Assets	\$ 1,864	\$ 680	\$ 2,973	\$ 47,326
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued payroll	-	-	-	-
Interfund payable	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable revenue - Property Taxes	-	-	-	-
Unavailable revenue - Receivables	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balance				
Nonspendable - Perpetual Care	-	-	-	-
Restricted:				
Urban Development & Housing	-	-	-	-
General Government	-	-	-	47,326
Capital Projects	-	-	-	-
Public Safety	-	-	-	-
Culture & Recreation	1,864	680	2,973	-
Public Works	-	-	-	-
Debt Service	-	-	-	-
Committed - General Government	-	-	-	-
Assigned - Purchases on Order	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	1,864	680	2,973	47,326
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,864	\$ 680	\$ 2,973	\$ 47,326

(Continued)

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

December 31, 2017

Special Revenue

	Westar Energy Solar Grant	CDBG/Federal Entitlement Year 2	Behind the Science	Total
Assets				
Cash	\$ -	\$ -	\$ 24,159	\$ 13,023,508
Cash with special obligation bonds trustee	-	-	-	-
Investment in joint venture	-	-	-	166,154
Receivables	-	-	-	277,913
Intergovernmental receivables	-	23,919	-	2,088,112
Sales tax receivable	-	-	-	1,768,582
Transient guest tax receivable	-	-	-	492,317
Property tax receivable	-	-	-	5,682,585
Total Assets	\$ -	\$ 23,919	\$ 24,159	\$ 23,499,171
Liabilities				
Accounts payable	\$ -	\$ 14,633	\$ 3,762	\$ 598,496
Accrued payroll	-	-	-	17,121
Interfund payable	-	9,286	-	730,510
Total Liabilities	-	23,919	3,762	1,346,127
Deferred Inflows of Resources				
Unavailable revenue - Property Taxes	-	-	-	5,682,585
Unavailable revenue - Receivables	-	-	-	277,913
Total Deferred Inflows of Resources	-	-	-	5,960,498
Fund Balance				
Nonspendable - Perpetual Care	-	-	-	-
Restricted:				
Urban Development & Housing	-	-	-	8,747,063
General Government	-	-	-	1,767,323
Capital Projects	-	-	-	1,219,348
Public Safety	-	-	-	412,040
Culture & Recreation	-	-	20,397	1,780,550
Public Works	-	-	-	2,104,463
Debt Service	-	-	-	-
Committed - General Government	-	-	-	165,296
Assigned - Purchases on Order	-	-	-	-
Unassigned	-	-	-	(3,537)
Total Fund Balance	-	-	20,397	16,192,546
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ -	\$ 23,919	\$ 24,159	\$ 23,499,171

(Continued)

Debt Service

Downtown Redevelopment Senior Lien TIF Bonds	Downtown Redevelopment TDD	Limey Pointe TDD	Downtown South End TDD	McDonald's TDD	Flint Hills MPO
\$ 69,339	\$ 668,808	\$ 15,429	\$ 162,693	\$ -	\$ -
3,369,909	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	4,321
163,269	66,092	-	4,302	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 3,602,517	\$ 734,900	\$ 15,429	\$ 166,995	\$ -	\$ 4,321
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,251
-	-	-	-	-	150
-	-	-	-	-	-
-	-	-	-	-	5,401
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,602,517	734,900	15,429	166,995	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(1,080)
3,602,517	734,900	15,429	166,995	-	(1,080)
\$ 3,602,517	\$ 734,900	\$ 15,429	\$ 166,995	\$ -	\$ 4,321

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

December 31, 2017

	Debt Service		Permanent	Total Nonmajor Governmental Funds
	Blueville TDD	Total	Sunrise Perpetual Care	
Assets				
Cash	\$ 6,019	\$ 922,288	\$ 495,336	\$ 14,441,132
Cash with special obligation bonds trustee	-	3,369,909	-	3,369,909
Investment in joint venture	-	-	-	166,154
Receivables	-	-	-	277,913
Intergovernmental receivables	-	4,321	-	2,092,433
Sales tax receivable	1,256	234,919	-	2,003,501
Transient guest tax receivable	-	-	-	492,317
Property tax receivable	-	-	-	5,682,585
Total Assets	\$ 7,275	\$ 4,531,437	\$ 495,336	\$ 28,525,944
Liabilities				
Accounts payable	\$ -	\$ 5,251	\$ -	\$ 603,747
Accrued payroll	-	150	-	17,271
Interfund payable	-	-	-	730,510
Total Liabilities	-	5,401	-	1,351,528
Deferred Inflows of Resources				
Unavailable revenue - Property Taxes	-	-	-	5,682,585
Unavailable revenue - Receivables	-	-	-	277,913
Total Deferred Inflows of Resources	-	-	-	5,960,498
Fund Balance				
Nonspendable - Perpetual Care	-	-	495,336	495,336
Restricted:				
Urban Development & Housing	-	-	-	8,747,063
General Government	-	-	-	1,767,323
Capital Projects	-	-	-	1,219,348
Public Safety	-	-	-	412,040
Culture & Recreation	-	-	-	1,780,550
Public Works	-	-	-	2,104,463
Debt Service	7,275	4,527,116	-	4,527,116
Committed - General Government	-	-	-	165,296
Assigned - Purchases on Order	-	-	-	-
Unassigned	-	(1,080)	-	(4,617)
Total Fund Balance	7,275	4,526,036	495,336	21,213,918
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 7,275	\$ 4,531,437	\$ 495,336	\$ 28,525,944

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

For the Year Ended December 31, 2017

	Aggieville Business Improvement District
REVENUES	
Taxes	\$ -
Intergovernmental	-
Charges for services	62,287
Investment income	-
Miscellaneous	-
Total Revenue	62,287
EXPENDITURES	
Current	
General government	-
Public safety	-
Public works	-
Urban development and housing	60,571
Culture/recreation	-
Culture/recreation-payments to Library	-
Capital Outlay	-
Debt service	
Principal	-
Interest and fiscal charges	-
Total Expenditures	60,571
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,716
OTHER FINANCING SOURCES (USES)	
General obligation bonds issued	-
Transfers in	-
Transfers out	(2,000)
Total Other Financing Sources (Uses)	(2,000)
NET CHANGE IN FUND BALANCES	(284)
FUND BALANCE-BEGINNING OF PERIOD	753
PRIOR PERIOD ADJUSTMENT	-
FUND BALANCE-BEGINNING OF PERIOD AS RESTATED	753
FUND BALANCE - END OF PERIOD	\$ 469

(Continued)

Special Revenue

City/ University Projects	Downtown Business Improvement District	Economic Development	Employee Benefit Contribution	Fire Equipment Reserve	Fire Pension KP&F
\$ 598,775	\$ -	\$ 1,954,030	\$ 1,755,402	\$ 395,349	\$ 899,914
-	-	-	-	-	-
-	67,369	-	-	-	-
-	-	8,020	-	522	-
-	-	68,300	-	-	-
<u>598,775</u>	<u>67,369</u>	<u>2,030,350</u>	<u>1,755,402</u>	<u>395,871</u>	<u>899,914</u>
-	-	-	3,510,093	-	-
-	-	-	186,451	84,031	971,683
-	-	-	461,129	-	-
-	69,826	468,211	77,625	-	-
-	-	-	741,526	-	-
-	-	-	-	-	-
244,500	-	25,925	-	-	-
-	-	-	-	341,952	-
-	-	-	-	40,898	-
<u>244,500</u>	<u>69,826</u>	<u>494,136</u>	<u>4,976,824</u>	<u>466,881</u>	<u>971,683</u>
<u>354,275</u>	<u>(2,457)</u>	<u>1,536,214</u>	<u>(3,221,422)</u>	<u>(71,010)</u>	<u>(71,769)</u>
-	-	-	-	-	-
165,736	-	23,190	3,412,711	-	300,000
(455,500)	(3,500)	(1,287,653)	-	-	-
<u>(289,764)</u>	<u>(3,500)</u>	<u>(1,264,463)</u>	<u>3,412,711</u>	<u>-</u>	<u>300,000</u>
<u>64,511</u>	<u>(5,957)</u>	<u>271,751</u>	<u>191,289</u>	<u>(71,010)</u>	<u>228,231</u>
100,785	6,251	7,968,897	210,163	126,176	123,690
-	-	-	-	-	-
<u>100,785</u>	<u>6,251</u>	<u>7,968,897</u>	<u>210,163</u>	<u>126,176</u>	<u>123,690</u>
<u>\$ 165,296</u>	<u>\$ 294</u>	<u>\$ 8,240,648</u>	<u>\$ 401,452</u>	<u>\$ 55,166</u>	<u>\$ 351,921</u>

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

For the Year Ended December 31, 2017

	General Improvement	Industrial Promotion
REVENUES		
Taxes	\$ -	\$ 1
Intergovernmental	-	-
Charges for services	-	-
Investment income	737	702
Miscellaneous	1,246	261,789
Total Revenue	1,983	262,492
EXPENDITURES		
Current		
General government	8,131	-
Public safety	-	-
Public works	-	-
Urban development and housing	-	192,536
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Interest and fiscal charges	-	-
Total Expenditures	8,131	192,536
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,148)	69,956
OTHER FINANCING SOURCES (USES)		
General obligation bonds issued	-	-
Transfers in	10,000	-
Transfers out	(145,216)	-
Total Other Financing Sources (Uses)	(135,216)	-
NET CHANGE IN FUND BALANCES	(141,364)	69,956
FUND BALANCE-BEGINNING OF PERIOD	146,108	164,680
PRIOR PERIOD ADJUSTMENT	-	-
FUND BALANCE-BEGINNING OF PERIOD AS RESTATED	146,108	164,680
FUND BALANCE - END OF PERIOD	\$ 4,744	\$ 234,636

(Continued)

Special Revenue

Library	Library Employee Benefit Contribution	Park Development	Sales Tax	Special Alcohol Programs	Special Parks and Recreation
\$ 2,386,683	\$ 602,692	\$ -	\$ 5,672,559	\$ -	\$ -
-	-	-	-	454,166	454,166
-	-	-	-	-	-
41	7	640	-	244	8,444
-	-	-	-	8,520	3,350
<u>2,386,724</u>	<u>602,699</u>	<u>640</u>	<u>5,672,559</u>	<u>462,930</u>	<u>465,960</u>
-	-	-	-	639,319	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	(2,346)
2,386,801	603,699	-	-	-	-
-	-	19,965	-	-	176,271
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,386,801</u>	<u>603,699</u>	<u>19,965</u>	<u>-</u>	<u>639,319</u>	<u>173,925</u>
<u>(77)</u>	<u>(1,000)</u>	<u>(19,325)</u>	<u>5,672,559</u>	<u>(176,389)</u>	<u>292,035</u>
-	-	-	-	-	-
-	-	-	-	-	8,403
-	-	-	(5,889,000)	-	(271,456)
-	-	-	(5,889,000)	-	(263,053)
<u>(77)</u>	<u>(1,000)</u>	<u>(19,325)</u>	<u>(216,441)</u>	<u>(176,389)</u>	<u>28,982</u>
3,449	1,002	139,205	1,231,842	186,207	1,470,724
-	-	-	-	-	-
<u>3,449</u>	<u>1,002</u>	<u>139,205</u>	<u>1,231,842</u>	<u>186,207</u>	<u>1,470,724</u>
<u>\$ 3,372</u>	<u>\$ 2</u>	<u>\$ 119,880</u>	<u>\$ 1,015,401</u>	<u>\$ 9,818</u>	<u>\$ 1,499,706</u>

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

For the Year Ended December 31, 2017

	Special Street and Highway	Special Sunset Zoo
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	1,657,996	-
Charges for services	-	540,956
Investment income	8,468	1,103
Miscellaneous	29,920	12,533
Total Revenue	1,696,384	554,592
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	145,073	-
Urban development and housing	-	-
Culture/recreation	-	574,924
Culture/recreation-payments to Library	-	-
Capital Outlay	1,997,275	-
Debt service		
Principal	-	-
Interest and fiscal charges	-	-
Total Expenditures	2,142,348	574,924
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(445,964)	(20,332)
OTHER FINANCING SOURCES (USES)		
General obligation bonds issued	-	-
Transfers in	-	2,500
Transfers out	(685,569)	(27,200)
Total Other Financing Sources (Uses)	(685,569)	(24,700)
NET CHANGE IN FUND BALANCES	(1,131,533)	(45,032)
FUND BALANCE-BEGINNING OF PERIOD	1,500,555	172,484
PRIOR PERIOD ADJUSTMENT	-	-
FUND BALANCE-BEGINNING OF PERIOD AS RESTATED	1,500,555	172,484
FUND BALANCE - END OF PERIOD	\$ 369,022	\$ 127,452

(Continued)

Special Revenue

Tourism and Convention Promotion	Capital Improvement Reserve	Airport Federal Grant No. 42	CDBG/Federal Entitlement Year 3	Airport TVOR Land Acquisition Grant	Airport Federal Grant No. 44
\$ 1,580,364	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	114,644	10,797	-
-	-	-	-	-	-
-	172	-	-	-	-
-	-	-	-	-	-
<u>1,580,364</u>	<u>172</u>	<u>-</u>	<u>114,644</u>	<u>10,797</u>	<u>-</u>
-	-	-	-	10,797	-
-	-	-	-	-	-
-	-	-	-	-	-
1,475,077	-	-	115,131	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,160,000
-	-	-	-	-	27,650
<u>1,475,077</u>	<u>-</u>	<u>-</u>	<u>115,131</u>	<u>10,797</u>	<u>3,187,650</u>
<u>105,287</u>	<u>172</u>	<u>-</u>	<u>(487)</u>	<u>-</u>	<u>(3,187,650)</u>
-	-	-	-	-	3,071,217
-	-	15,041	-	-	-
(402,278)	-	-	-	-	-
<u>(402,278)</u>	<u>-</u>	<u>15,041</u>	<u>-</u>	<u>-</u>	<u>3,071,217</u>
<u>(296,991)</u>	<u>172</u>	<u>15,041</u>	<u>(487)</u>	<u>-</u>	<u>(116,433)</u>
789,308	34,013	(54,527)	-	(116,739)	(307,728)
-	-	39,486	-	116,739	446,274
<u>789,308</u>	<u>34,013</u>	<u>(15,041)</u>	<u>-</u>	<u>-</u>	<u>138,546</u>
<u>\$ 492,317</u>	<u>\$ 34,185</u>	<u>\$ -</u>	<u>\$ (487)</u>	<u>\$ -</u>	<u>\$ 22,113</u>

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

For the Year Ended December 31, 2017

	Alcohol and Drug Safety	Emergency Shelter 2015
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	170,707
Charges for services	-	-
Investment income	-	-
Miscellaneous	-	-
Total Revenue	-	170,707
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	-	-
Urban development and housing	-	170,707
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Interest and fiscal charges	-	-
Total Expenditures	-	170,707
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-
OTHER FINANCING SOURCES (USES)		
General obligation bonds issued	-	-
Transfers in	-	-
Transfers out	(82)	-
Total Other Financing Sources (Uses)	(82)	-
NET CHANGE IN FUND BALANCES	(82)	-
FUND BALANCE-BEGINNING OF PERIOD	13,866	-
PRIOR PERIOD ADJUSTMENT	-	-
FUND BALANCE-BEGINNING OF PERIOD AS RESTATED	13,866	-
FUND BALANCE - END OF PERIOD	\$ 13,784	\$ -

(Continued)

Special Revenue

CDBG/Federal Entitlement	FHDC Sponsored Events	Firefighter Memorial	Special Street Maintenance	Juneteenth Grant-2009	Norvell Band Shell
\$ -	\$ -	\$ -	\$ 1,841,140	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	45,630	1,960	-	2,750	-
-	45,630	1,960	1,841,140	2,750	-
-	-	-	-	3,500	-
-	-	-	-	-	-
-	-	-	47,245	-	-
-	-	-	-	-	-
-	49,166	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	49,166	-	47,245	3,500	-
-	(3,536)	1,960	1,793,895	(750)	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	(63,198)	-	-
-	-	-	(63,198)	-	-
-	(3,536)	1,960	1,730,697	(750)	-
(3,050)	4,066	2,993	-	2,261	1,864
-	-	-	-	-	-
(3,050)	4,066	2,993	-	2,261	1,864
\$ (3,050)	\$ 530	\$ 4,953	\$ 1,730,697	\$ 1,511	\$ 1,864

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

For the Year Ended December 31, 2017

	Old Engine One Fund	Park Improvement
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	-
Charges for services	-	-
Investment income	-	-
Miscellaneous	22,950	773
Total Revenue	22,950	773
EXPENDITURES		
Current		
General government	-	-
Public safety	22,320	-
Public works	-	-
Urban development and housing	-	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Interest and fiscal charges	-	-
Total Expenditures	22,320	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	630	773
OTHER FINANCING SOURCES (USES)		
General obligation bonds issued	-	-
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCES	630	773
FUND BALANCE-BEGINNING OF PERIOD	50	2,200
PRIOR PERIOD ADJUSTMENT	-	-
FUND BALANCE-BEGINNING OF PERIOD AS RESTATED	50	2,200
FUND BALANCE - END OF PERIOD	\$ 680	\$ 2,973

(Continued)

Special Revenue					
Special Taxi	CDBG/Federal Entitlement Year 1	Wetland Development Grant	Yes! Grant	CDBG/Federal Entitlement Year 5	Share the Story
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	58,426	-	6,000	738	-
9,043	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,043</u>	<u>58,426</u>	<u>-</u>	<u>6,000</u>	<u>738</u>	<u>-</u>
15,276	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	58,426	-	-	738	-
-	-	-	5,236	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>15,276</u>	<u>58,426</u>	<u>-</u>	<u>5,236</u>	<u>738</u>	<u>-</u>
<u>(6,233)</u>	<u>-</u>	<u>-</u>	<u>764</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	4,000	-	-
-	-	-	-	-	(11,587)
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>(11,587)</u>
<u>(6,233)</u>	<u>-</u>	<u>-</u>	<u>4,764</u>	<u>-</u>	<u>(11,587)</u>
53,559	-	2,183	5,957	-	11,587
-	-	-	-	-	-
<u>53,559</u>	<u>-</u>	<u>2,183</u>	<u>5,957</u>	<u>-</u>	<u>11,587</u>
<u>\$ 47,326</u>	<u>\$ -</u>	<u>\$ 2,183</u>	<u>\$ 10,721</u>	<u>\$ -</u>	<u>\$ -</u>

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

For the Year Ended December 31, 2017

	CDBG Program Income	Airport Federal Grant No. 46
REVENUES		
Taxes	\$ -	\$ -
Intergovernmental	-	1,427,636
Charges for services	-	-
Investment income	-	-
Miscellaneous	24,425	-
Total Revenue	24,425	1,427,636
EXPENDITURES		
Current		
General government	-	1,126
Public safety	-	-
Public works	-	-
Urban development and housing	11,090	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	1,039,584
Debt service		
Principal	-	-
Interest and fiscal charges	-	71,798
Total Expenditures	11,090	1,112,508
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,335	315,128
OTHER FINANCING SOURCES (USES)		
General obligation bonds issued	-	-
Transfers in	-	-
Transfers out	-	-
Total Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCES	13,335	315,128
FUND BALANCE-BEGINNING OF PERIOD	-	1,394,914
PRIOR PERIOD ADJUSTMENT	-	(512,807)
FUND BALANCE-BEGINNING OF PERIOD AS RESTATED	-	882,107
FUND BALANCE - END OF PERIOD	\$ 13,335	\$ 1,197,235

(Continued)

Special Revenue				Debt Service	
Westar Energy Solar Grant	CDBG/Federal Entitlement Year 2	Behind the Science	Total	Downtown Redevelopment Senior Lien TIF Bonds	Downtown Redevelopment TDD
\$ -	\$ -	\$ -	\$ 17,686,909	\$ 8,462,932	\$ 354,712
-	423,154	-	4,778,430	-	-
-	-	-	679,655	-	-
-	-	-	29,100	34,788	3,973
-	-	36,000	520,146	-	-
-	423,154	36,000	23,694,240	8,497,720	358,685
-	423,154	-	4,611,396	-	-
-	-	-	1,264,485	-	-
-	-	-	653,447	-	-
-	-	-	2,699,938	-	-
-	-	15,603	1,384,109	-	-
-	-	-	2,990,500	-	-
-	-	-	3,503,520	-	-
-	-	-	3,501,952	5,745,000	160,000
-	-	-	140,346	2,281,915	231,125
-	423,154	15,603	20,749,693	8,026,915	391,125
-	-	20,397	2,944,547	470,805	(32,440)
-	-	-	3,071,217	-	-
-	-	-	3,941,581	463,647	-
(2,500)	-	-	(9,246,739)	(655,212)	-
(2,500)	-	-	(2,233,941)	(191,565)	-
(2,500)	-	20,397	710,606	279,240	(32,440)
2,500	-	-	15,392,248	3,323,277	767,340
-	-	-	89,692	-	-
2,500	-	-	15,481,940	3,323,277	767,340
\$ -	\$ -	\$ 20,397	\$ 16,192,546	\$ 3,602,517	\$ 734,900

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

For The Year Ended December 31, 2016

	Limey Pointe TDD	Downtown South End TDD
REVENUES		
Taxes	\$ 6,883	\$ 44,841
Intergovernmental	-	-
Charges for services	-	-
Investment income	88	-
Miscellaneous	-	-
Total Revenue	6,971	44,841
EXPENDITURES		
Current		
General government	-	-
Public safety	-	-
Public works	-	-
Urban development and housing	-	-
Culture/recreation	-	-
Culture/recreation-payments to Library	-	-
Capital Outlay	-	-
Debt service		
Principal	-	-
Bond issuance costs	-	-
Interest and fiscal charges	-	-
Total Expenditures	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,971	44,841
OTHER FINANCING SOURCES (USES)		
Temporary notes retired	-	-
Proceeds of temporary notes	-	(59,095)
General obligation bonds issued	-	(59,095)
Special obligation bonds issued	-	-
Capital leases	6,971	(14,254)
Transfers in	-	-
Transfers out	8,458	181,249
Total Other Financing Sources (Uses)	-	-
NET CHANGE IN FUND BALANCES	8,458	181,249
	\$ 15,429	\$ 166,995

Debt Service				Permanent	Total Nonmajor Governmental Funds
McDonald's TDD	Flint Hills MPO	Blueville TDD	Total	Sunrise Perpetual Care	
\$ 3,183	\$ -	\$ 7,275	\$ 8,879,826	\$ -	\$ 26,566,735
-	4,321	-	4,321	-	4,782,751
-	-	-	-	10,825	690,480
-	-	-	38,849	2,463	70,412
-	-	-	-	-	520,146
<u>3,183</u>	<u>4,321</u>	<u>7,275</u>	<u>8,922,996</u>	<u>13,288</u>	<u>32,630,524</u>
-	5,401	-	5,401	-	4,616,797
-	-	-	-	-	1,264,485
-	-	-	-	-	653,447
-	-	-	-	-	2,699,938
-	-	-	-	57	1,384,166
-	-	-	-	-	2,990,500
-	-	-	-	-	3,503,520
1	-	-	5,905,001	-	9,406,953
-	-	-	2,513,040	-	2,653,386
<u>1</u>	<u>5,401</u>	<u>-</u>	<u>8,423,442</u>	<u>57</u>	<u>29,173,192</u>
<u>3,182</u>	<u>(1,080)</u>	<u>7,275</u>	<u>499,554</u>	<u>13,231</u>	<u>3,457,332</u>
-	-	-	-	-	3,071,217
-	-	-	463,647	-	4,405,228
(61,929)	-	-	(776,236)	-	(10,022,975)
<u>(61,929)</u>	<u>-</u>	<u>-</u>	<u>(312,589)</u>	<u>-</u>	<u>(2,546,530)</u>
<u>(58,747)</u>	<u>(1,080)</u>	<u>7,275</u>	<u>186,965</u>	<u>13,231</u>	<u>910,802</u>
58,747	-	-	4,339,071	482,105	20,213,424
-	-	-	-	-	89,692
<u>58,747</u>	<u>-</u>	<u>-</u>	<u>4,339,071</u>	<u>482,105</u>	<u>20,303,116</u>
<u>\$ -</u>	<u>\$ (1,080)</u>	<u>\$ 7,275</u>	<u>\$ 4,526,036</u>	<u>\$ 495,336</u>	<u>\$ 21,213,918</u>

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Budgetary Schedules Section

**For the Year Ended
December 31, 2017**

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

For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 6,472,995	\$ 6,472,995	\$ 4,520,956	\$ (1,952,039)
Special assessments	6,355,000	6,355,000	6,630,993	275,993
Investment income	-	-	38,815	38,815
Miscellaneous revenues	6,583,803	6,583,803	632,048	(5,951,755)
Total Revenues	<u>19,411,798</u>	<u>19,411,798</u>	<u>11,822,812</u>	<u>(7,588,986)</u>
EXPENDITURES				
Current				
General government	100,414	100,414	95,183	5,231
Debt service				
Bonds to be issued	9,913,800	9,913,800	-	9,913,800
Principal	12,205,000	12,205,000	14,797,258	(2,592,258)
Interest and fiscal charges	3,973,850	3,973,850	3,560,351	413,499
Bond issuance costs	-	-	355,005	(355,005)
Other	5,980,803	5,980,803	-	5,980,803
Total Expenditures	<u>32,173,867</u>	<u>32,173,867</u>	<u>18,807,797</u>	<u>13,366,070</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,762,069)</u>	<u>(12,762,069)</u>	<u>(6,984,985)</u>	<u>5,777,084</u>
OTHER FINANCING SOURCES (USES)				
General obligation bonds issued	-	-	3,066,338	3,066,338
Payment to bond refunding escrow agent	-	-	(507,080)	(507,080)
Premium on refunding bonds	-	-	1,186,355	1,186,355
Temporary notes retired	-	-	-	-
Transfers in	3,275,069	3,275,069	1,638,197	(1,636,872)
Transfers out	-	-	(303,184)	(303,184)
Total Other Financing Sources (Uses)	<u>3,275,069</u>	<u>3,275,069</u>	<u>5,080,626</u>	<u>1,805,557</u>
NET CHANGE IN FUND BALANCES	<u>\$ (9,487,000)</u>	<u>\$ (9,487,000)</u>	<u>(1,904,359)</u>	<u>\$ 7,582,641</u>
FUND BALANCE-BEGINNING OF YEAR			<u>14,071,235</u>	
FUND BALANCE - END OF YEAR			12,166,876	
ADJUSTMENTS TO GAAP				
Encumbrances			<u>-</u>	
FUND BALANCE - GAAP BASIS			<u>\$ 12,166,876</u>	

CITY OF MANHATTAN, KANSAS
SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-BUDGET AND ACTUAL (BUDGETARY BASIS)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2017

Aggieville Business Improvement District				
REVENUES	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	71,300	71,300	62,287	(9,013)
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	71,300	71,300	62,287	(9,013)
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	71,000	71,000	60,571	10,429
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	71,000	71,000	60,571	10,429
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES				
	300	300	1,716	1,416
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(2,000)	(2,000)	(2,000)	-
Total Other Financing Sources (Uses)	(2,000)	(2,000)	(2,000)	-
NET CHANGE IN FUND BALANCES	\$ (1,700)	\$ (1,700)	(284)	\$ 1,416
FUND BALANCE - BEGINNING OF PERIOD			753	
FUND BALANCE - END OF PERIOD			469	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			\$ 469	

(Continued)

City/University Projects				Downtown Business Improvement District			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final			Original	Final		
\$ 534,264	\$ 534,264	\$ 598,775	\$ 64,511	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	82,000	82,000	67,369	(14,631)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>534,264</u>	<u>534,264</u>	<u>598,775</u>	<u>64,511</u>	<u>82,000</u>	<u>82,000</u>	<u>67,369</u>	<u>(14,631)</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	78,500	78,500	69,826	8,674
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
279,500	279,500	244,500	35,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>279,500</u>	<u>279,500</u>	<u>244,500</u>	<u>35,000</u>	<u>78,500</u>	<u>78,500</u>	<u>69,826</u>	<u>8,674</u>
254,764	254,764	354,275	99,511	3,500	3,500	(2,457)	(5,957)
165,736	165,736	165,736	-	-	-	-	-
(420,500)	(420,500)	(455,500)	(35,000)	(3,500)	(3,500)	(3,500)	-
(254,764)	(254,764)	(289,764)	(35,000)	(3,500)	(3,500)	(3,500)	-
<u>\$ -</u>	<u>\$ -</u>	64,511	<u>\$ 64,511</u>	<u>\$ -</u>	<u>\$ -</u>	(5,957)	<u>\$ (5,957)</u>
		<u>100,785</u>				<u>6,251</u>	
		165,296				294	
		-				-	
		<u>\$ 165,296</u>				<u>\$ 294</u>	

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

For The Year Ended December 31, 2017

	Economic Development			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,880,000	\$ 1,880,000	\$ 1,954,030	\$ 74,030
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	47,400	47,400	8,020	(39,380)
Miscellaneous	68,300	68,300	68,300	-
Total Revenue	1,995,700	1,995,700	2,030,350	34,650
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	6,730,478	6,730,478	468,211	6,262,267
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	102,500	102,500	25,925	76,575
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	6,832,978	6,832,978	494,136	6,338,842
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,837,278)	(4,837,278)	1,536,214	6,373,492
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	23,190	23,190
Transfers out	(1,227,722)	(1,227,722)	(1,287,653)	(59,931)
Total Other Financing Sources (Uses)	(1,227,722)	(1,227,722)	(1,264,463)	(36,741)
NET CHANGE IN FUND BALANCES	\$ (6,065,000)	\$ (6,065,000)	271,751	\$ 6,336,751
FUND BALANCE - BEGINNING OF PERIOD			7,968,897	
FUND BALANCE - END OF PERIOD			8,240,648	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			\$ 8,240,648	

(Continued)

Employee Benefit Contribution				Fire Equipment Reserve			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final			Original	Final		
\$ 1,763,000	\$ 1,763,000	\$1,755,402	\$ (7,598)	\$ 397,710	\$ 397,710	\$ 395,349	\$ (2,361)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	140	140	522	382
-	-	-	-	-	-	-	-
<u>1,763,000</u>	<u>1,763,000</u>	<u>1,755,402</u>	<u>(7,598)</u>	<u>397,850</u>	<u>397,850</u>	<u>395,871</u>	<u>(1,979)</u>
5,175,710	5,175,710	3,510,093	1,665,617	-	-	-	-
-	-	186,451	(186,451)	382,850	382,850	84,031	298,819
-	-	461,129	(461,129)	-	-	-	-
-	-	77,625	(77,625)	-	-	-	-
-	-	741,526	(741,526)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	85,000	85,000	-	85,000
-	-	-	-	-	-	341,952	(341,952)
-	-	-	-	-	-	40,898	(40,898)
<u>5,175,710</u>	<u>5,175,710</u>	<u>4,976,824</u>	<u>198,886</u>	<u>467,850</u>	<u>467,850</u>	<u>466,881</u>	<u>969</u>
<u>(3,412,710)</u>	<u>(3,412,710)</u>	<u>(3,221,422)</u>	<u>191,288</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>(71,010)</u>	<u>(1,010)</u>
3,412,710	3,412,710	3,412,711	1	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,412,710</u>	<u>3,412,710</u>	<u>3,412,711</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>191,289</u>	<u>\$ 191,289</u>	<u>\$ (70,000)</u>	<u>\$ (70,000)</u>	<u>(71,010)</u>	<u>\$ (1,010)</u>
		<u>210,163</u>				<u>126,176</u>	
		<u>401,452</u>				<u>55,166</u>	
		<u>-</u>				<u>-</u>	
		<u>\$ 401,452</u>				<u>\$ 55,166</u>	

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

For The Year Ended December 31, 2017

Fire Pension KP&F				
	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
REVENUES				
Taxes	\$ 905,000	\$ 905,000	\$ 899,914	\$ (5,086)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	905,000	905,000	899,914	(5,086)
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	1,205,000	1,205,000	971,683	233,317
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,205,000	1,205,000	971,683	233,317
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(300,000)	(300,000)	(71,769)	228,231
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	300,000	300,000	300,000	-
NET CHANGE IN FUND BALANCES	\$ -	\$ -	228,231	\$ 228,231
FUND BALANCE - BEGINNING OF PERIOD			123,690	
FUND BALANCE - END OF PERIOD			351,921	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			\$ 351,921	

(Continued)

General Improvement				Industrial Promotion			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ 1
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
200	288	737	449	30,200	30,200	702	(29,498)
-	-	1,246	1,246	42,750	42,750	261,789	219,039
200	288	1,983	1,695	72,950	72,950	262,492	189,542
-	-	19,311	(19,311)	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	222,950	222,950	212,036	10,914
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
115,200	145,216	-	145,216	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
115,200	145,216	19,311	125,905	222,950	222,950	212,036	10,914
(115,000)	(144,928)	(17,328)	127,600	(150,000)	(150,000)	50,456	200,456
10,000	10,000	10,000	-	-	-	-	-
-	-	(145,216)	(145,216)	-	-	-	-
10,000	10,000	(135,216)	(145,216)	-	-	-	-
\$ (105,000)	\$ (134,928)	(152,544)	\$ (17,616)	\$ (150,000)	\$ (150,000)	50,456	\$ 200,456
		146,108				164,680	
		(6,436)				215,136	
		11,180				19,500	
		\$ 4,744				\$ 234,636	

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

For The Year Ended December 31, 2017

	Library			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,397,500	\$ 2,397,500	\$ 2,386,683	\$ (10,817)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	41	41
Miscellaneous	-	-	-	-
Total Revenue	2,397,500	2,397,500	2,386,724	(10,776)
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	2,397,500	2,397,500	2,386,801	10,699
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,397,500	2,397,500	2,386,801	10,699
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	(77)	(77)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ -	\$ -	(77)	\$ (77)
FUND BALANCE - BEGINNING OF PERIOD			3,449	
FUND BALANCE - END OF PERIOD			3,372	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			\$ 3,372	

(Continued)

Library Employee Benefit Contribution				Park Development			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final			Original	Final		
\$ 605,150	\$ 605,150	\$ 602,692	\$ (2,458)	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	7	7	-	-	640	640
-	-	-	-	-	-	-	-
<u>605,150</u>	<u>605,150</u>	<u>602,699</u>	<u>(2,451)</u>	<u>-</u>	<u>-</u>	<u>640</u>	<u>640</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	15,000	15,000	-	15,000
10,699	10,699	603,699	(593,000)	-	-	-	-
-	-	-	-	120,000	120,000	19,965	100,035
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>10,699</u>	<u>10,699</u>	<u>603,699</u>	<u>(593,000)</u>	<u>135,000</u>	<u>135,000</u>	<u>19,965</u>	<u>115,035</u>
<u>594,451</u>	<u>594,451</u>	<u>(1,000)</u>	<u>(595,451)</u>	<u>(135,000)</u>	<u>(135,000)</u>	<u>(19,325)</u>	<u>115,675</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 594,451</u>	<u>\$ 594,451</u>	<u>(1,000)</u>	<u>\$ (595,451)</u>	<u>\$ (135,000)</u>	<u>\$ (135,000)</u>	<u>(19,325)</u>	<u>\$ 115,675</u>
		<u>1,002</u>				<u>139,205</u>	
		2				119,880	
		-				-	
		<u>\$ 2</u>				<u>\$ 119,880</u>	

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

For The Year Ended December 31, 2017

	Sales Tax			
	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 5,769,000	\$ 5,769,000	\$ 5,672,559	\$ (96,441)
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	<u>5,769,000</u>	<u>5,769,000</u>	<u>5,672,559</u>	<u>(96,441)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,769,000</u>	<u>5,769,000</u>	<u>5,672,559</u>	<u>(96,441)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(5,889,000)	(5,889,000)	(5,889,000)	-
Total Other Financing Sources (Uses)	<u>(5,889,000)</u>	<u>(5,889,000)</u>	<u>(5,889,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (120,000)</u>	<u>\$ (120,000)</u>	<u>(216,441)</u>	<u>\$ (96,441)</u>
FUND BALANCE - BEGINNING OF PERIOD			1,231,842	
FUND BALANCE - END OF PERIOD			1,015,401	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			<u>\$ 1,015,401</u>	

(Continued)

Special Alcohol Programs				Special Parks and Recreation			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
500,000	500,000	454,166	(45,834)	500,000	500,000	454,166	(45,834)
-	-	-	-	-	-	-	-
300	300	244	(56)	4,700	4,700	8,444	3,744
500	500	8,520	8,020	-	-	3,350	3,350
500,800	500,800	462,930	(37,870)	504,700	504,700	465,960	(38,740)
705,800	705,800	639,319	66,481	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,729,700	1,729,700	(2,346)	1,732,046
-	-	-	-	-	-	-	-
-	-	-	-	265,000	265,000	180,406	84,594
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
705,800	705,800	639,319	66,481	1,994,700	1,994,700	178,060	1,816,640
(205,000)	(205,000)	(176,389)	28,611	(1,490,000)	(1,490,000)	287,900	1,777,900
-	-	-	-	-	-	8,403	8,403
-	-	-	-	(10,000)	(10,000)	(271,456)	(261,456)
-	-	-	-	(10,000)	(10,000)	(263,053)	(253,053)
\$ (205,000)	\$ (205,000)	(176,389)	\$ 28,611	\$ (1,500,000)	\$ (1,500,000)	24,847	\$ 1,524,847
		186,207				1,447,145	
		9,818				1,471,992	
		-				27,714	
		\$ 9,818				\$ 1,499,706	

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

For The Year Ended December 31, 2017

Special Street and Highway				
REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,665,000	1,667,204	1,657,996	(9,208)
Charges for services	-	-	-	-
Investment income	2,500	2,500	8,468	5,968
Miscellaneous	-	106,437	29,920	(76,517)
Total Revenue	1,667,500	1,776,141	1,696,384	(79,757)
 EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	515,475	515,475	145,073	370,402
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	1,444,000	1,695,135	2,413,757	(718,622)
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	1,959,475	2,210,610	2,558,830	(348,220)
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(291,975)	(434,469)	(862,446)	(427,977)
 OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(158,025)	(232,954)	(685,569)	(452,615)
Total Other Financing Sources (Uses)	(158,025)	(232,954)	(685,569)	(452,615)
 NET CHANGE IN FUND BALANCES				
	\$ (450,000)	\$ (667,423)	(1,548,015)	\$ (880,592)
 FUND BALANCE - BEGINNING OF PERIOD			1,082,522	
 FUND BALANCE - END OF PERIOD			(465,493)	
 ADJUSTMENTS TO GAAP				
Encumbrances			834,515	
 FUND BALANCE-GAAP BASIS			\$ 369,022	

(Continued)

Special Sunset Zoo				Tourism and Convention Promotion			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ 1,563,000	\$ 1,563,000	\$ 1,580,364	\$ 17,364
-	-	-	-	-	-	-	-
558,100	558,100	540,956	(17,144)	-	-	-	-
-	-	1,103	1,103	-	-	-	-
5,000	5,000	12,533	7,533	-	-	-	-
<u>563,100</u>	<u>563,100</u>	<u>554,592</u>	<u>(8,508)</u>	<u>1,563,000</u>	<u>1,563,000</u>	<u>1,580,364</u>	<u>17,364</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,611,000	1,611,000	1,475,077	135,923
675,900	675,900	574,924	100,976	-	-	-	-
-	-	-	-	-	-	-	-
60,000	60,000	-	60,000	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>735,900</u>	<u>735,900</u>	<u>574,924</u>	<u>160,976</u>	<u>1,611,000</u>	<u>1,611,000</u>	<u>1,475,077</u>	<u>135,923</u>
<u>(172,800)</u>	<u>(172,800)</u>	<u>(20,332)</u>	<u>152,468</u>	<u>(48,000)</u>	<u>(48,000)</u>	<u>105,287</u>	<u>153,287</u>
-	-	2,500	2,500	-	-	-	-
(27,200)	(27,200)	(27,200)	-	(322,000)	(322,000)	(402,278)	(80,278)
<u>(27,200)</u>	<u>(27,200)</u>	<u>(24,700)</u>	<u>2,500</u>	<u>(322,000)</u>	<u>(322,000)</u>	<u>(402,278)</u>	<u>(80,278)</u>
<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>(45,032)</u>	<u>\$ 154,968</u>	<u>\$ (370,000)</u>	<u>\$ (370,000)</u>	<u>(296,991)</u>	<u>\$ 73,009</u>
		<u>172,484</u>				<u>789,308</u>	
		<u>127,452</u>				<u>492,317</u>	
		<u>-</u>				<u>-</u>	
		<u>\$ 127,452</u>				<u>\$ 492,317</u>	

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

For The Year Ended December 31, 2017

Capital Improvement Reserve				
REVENUES	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment income	-	-	172	172
Miscellaneous	-	-	-	-
Total Revenue	-	-	172	172
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Urban development and housing	-	-	-	-
Culture/recreation	-	-	-	-
Culture/recreation-payments to Library	-	-	-	-
Capital Outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	-	172	172
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ -	\$ -	172	\$ 172
FUND BALANCE - BEGINNING OF PERIOD			34,013	
FUND BALANCE - END OF PERIOD			34,185	
ADJUSTMENTS TO GAAP				
Encumbrances			-	
FUND BALANCE-GAAP BASIS			\$ 34,185	

Downtown Redevelopment Senior Lien TIF Bonds				Special Street Maintenance			
Budgeted Amounts		Actual	Variance with Final Budget	Budgeted Amounts		Actual	Variance with Final Budget
Original	Final			Original	Final		
\$ 2,498,000	\$ 2,498,000	\$8,462,932	\$ 5,964,932	\$ -	\$ 1,100,000	\$ 1,841,140	\$ 741,140
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	34,788	34,788	-	-	-	-
-	-	-	-	-	-	-	-
<u>2,498,000</u>	<u>2,498,000</u>	<u>8,497,720</u>	<u>5,999,720</u>	<u>-</u>	<u>1,100,000</u>	<u>1,841,140</u>	<u>741,140</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,045,000	47,245	(997,755)
2,578,000	2,578,000	5,745,000	(3,167,000)	-	-	-	-
-	-	2,281,915	(2,281,915)	-	-	-	-
<u>2,578,000</u>	<u>2,578,000</u>	<u>8,026,915</u>	<u>(5,448,915)</u>	<u>-</u>	<u>1,045,000</u>	<u>47,245</u>	<u>(997,755)</u>
<u>(80,000)</u>	<u>(80,000)</u>	<u>470,805</u>	<u>550,805</u>	<u>-</u>	<u>55,000</u>	<u>1,793,895</u>	<u>1,738,895</u>
-	-	463,647	463,647	-	-	-	-
-	-	(655,212)	(655,212)	-	(55,000)	(63,198)	(8,198)
-	-	(191,565)	(191,565)	-	(55,000)	(63,198)	(8,198)
<u>\$ (80,000)</u>	<u>\$ (80,000)</u>	<u>279,240</u>	<u>\$ 359,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,730,697</u>	<u>\$ 1,730,697</u>
		<u>3,323,277</u>				<u>-</u>	
		<u>3,602,517</u>				<u>1,730,697</u>	
		<u>-</u>				<u>-</u>	
		<u>\$3,602,517</u>				<u>\$ 1,730,697</u>	

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Internal Service Funds

**For the Year Ended
December 31, 2017**

INTERNAL SERVICE FUNDS

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

Motor Pool Fund

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

Health Care Fund

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

Workers' Compensation Fund

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

Photocopy Services Fund

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

CITY OF MANHATTAN, KANSAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF NET POSITION
December 31, 2017

	<u>Motor Pool</u>	<u>Health Care</u>	<u>Workers'</u> <u>Compensation</u>	<u>Photocopy</u> <u>Services</u>	<u>Total</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 43,288	\$ 1,835,533	\$ 1,357,127	\$ 9,596	\$ 3,245,544
Accounts receivable	-	38,647	-	-	38,647
Inventories	36,352	-	-	243	36,595
Total Current Assets	<u>79,640</u>	<u>1,874,180</u>	<u>1,357,127</u>	<u>9,839</u>	<u>3,320,786</u>
Capital Assets					
Equipment and improvements	-	19,673	-	-	19,673
Less accumulated depreciation	-	(19,673)	-	-	(19,673)
Net Capital Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>79,640</u>	<u>1,874,180</u>	<u>1,357,127</u>	<u>9,839</u>	<u>3,320,786</u>
LIABILITIES					
Current Liabilities					
Accounts payable	47,228	30,297	200	7,534	85,259
Estimated insurance claims payable	-	335,346	409,014	-	744,360
TOTAL LIABILITIES	<u>47,228</u>	<u>365,643</u>	<u>409,214</u>	<u>7,534</u>	<u>829,619</u>
NET POSITION					
Unrestricted	32,412	1,508,537	947,913	2,305	2,491,167
TOTAL NET POSITION	<u>\$ 32,412</u>	<u>\$ 1,508,537</u>	<u>\$ 947,913</u>	<u>\$ 2,305</u>	<u>\$ 2,491,167</u>

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

For the Year Ended December 31, 2017

	<u>Motor Pool</u>	<u>Health Care</u>	<u>Workers' Compensation</u>	<u>Photocopy Services</u>	<u>Total</u>
OPERATING REVENUES					
Service charges	\$ 33,131	\$ 4,932,137	\$ 270,000	\$ 56,995	\$ 5,292,263
Miscellaneous	-	63,231	1,350	-	64,581
Total Operating Revenues	<u>33,131</u>	<u>4,995,368</u>	<u>271,350</u>	<u>56,995</u>	<u>5,356,844</u>
OPERATING EXPENSES					
Commodities	56,739	205	-	5,594	62,538
Contractual services	4,800	5,258,817	332,995	51,789	5,648,401
Total Operating Expenses	<u>61,539</u>	<u>5,259,022</u>	<u>332,995</u>	<u>57,383</u>	<u>5,710,939</u>
OPERATING INCOME (LOSS)	<u>(28,408)</u>	<u>(263,654)</u>	<u>(61,645)</u>	<u>(388)</u>	<u>(354,095)</u>
NON-OPERATING REVENUE					
Investment income	-	11,257	8,278	-	19,535
INCOME (LOSS) BEFORE TRANSFERS	<u>(28,408)</u>	<u>(252,397)</u>	<u>(53,367)</u>	<u>(388)</u>	<u>(334,560)</u>
Transfers in	-	-	-	-	-
Transfers (out)	-	-	(400,000)	-	(400,000)
CHANGE IN NET ASSETS	<u>(28,408)</u>	<u>(252,397)</u>	<u>(453,367)</u>	<u>(388)</u>	<u>(734,560)</u>
TOTAL NET POSITION - BEGINNING	<u>60,820</u>	<u>1,760,934</u>	<u>1,401,280</u>	<u>2,693</u>	<u>3,225,727</u>
TOTAL NET POSITION - ENDING	<u>\$ 32,412</u>	<u>\$ 1,508,537</u>	<u>\$ 947,913</u>	<u>\$ 2,305</u>	<u>\$ 2,491,167</u>

CITY OF MANHATTAN, KANSAS
INTERNAL SERVICE FUNDS - COMBINING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

	Motor Pool	Health Care	Workers' Compensation	Photocopy Services	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 33,131	\$ 4,963,533	\$ 271,350	\$ 56,995	\$ 5,325,009
Payments to suppliers	(86,449)	(5,301,524)	(283,153)	(57,186)	(5,728,312)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(53,318)	(337,991)	(11,803)	(191)	(403,303)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	-
Transfers (out)	-	-	(400,000)	-	(400,000)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	-	-	(400,000)	-	(400,000)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	-	11,257	8,278	-	19,535
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(53,318)	(326,734)	(403,525)	(191)	(783,768)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	96,606	2,162,267	1,760,652	9,787	4,029,312
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 43,288	\$ 1,835,533	\$ 1,357,127	\$ 9,596	\$ 3,245,544
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (28,408)	\$ (263,654)	\$ (61,645)	\$ (388)	\$ (354,095)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	-	-	-	-	-
(Increase) decrease in receivables	-	(31,835)	-	-	(31,835)
(Increase) decrease in inventory	(13,224)	-	-	387	(12,837)
Increase (decrease) in accounts payable and accrued expenses	(11,686)	(42,502)	49,842	(190)	(4,536)
Total Adjustments	(24,910)	(74,337)	49,842	197	(49,208)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (53,318)	\$ (337,991)	\$ (11,803)	\$ (191)	\$ (403,303)



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Statistical Section

**For the Year Ended
December 31, 2017**

STATISTICAL SECTION

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

Contents	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	156
Revenue Capacity	
These schedules contain information to help the reader assess the City's most significant local revenue sources, property tax and sales tax.	166
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	178
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	185
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the government provides and the activities it performs.	187

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

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

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 503,672	\$ (8,650,155)	\$ 4,933,739	\$ 11,604,164
Restricted	100,974,706	123,438,073	115,871,934	110,959,126
Unrestricted	(1,972,316)	(15,854,643)	(27,721,787)	(18,098,318)
Total governmental activities Net Position	<u>\$ 99,506,062</u>	<u>\$ 98,933,275</u>	<u>\$ 93,083,886</u>	<u>\$ 104,464,972</u>
Business-type activities				
Net investment in capital assets	\$ 72,497,433	\$ 74,558,929	\$ 79,402,336	\$ 79,345,330
Restricted	-	-	-	-
Unrestricted	7,862,491	7,886,180	10,716,663	10,986,068
Total business-type activities Net Position	<u>\$ 80,359,924</u>	<u>\$ 82,445,109</u>	<u>\$ 90,118,999</u>	<u>\$ 90,331,398</u>
Primary government				
Net investment in capital assets	\$ 73,001,105	\$ 65,908,774	\$ 84,336,075	\$ 90,949,494
Restricted	100,974,706	123,438,073	115,871,934	110,959,126
Unrestricted	5,890,175	(7,968,463)	(17,005,124)	(7,112,250)
Total primary government Net Position	<u>\$ 179,865,986</u>	<u>\$ 181,378,384</u>	<u>\$ 183,202,885</u>	<u>\$ 194,796,370</u>

(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ (7,750,318)	\$ 17,482,048	\$ 22,478,602	\$ 15,153,617	\$ 20,803,629	\$ 37,942,390
117,628,046	81,794,527	87,708,105	104,518,014	112,486,099	105,323,230
3,904,246	11,065,220	10,109,991	(8,104,652)	(9,171,110)	(11,806,406)
<u>\$ 113,781,974</u>	<u>\$ 110,341,795</u>	<u>\$ 120,296,698</u>	<u>\$ 111,566,979</u>	<u>\$ 124,118,618</u>	<u>\$ 131,459,214</u>
\$ 87,379,688	\$ 88,798,571	\$ 95,208,986	\$ 101,071,661	\$ 110,296,275	\$ 115,893,744
-	-	-	-	-	-
2,633,077	3,436,268	6,209,185	(37,872)	(4,012,674)	(7,875,942)
<u>\$ 90,012,765</u>	<u>\$ 92,234,839</u>	<u>\$ 101,418,171</u>	<u>\$ 101,033,789</u>	<u>\$ 106,283,601</u>	<u>\$ 108,017,802</u>
\$ 79,629,370	\$ 106,280,619	\$ 117,687,588	\$ 116,225,278	\$ 131,099,904	\$ 153,836,134
117,628,046	81,794,527	87,708,105	104,518,014	112,486,099	105,323,230
6,537,323	14,501,488	16,319,176	(8,142,524)	(13,183,784)	(19,682,348)
<u>\$ 203,794,739</u>	<u>\$ 202,576,634</u>	<u>\$ 221,714,869</u>	<u>\$ 212,600,768</u>	<u>\$ 230,402,219</u>	<u>\$ 239,477,016</u>

CITY OF MANHATTAN, KANSAS
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental activities:				
General government	\$ 12,829,036	\$ 14,306,640	\$ 20,972,740	\$ 12,783,282
Public safety	15,917,237	17,410,323	17,638,865	18,221,529
Public works	7,689,400	7,853,696	8,833,653	8,820,381
Urban development and housing	3,966,578	13,113,182	3,805,938	3,668,229
Culture and recreation	5,118,870	5,242,521	5,672,709	6,350,056
Culture and recreation (payments to Library)	2,147,807	2,326,251	2,419,344	2,439,394
Interest on long-term debt	5,215,511	6,143,930	7,748,900	8,240,975
Total governmental activities expenses	<u>52,884,439</u>	<u>66,396,543</u>	<u>67,092,149</u>	<u>60,523,846</u>
Business-type activities:				
Water	6,573,170	7,045,534	7,203,256	8,068,281
Wastewater	5,138,975	5,506,505	5,710,774	6,258,103
Storm water management	828,879	617,627	869,211	1,111,373
Total business-type activities expenses	<u>12,541,024</u>	<u>13,169,666</u>	<u>13,783,241</u>	<u>15,437,757</u>
Total primary government expenses	<u>\$ 65,425,463</u>	<u>\$ 79,566,209</u>	<u>\$ 80,875,390</u>	<u>\$ 75,961,603</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 4,958,815	\$ 4,511,875	\$ 5,131,309	\$ 5,073,680
Public safety	565,892	576,964	909,505	711,309
Public works	754,083	446,133	178,967	108,039
Urban development and housing	108,026	101,495	103,065	108,209
Culture and recreation	983,589	950,140	1,165,866	1,281,595
Operating grants and contributions	3,554,445	3,253,286	4,494,839	4,586,011
Capital grants and contributions	25,874,349	19,810,546	11,975,164	4,248,884
Total governmental activities program revenues	<u>36,799,199</u>	<u>29,650,439</u>	<u>23,958,715</u>	<u>16,117,727</u>
Business-type activities:				
Charges for services:				
Water	5,789,434	5,989,318	6,898,082	8,057,214
Wastewater	4,049,883	4,819,899	6,148,740	7,621,553
Storm water management	1,033,734	1,178,772	1,284,632	1,354,542
Operating grants and contributions	-	-	-	-
Capital grants and contributions	6,699	-	780,026	80,000
Total business-type activities program revenues	<u>10,879,750</u>	<u>11,987,989</u>	<u>15,111,480</u>	<u>17,113,309</u>
Total primary government program revenues	<u>\$ 47,678,949</u>	<u>\$ 41,638,428</u>	<u>\$ 39,070,195</u>	<u>\$ 33,231,036</u>
Net (expense)/revenue				
Governmental activities	\$ (16,085,240)	\$ (36,746,104)	\$ (43,133,434)	\$ (44,406,119)
Business-type activities	<u>(1,661,274)</u>	<u>(1,181,677)</u>	<u>1,328,239</u>	<u>1,675,552</u>
Total primary government net expense	<u>\$ (17,746,514)</u>	<u>\$ (37,927,781)</u>	<u>\$ (41,805,195)</u>	<u>\$ (42,730,567)</u>

(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 14,150,646	\$ 12,184,815	\$ 11,875,764	\$ 13,303,797	\$ 14,881,392	\$ 15,369,275
20,038,497	21,870,430	21,882,904	24,016,656	23,944,176	25,386,999
9,611,675	9,855,929	10,836,220	10,673,143	11,208,494	11,251,329
3,831,509	4,246,269	4,866,173	3,830,335	3,709,900	3,328,870
7,954,509	8,898,223	9,304,434	10,273,507	10,520,660	10,971,984
2,481,954	2,710,583	2,758,804	2,903,361	2,935,903	3,061,813
8,103,115	7,368,568	7,112,471	7,012,106	7,574,049	7,128,980
<u>66,171,905</u>	<u>67,134,817</u>	<u>68,636,770</u>	<u>72,012,905</u>	<u>74,774,574</u>	<u>76,499,250</u>
7,828,021	7,486,394	8,080,052	7,861,973	8,086,542	8,973,382
6,502,206	7,783,979	8,994,204	7,649,478	8,210,933	8,250,515
1,127,681	1,001,630	1,092,027	1,122,262	1,219,045	1,674,389
<u>15,457,908</u>	<u>16,272,003</u>	<u>18,166,283</u>	<u>16,633,713</u>	<u>17,516,520</u>	<u>18,898,286</u>
<u>\$ 81,629,813</u>	<u>\$ 83,406,820</u>	<u>\$ 86,803,053</u>	<u>\$ 88,646,618</u>	<u>\$ 92,291,094</u>	<u>\$ 95,397,536</u>
\$ 2,881,010	\$ 2,801,355	\$ 2,927,581	\$ 2,968,749	\$ 3,022,281	\$ 3,046,897
547,626	629,877	678,543	651,670	750,769	558,026
86,761	226,856	219,547	129,254	385,735	70,981
127,966	126,973	133,669	144,190	159,778	144,106
1,897,490	1,828,343	2,161,901	1,967,670	2,531,162	2,275,533
3,667,084	4,066,771	3,926,624	4,226,572	3,408,120	3,353,714
5,597,801	2,186,597	18,102,297	7,435,992	13,401,984	5,358,486
<u>14,805,738</u>	<u>11,866,772</u>	<u>28,150,162</u>	<u>17,524,097</u>	<u>23,659,829</u>	<u>14,807,743</u>
9,639,695	8,331,963	9,025,858	9,374,774	10,176,576	10,808,239
8,859,560	8,957,234	9,191,695	9,645,758	9,885,370	10,273,901
1,471,039	1,549,749	1,610,773	1,691,371	1,727,191	1,864,770
-	-	-	-	-	-
-	-	-	-	-	-
<u>19,970,294</u>	<u>18,838,946</u>	<u>19,828,326</u>	<u>20,711,903</u>	<u>21,789,137</u>	<u>22,946,910</u>
<u>\$ 34,776,032</u>	<u>\$ 30,705,718</u>	<u>\$ 47,978,488</u>	<u>\$ 38,236,000</u>	<u>\$ 45,448,966</u>	<u>\$ 37,754,653</u>
\$ (51,366,167)	\$ (55,268,045)	\$ (40,486,608)	\$ (54,488,808)	\$ (51,114,745)	\$ (61,691,507)
4,512,386	2,566,943	1,662,043	4,078,190	4,272,617	4,048,624
<u>\$ (46,853,781)</u>	<u>\$ (52,701,102)</u>	<u>\$ (38,824,565)</u>	<u>\$ (50,410,618)</u>	<u>\$ (46,842,128)</u>	<u>\$ (57,642,883)</u>

CITY OF MANHATTAN, KANSAS
Changes in Net Position (Continued)
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes, levied for general purposes	\$ 14,155,988	\$ 15,461,552	\$ 16,619,713	\$ 17,541,340
Property taxes, levied for debt service	514,484	622,156	939,686	2,442,504
Franchise taxes	2,964,974	3,023,374	3,216,639	3,279,897
Sales taxes	15,895,779	16,214,434	19,823,920	27,194,560
Transient guest taxes	902,088	844,129	976,839	1,035,636
Unrestricted grants and contributions	401,352	406,339	393,862	408,281
Investment earnings	1,042,391	545,131	180,576	185,320
Miscellaneous	5,204,348	2,009,066	1,152,817	1,982,385
Transfers	(2,969,407)	(2,952,864)	(6,020,007)	1,717,282
Total governmental activities	<u>38,111,997</u>	<u>36,173,317</u>	<u>37,284,045</u>	<u>55,787,205</u>
Business-type activities:				
Investment earnings	260,900	98,606	27,991	33,182
Miscellaneous	194,959	215,392	297,653	220,947
Transfers	2,969,407	2,952,864	6,020,007	(1,717,282)
Total business-type activities	<u>3,425,266</u>	<u>3,266,862</u>	<u>6,345,651</u>	<u>(1,463,153)</u>
Total primary government	<u>\$ 41,537,263</u>	<u>\$ 39,440,179</u>	<u>\$ 43,629,696</u>	<u>\$ 54,324,052</u>
Change in Net Position				
Governmental activities	\$ 22,026,757	\$ (572,787)	\$ (5,849,389)	\$ 11,381,086
Business-type activities	<u>1,763,992</u>	<u>2,085,185</u>	<u>7,673,890</u>	<u>212,399</u>
Total primary government	<u>\$ 23,790,749</u>	<u>\$ 1,512,398</u>	<u>\$ 1,824,501</u>	<u>\$ 11,593,485</u>

Fiscal Year

2012	2013	2014	2015	2016	2017
\$ 18,247,779	\$ 20,102,584	\$ 21,794,957	\$ 22,821,549	\$ 26,671,105	\$ 30,026,900
2,583,453	2,725,834	2,089,846	2,448,114	3,003,296	2,355,563
3,329,606	3,571,175	3,845,886	3,662,022	3,728,027	3,702,504
26,653,421	24,902,090	26,895,621	26,797,630	27,786,733	26,852,223
1,172,953	1,242,054	1,336,815	1,516,102	1,536,416	1,580,364
880,440	1,479,566	488,471	478,102	478,150	454,166
711,726	105,672	373,923	23,023	300,749	197,813
1,994,784	2,095,510	729,315	1,197,877	740,592	1,013,450
1,820,836	856,597	(7,113,323)	2,554,154	(578,684)	2,759,428
<u>57,394,998</u>	<u>57,081,082</u>	<u>50,441,511</u>	<u>61,498,573</u>	<u>63,666,384</u>	<u>68,942,411</u>
35,617	8,001	18,830	21,960	48,734	73,882
242,371	503,727	389,136	363,504	349,777	371,123
(1,820,836)	(856,597)	7,113,323	(2,554,154)	578,684	(2,759,428)
<u>(1,542,848)</u>	<u>(344,869)</u>	<u>7,521,289</u>	<u>(2,168,690)</u>	<u>977,195</u>	<u>(2,314,423)</u>
<u>\$ 55,852,150</u>	<u>\$ 56,736,213</u>	<u>\$ 57,962,800</u>	<u>\$ 59,329,883</u>	<u>\$ 64,643,579</u>	<u>\$ 66,627,988</u>
\$ 6,028,831	\$ 1,813,037	\$ 9,954,903	\$ 7,009,765	\$ 12,551,639	\$ 7,250,904
<u>2,969,538</u>	<u>2,222,074</u>	<u>9,183,332</u>	<u>1,909,500</u>	<u>5,249,812</u>	<u>1,734,201</u>
<u>\$ 8,998,369</u>	<u>\$ 4,035,111</u>	<u>\$ 19,138,235</u>	<u>\$ 8,919,265</u>	<u>\$ 17,801,451</u>	<u>\$ 8,985,105</u>

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

(modified accrual basis of accounting)

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General fund										
Reserved	\$ 178,129	\$ 139,851	\$ 179,366	\$ 1,555,085	\$ 1,799,177	\$ 1,573,139	\$ 1,696,660	\$ 1,900,129	\$ 2,698,680	\$ 2,173,044
Unreserved	5,670,740	4,732,050	5,024,683	-	-	-	-	-	-	-
Total general fund	\$ 5,848,869	\$ 4,871,901	\$ 5,204,049	\$ 1,555,085	\$ 1,799,177	\$ 1,573,139	\$ 1,696,660	\$ 1,900,129	\$ 2,698,680	\$ 2,173,044
All other governmental funds										
Reserved	\$ 3,581,928	\$ 3,648,726	\$ 3,785,479	\$ 5,138,147	\$ 4,484,094	\$ 4,012,624	\$ 4,293,163	\$ 3,829,053	\$ 3,554,954	\$ 3,260,580
Unreserved, reported in:										
Special revenue funds	14,945,628	14,453,466	14,547,330	442,420	453,499	463,401	469,235	479,857	482,105	495,336
Debt service funds	6,892,172	18,969,751	15,306,276	26,877,922	31,327,467	25,824,272	36,005,251	53,939,156	62,958,652	60,941,391
Capital projects funds	(2,353,806)	32,937,186	18,073,855	54,977	57,936	54,677	100,226	26,425	100,785	165,296
Total all other governmental funds	\$ 23,065,922	\$ 70,009,129	\$ 51,712,940	\$ 8,462,306	\$ 12,655,430	\$ 15,063,270	\$ 7,957,147	\$ 8,514,095	\$ 892,909	\$ -
				(14,391)	-	-	(232,595)	(24,191)	(464,500)	(4,617)
Total all other governmental funds	\$ 35,823,234	\$ 44,494,332	\$ 41,405,620	\$ 44,494,332	\$ 44,494,332	\$ 41,405,620	\$ 44,299,264	\$ 62,935,342	\$ 63,969,951	\$ 61,597,406

(Continued)

NOTE: Due to the City's implementation of GASB Statement No. 54 in 2011, only seven years of information is available in the new format.

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

	Fiscal Year			
	2008	2009	2010	2011
Revenues				
Taxes	\$ 35,620,565	\$ 36,165,644	\$ 41,576,796	\$ 51,493,936
Special assessments	5,475,190	5,844,297	6,045,853	6,634,031
Licenses and permits	620,719	638,579	1,013,462	824,265
Intergovernmental revenues	5,590,098	9,459,687	8,946,214	6,203,331
Charges for services	4,131,180	3,822,507	4,048,310	4,188,845
Fines and forfeitures	1,775,516	1,503,776	1,473,418	1,507,722
Investment income	954,355	478,569	169,013	174,483
Miscellaneous revenues	6,583,038	2,495,786	1,373,777	2,399,167
Total revenues	60,750,661	60,408,845	64,646,843	73,425,780
Expenditures				
General government	9,519,200	10,255,979	11,519,118	10,268,174
Public safety	15,453,858	17,167,683	17,468,437	17,939,802
Public works	4,225,414	3,588,161	4,157,760	3,981,450
Urban development and housing	3,943,454	13,080,747	3,778,991	3,647,493
Culture/recreation	4,584,179	4,672,874	4,916,228	5,364,066
Culture/recreation-payments to Library	2,147,807	2,326,251	2,419,344	2,439,394
Capital outlay	24,935,200	28,034,313	33,561,639	56,571,545
Debt service				
Principal	26,972,384	48,920,416 ¹	11,356,963 ¹	16,879,662
Bond issuance costs	346,994	481,642	397,910	191,318
Interest and fiscal charges	4,945,877	6,100,062	7,696,664	8,270,760
Refunding costs	65,117	205,865	-	-
Total expenditures	97,139,484	134,833,993	97,273,054	125,553,664
Excess of revenues over (under) expenditures	(36,388,823)	(74,425,148)	(32,626,211)	(52,127,884)
Other financing sources (uses)				
General obligation bonds issued	16,555,000	12,875,000	15,640,000	8,290,000
Premium on general obligation bonds	-	-	343,748	183,103
Proceeds from sales of capital assets	-	-	-	-
Discount on general obligation bonds	(280,170)	(267,630)	-	-
Special obligation bonds issued	10,799,228	86,393,577	5,610,000	-
Discount on special obligation bonds	-	(1,843,090)	(174,704)	-
Temporary notes issued	5,150,000	20,475,000	15,460,000	28,475,000
Temporary notes retired	-	(10,675,000)	(22,640,000)	(8,825,000)
Transportation revolving fund loan	-	-	-	-
Capital leases	622,452	85,000	33,335	1,053,802
Transfers in	7,569,335	9,198,522	11,344,279	19,110,266
Transfers out	(7,570,402)	(9,207,677)	(11,429,507)	(14,971,014)
Land sales	-	-	-	-
Insurance recoveries	1,497,829	-	175,019	-
Refunding bonds issued	2,495,000	13,145,000	-	2,790,000
Premium on refunding bonds	-	212,685	-	66,119
Refunding special obligation bonds issued	4,860,986	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	41,699,258	120,391,387	14,362,170	36,172,276
Net change in fund balances	\$ 5,310,435	\$ 45,966,239	\$ (18,264,041)	\$ (15,955,608)
Debt service as a percentage of noncapital expenditures	44.1%	51.5%	31.4%	32.7%

(1) In 2009, principal on various issues of special obligation bonds in the amount of \$37,205,875 was retired with the proceeds from various issues of special obligation bonds as the permanent financing mechanisms.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 51,992,408	\$ 52,543,737	\$ 55,963,123	\$ 57,245,417	\$ 62,725,576	\$ 64,517,555
6,908,756	6,601,450	6,423,571	6,423,035	6,502,769	6,892,085
662,517	736,026	669,088	688,324	781,313	583,770
7,542,013	6,342,587	14,142,519	7,910,181	8,963,061	7,179,108
2,715,993	2,595,552	3,447,684	3,397,834	3,991,901	3,557,776
1,694,334	1,461,807	1,520,408	1,395,059	1,586,113	1,473,458
684,688	309,980	369,467	15,447	287,371	178,277
2,660,000	2,592,512	2,310,729	2,437,227	2,497,104	1,832,783
74,860,709	73,183,651	84,846,589	79,512,524	87,335,208	86,214,812
10,743,369	9,814,354	10,376,834	10,843,137	12,030,741	12,268,918
19,446,303	20,956,458	21,414,073	22,980,982	24,339,265	24,281,854
4,218,770	4,049,467	4,767,198	4,210,621	4,790,370	4,592,146
3,506,316	3,943,368	4,578,877	3,439,663	3,440,261	3,205,836
6,243,829	6,913,056	7,418,491	8,094,979	8,537,445	8,716,617
2,481,954	2,620,658	2,708,169	2,756,181	2,907,615	2,990,500
20,298,332	14,907,497	28,418,348	20,900,705	25,560,489	18,842,377
14,647,648	14,845,930	15,574,605	18,512,788	23,408,250	34,797,151
419,151	167,325	657,434	449,799	549,015	459,434
7,600,910	7,521,046	7,486,127	7,621,319	7,179,688	6,736,870
-	-	-	-	-	-
89,606,582	85,739,159	103,400,156	99,810,174	112,743,139	116,891,703
(14,745,873)	(12,555,508)	(18,553,567)	(20,297,650)	(25,407,931)	(30,676,891)
14,350,000	5,305,000	23,085,000	10,280,000	20,115,000	10,115,000
738,219	500,825	447,854	1,042,461	2,468,854	1,186,355
-	-	14,189	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,265,000	14,735,000	14,970,000	27,215,000	25,330,000	9,220,000
(11,385,000)	(13,420,000)	(19,970,000)	(3,635,000)	(9,445,000)	-
-	-	-	-	-	-
443,597	56,384	398,605	577,825	1,229,128	39,257
13,919,505	15,851,315	14,009,272	18,153,584	12,341,019	19,280,172
(11,272,654)	(13,077,801)	(11,227,170)	(15,164,252)	(9,464,446)	(11,413,424)
-	-	-	-	-	-
-	-	-	-	-	-
4,895,000	-	-	-	-	-
521,080	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	(16,406,114)	(507,080)
19,474,747	9,950,723	21,727,750	38,469,618	26,168,441	27,920,280
\$ 4,728,874	\$ (2,604,785)	\$ 3,174,183	\$ 18,171,968	\$ 760,510	\$ (2,756,611)
31.1%	31.0%	27.1%	32.2%	33.7%	40.2%

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Transient Guest Tax	Total
2008	14,670,472	15,895,779	2,964,974	902,088	34,433,313
2009	16,083,708	16,214,434	3,023,374	844,129	36,165,645
2010	17,559,399	19,823,920	3,216,639	976,839	41,576,797
2011	19,983,844	27,194,560	3,279,897	1,035,636	51,493,937
2012	20,831,232	26,653,421	3,329,606	1,172,953	51,987,212
2013	22,828,418	24,902,090	3,571,175	1,242,054	52,543,737
2014	23,884,803	26,895,621	3,845,886	1,336,815	55,963,125
2015	25,269,663	26,797,630	3,662,022	1,516,102	57,245,417
2016	29,674,401	27,786,733	3,728,027	1,536,416	62,725,577
2017	32,382,463	26,852,223	3,702,504	1,580,364	64,517,554

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

Fiscal Year	REAL		PERSONAL		UTILITIES	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2008	381,365,196	2,807,057,814	20,143,702	87,215,955	12,308,445	37,298,318
2009	401,976,282	2,832,096,061	16,602,368	73,753,880	11,398,227	34,540,082
2010	406,989,077	2,986,485,074	14,200,634	63,678,519	10,655,599	32,289,694
2011	413,087,980	3,029,945,127	12,624,975	56,687,231	10,789,293	32,694,827
2012	426,359,106	3,216,392,575	11,373,002	49,322,708	11,344,925	34,378,561
2013	440,075,747	3,349,740,850	10,562,955	48,883,363	12,343,351	37,404,094
2014	461,230,951	3,474,962,883	10,365,196	43,182,777	13,543,233	41,040,100
2015	478,344,105	4,854,407,500	7,980,226	35,560,133	14,359,041	43,512,245
2016	497,836,343	5,017,538,169	6,943,650	34,297,855	15,900,217	48,182,476
2017	514,992,295	5,176,618,672	6,661,219	28,399,909	16,579,402	50,240,612

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

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

Source: Riley and Pottawatomie County Clerks' Offices

<u>Total Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Total Estimated Actual Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
413,817,343	31.683	2,931,572,087	14.12%
429,976,877	34.268	2,940,390,023	14.62%
431,845,310	37.289	3,082,453,287	14.01%
436,502,248	41.917	3,119,327,185	13.99%
449,077,033	42.156	3,300,093,844	13.61%
462,982,053	43.439	3,436,028,307	13.47%
485,139,380	43.424	3,559,185,760	13.63%
500,683,372	43.963	4,933,479,878	10.15%
520,680,210	46.951	5,100,018,500	10.21%
538,232,916	48.023	5,255,259,193	10.24%

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>Fund Levies In Mills</i>										
General Operating	2.976	2.787	2.721	2.692	2.445	2.372	3.669	3.936	4.146	5.356
Bond & Interest ¹	1.037	1.361	2.096	5.497	5.409	5.412	3.881	4.108	4.719	4.006
Employment Benefit Contribution	0.627	0.344	0.737	1.439	1.533	1.487	2.039	2.529	2.761	3.053
Fire Equipment Reserve	0.122	0.119	0.116	0.115	0.111	0.108	0.451	0.266	0.250	0.720
Fire Pension KP&F	0.211	0.193	0.347	0.172	0.167	0.162	1.069	1.263	1.309	1.574
General Improvement	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Industrial Promotion	0.121	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Library ²	3.378	3.499	4.247	4.175	4.238	4.309	4.215	4.098	4.120	4.107
Library-Employee Benefit Contribution	0.723	0.878	0.932	0.916	0.891	0.932	0.941	0.977	1.078	1.037
Park Development	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Riley County Health Department	0.487	0.519	0.531	0.612	0.000	0.000	0.000	0.000	0.000	0.000
Riley County Police Department	22.001	24.568	25.562	26.299	27.362	28.657	27.159	26.786	28.568	28.170
TOTAL: City Mill Rate	31.683	34.268	37.289	41.917	42.156	43.439	43.424	43.963	46.951	48.023

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

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

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

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

<u>Fiscal Year</u>	<u>Manhattan City</u>	<u>Riley County</u>	<u>Pottawatomie County</u>	<u>School Dist. 383</u>
2008	31.683	31.140	22.217	43.440
2009	34.268	30.030	26.137	43.448
2010	37.289	31.268	26.137	47.847
2011	41.917	32.281	25.976	49.283
2012	42.156	34.782	25.986	51.637
2013	43.439	35.401	25.975	50.396
2014	43.424	37.327	26.001	52.453
2015	43.963	37.532	25.729	52.507
2016	46.951	38.267	26.409	55.960
2017	48.023	38.975	28.518	55.372

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

Source: City of Manhattan Finance Department

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

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2017</u>			<u>2008</u>		
		<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Westar Energy	Utility	\$ 12,625,055.00	1	2.35%	\$ 5,418,060.00	2	1.26%
Manhattan Town Center Mall	Retail	8,643,750	2	1.61%	12,631,823	1	2.94%
Individuals	Residential	6,494,945	3	1.21%			0.00%
Manhattan Marketplace	Shopping Center	5,750,633	4	1.07%			0.00%
Westloop Center Association	Retail	5,623,750	5	1.04%	3,739,550	3	0.87%
Manhattan Medical Center	Medical Complex	4,981,737	6	0.93%			0.00%
Manhattan Crossing I LLC	Shopping Center	3,921,221	7	0.73%			0.00%
HCW-Manhattan LLC	Hotel	3,485,003	8	0.65%			0.00%
Wal-Mart Stores Inc.	Retail	3,233,756	9	0.60%	3,565,608	4	0.83%
Menards Inc.	Retail	2,990,847	10	0.56%			0.00%
Southwestern Bell	Utility	-		0.00%	3,130,246	5	0.73%
Kansas Farm Bureau	Insurance	-		0.00%	3,091,874	6	0.72%
University Commons	Real Estate-Residential	-		0.00%	2,501,653	7	0.58%
Professional Center Medical Complex	Real Estate/Commercial	-		0.00%	2,497,470	8	0.58%
McCall Pattern Company	Manufacturing	-		0.00%	2,261,011	9	0.53%
Target Corporation	Retail	-		0.00%	2,239,529	10	0.52%
Total		<u>\$ 57,750,697.00</u>		<u>10.75%</u>	<u>\$ 41,076,824.00</u>		<u>9.56%</u>

Source: Riley and Pottawatomie County Clerks' Offices

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	Percentage of Current Collections to Current Levy	Delinquent Property Taxes Collected	<u>Total Tax Collections</u>	Percentage of Total Collections to Current Levy
2008	13,110,873	12,888,741	98.31%	229,424	13,118,165	100.06%
2009	14,734,675	14,366,090	97.50%	209,513	14,575,603	98.92%
2010	16,102,722	15,600,136	96.88%	269,384	15,869,520	98.55%
2011	18,296,294	17,881,828	97.73%	372,646	18,254,474	99.77%
2012	18,932,078	18,479,520	97.61%	284,710	18,764,230	99.11%
2013	19,850,805	19,858,991	100.04%	402,304	20,261,295	102.07%
2014	21,067,088	20,733,876	98.42%	197,250	20,931,126	99.35%
2015	22,011,724	21,858,471	99.30%	342,194	22,200,666	100.86%
2016	24,154,696	24,370,245	100.89%	313,795	24,684,040	102.19%
2017	25,549,960	25,773,004	100.87%	306,740	26,079,744	102.07%

Historically, the City has budgeted varying delinquency rates for property tax revenues. However, since 2010 the RCPD fund is the only fund in which a delinquency rate has actually been assessed. Delinquent taxes are reported in the year that they are collected.

Source: City of Manhattan Finance Department

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

	Fiscal Year			
	2008	2009	2010	2011
Utilities	\$ 53,483,039	\$ 46,844,368	\$ 50,673,215	\$ 49,737,744
Construction	20,900,046	17,814,284	20,305,980	19,572,141
Manufacturing	22,774,274	19,365,639	21,007,993	20,396,696
Wholesale	48,857,423	40,752,414	43,156,462	41,275,002
Retail	570,245,375	590,686,296	592,012,033	611,319,978
Information	41,723,079	47,878,972	46,731,108	46,388,328
Accommodation and food services	105,188,266	98,851,406	100,134,295	108,208,474
Services	20,722,647	19,472,283	19,026,101	20,137,517
Other	61,538,038	48,312,789	51,569,986	53,666,722
Total	\$ 945,432,187	\$ 929,978,451	\$ 944,617,173	\$ 970,702,602
City direct sales tax rate	1.00%	1.25%	(1) 1.25%	1.25%

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

(2) Effective November 8 2016, the City increased its sales tax rate by 0.20%. This additional 0.20% will be dedicated for street maintenance across the community.

Source: Kansas Department of Revenue

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 53,105,248	\$ 59,160,213	\$ 67,926,637	\$ 62,227,642	\$ 60,245,559	\$ 69,976,164
19,221,222	18,792,852	20,482,710	18,478,493	21,746,657	28,212,217
24,082,264	19,095,534	22,658,540	21,211,828	24,135,901	24,269,500
42,171,041	43,037,782	36,234,135	38,289,992	43,061,694	43,572,521
628,543,906	650,912,056	687,840,138	663,013,103	664,876,484	728,693,080
48,616,262	47,853,827	57,795,367	59,867,107	55,903,722	61,151,299
133,925,014	128,203,960	137,239,162	143,335,204	148,791,089	164,575,564
18,045,652	18,934,268	18,901,220	18,285,879	19,233,312	20,314,363
67,031,028	61,851,086	62,817,264	69,590,002	79,357,148	82,217,908
<u>\$ 1,034,741,637</u>	<u>\$ 1,047,841,578</u>	<u>\$ 1,111,895,173</u>	<u>\$ 1,094,299,250</u>	<u>\$ 1,117,351,566</u>	<u>\$ 1,222,982,616</u>
1.25%	1.25%	1.25%	1.25%	1.25%	1.45% (2)

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

<u>Fiscal Year</u>	<u>Manhattan City</u>	<u>Riley County</u>	<u>Pottawatomie County</u>
2008	1.00%	1.00%	1.00%
2009	1.25% (1)	1.00%	1.00%
2010	1.25%	1.00%	1.00%
2011	1.25%	1.00%	1.00%
2012	1.25%	1.00%	1.00%
2013	1.25%	1.00%	1.00%
2014	1.25%	1.00%	1.00%
2015	1.25%	1.00%	1.00%
2016	1.25%	1.00%	1.00%
2017	1.45% (2)	1.00%	1.00%

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

(2) Effective November 8 2016, the City increased its sales tax rate by 0.20%. This additional 0.20% will be dedicated for street maintenance across the community.

Overlapping rates are those of local and county governments that apply to purchases of goods and services made within the City of Manhattan.

Not all overlapping rates apply to all purchases.

Only one county rate applies to each purchase.

Source: City of Manhattan Finance Department

CITY OF MANHATTAN, KANSAS
Sales Tax Revenue Payers by Industry
Fiscal Years 2017 and 2008

	2017				2008			
	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>	<u>Number of Filers</u>	<u>Percentage of Total</u>	<u>Tax Liability</u>	<u>Percentage of Total</u>
Retail	1,296	31.74%	\$ 8,918,238	59.58%	665	28.75%	\$ 5,702,454	38.09%
Accommodation and food services	197	4.83%	2,014,187	13.46%	128	5.53%	1,051,883	7.03%
Other	755	18.49%	1,006,238	6.72%	483	20.87%	615,380	4.11%
Utilities	13	0.32%	856,416	5.72%	16	0.69%	534,830	3.57%
Information	234	5.73%	748,411	5.00%	120	5.19%	417,231	2.79%
Wholesale	465	11.39%	533,270	3.56%	309	13.35%	488,574	3.26%
Manufacturing	358	8.77%	297,027	1.98%	163	7.04%	227,743	1.52%
Construction	439	10.75%	345,280	2.31%	242	10.46%	209,000	1.40%
Services	326	7.98%	248,621	1.66%	188	8.12%	207,227	1.38%
Total	4,083	100.00%	\$ 14,967,687	100.00%	2,314	100.00%	\$ 9,454,322	63.15%

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

Note: Effective November 8 2016, the City increased its sales tax rate by 0.20%. This additional 0.20% will be dedicated for street maintenance across the community.

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

Source: Kansas Department of Revenue

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

Fiscal Year	Governmental Activities							Capital Leases
	General Obligation Bonds	Special Assessment Bonds	Special Obligation Bonds	Temporary Notes	Notes Payable	Sales Tax Revenue Bonds	Transportation Revolving Fund Loan	
2008	17,930,537	59,404,463	26,697,298	19,915,000	-	-	4,199,610	1,231,605
2009	19,900,461	71,939,539	75,380,000	25,890,000	300,000	505,000	4,000,070	1,000,393
2010	29,305,246	67,149,754	75,380,000	22,930,000	240,000	6,050,000	3,793,106	687,229
2011	31,393,273	64,321,727	76,585,000	41,135,000	180,000	5,980,000	3,578,444	1,555,084
2012	45,350,577	60,124,423	65,800,000	36,120,000	120,000	5,845,000	3,355,796	1,799,176
2013	43,476,781	56,778,219	61,890,000	34,560,000	60,000	5,665,000	3,124,866	1,573,138
2014	56,220,206	56,999,794	57,185,000	29,560,000	-	5,490,000	2,885,345	1,696,660
2015	52,298,515	57,701,485	52,950,000	53,140,000	-	5,335,000	2,636,913	1,900,129
2016	57,032,675	43,327,325	46,530,000	68,045,000	-	4,970,000	2,379,240	2,698,680
2017	59,616,496	35,883,504	40,785,000	64,340,000	-	4,810,000	2,111,982	2,173,044

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

¹See the Schedule of Demographic and Economic Statistics on page 185 for personal income and population data.

Business-type Activities			Total Primary Government	Percentage of Personal Income¹	Per Capita¹
General Obligation Bonds	State Revolving Loans	Capital Leases			
2,405,000	5,248,561	-	137,032,074	8.8%	2,626.44
4,130,000	5,986,497	100,000	209,131,960	12.1%	3,958.13
5,485,000	16,308,285	75,188	227,403,808	12.8%	4,349.65
7,000,000	43,885,556	160,449	275,774,533	14.4%	5,274.85
6,090,000	50,637,614	109,157	275,351,743	8.0%	4,910.94
6,345,000	55,264,202	56,141	268,793,347	13.0%	4,793.97
8,295,000	55,222,769	141,429	273,696,203	13.6%	4,880.63
7,155,000	52,831,275	84,672	286,032,989	13.9%	5,079.79
5,960,000	49,060,876	147,200	280,150,996	13.4%	5,095.23
9,390,000	46,079,689	388,059	265,577,774	12.2%	4,843.48

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

Fiscal Year	Governmental Activities	Business-Type Activities	Less: Amounts Available in Debt Service Fund ²	Total	Percentage of Estimated Actual Value ³ of Property	Per Capita ⁴
	General Obligation Bonds ¹	General Obligation Bonds				
2008	77,335,000	2,405,000	5,766,501	73,973,499	2.5%	1,417.82
2009	91,840,000	4,130,000	12,412,298	83,557,702	2.8%	1,581.45
2010	96,455,000	5,485,000	6,692,149	95,247,851	3.1%	1,821.84
2011	95,715,000	7,000,000	8,052,900	94,662,100	3.0%	1,810.64
2012	105,475,000	6,090,000	14,677,973	96,887,027	2.9%	1,728.00
2013	100,255,000	6,345,000	8,387,441	98,212,559	2.9%	1,749.33
2014	113,220,000	8,295,000	14,153,611	107,361,389	3.0%	1,914.50
2015	110,000,000	7,155,000	19,974,970	97,180,030	2.0%	1,725.87
2016	100,360,000	5,960,000	14,071,235	92,248,765	1.8%	1,677.77
2017	95,500,000	9,390,000	12,166,876	92,723,124	1.8%	1,691.04

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

¹Includes special assessment debt, as special assessment debt is also secured by the full faith and credit of the City.

²Special assessment revenues are accounted for in the Debt Service Fund.

³See the Schedule of Assessed and Estimated Actual Value of Taxable Property on page 168 for property value data.

⁴Population data can be found in the Schedule of Demographic and Economic Statistics on page 185.

CITY OF MANHATTAN, KANSAS
Direct and Overlapping Governmental Activities Debt
As of December 31, 2017

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable¹</u>	<u>Estimated</u> <u>Share of</u> <u>Overlapping</u> <u>Debt</u>
Overlapping debt			
Unified School Dist. #383	\$ 93,152,195	78.20%	\$ 72,845,016
Unified School Dist. #378	465,000	19.60%	91,140
Riley County	2,745,000	81.00%	2,223,450
Pottawatomie County	12,155,000	8.30%	1,008,865
			<hr/>
Total overlapping debt			76,168,471
Direct debt			
Bonded debt:			
General obligation debt			\$ 59,616,496
Special assessment debt			35,883,504
			<hr/>
Total general obligation bonded debt			95,500,000
Special obligation bonded debt			40,785,000
Sales tax revenue bonded debt			4,810,000
Temporary note debt			64,340,000
Notes payable			-
Transportation revolving fund loan			2,111,982
Capital leases			2,173,044
			<hr/>
Total direct debt			209,720,026
			<hr/>
Total Direct and Overlapping Debt			\$ 285,888,497
			<hr/> <hr/>

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

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

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

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

	Fiscal Year			
	2008	2009	2010	2011
Debt limit ¹	\$135,179,174	\$140,952,445	\$140,952,445	\$142,176,832
Total net debt applicable to limit	<u>59,027,855</u>	<u>67,946,855</u>	<u>72,739,910</u>	<u>90,779,021</u>
Legal debt margin	<u>\$76,151,319</u>	<u>\$73,005,590</u>	<u>\$68,212,535</u>	<u>\$51,397,811</u>
Total net debt applicable to the limit as a percentage of debt limit	43.67%	48.21%	51.61%	63.85%

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$146,043,310	\$150,315,801	\$157,111,561	\$161,970,200	\$168,166,947	\$174,177,993
92,945,516	96,958,394	97,436,828	106,666,447	100,788,268	93,675,113
<u>\$53,097,794</u>	<u>\$53,357,407</u>	<u>\$59,674,733</u>	<u>\$55,303,753</u>	<u>\$67,378,679</u>	<u>\$80,502,880</u>
63.64%	64.50%	62.02%	65.86%	59.93%	53.78%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed Valuation of Taxable Tangible Property	\$ 538,232,916
Motor Vehicle Valuation	<u>42,360,395</u>
Total Valuation	<u>580,593,311</u>
Debt Limit Ratio	<u>30%</u>
December 31, 2017 Debt Limit	<u>\$174,177,993</u>
Outstanding Debt Subject to Debt Limit	<u>93,675,113</u>
Debt Authority Remaining December 31, 2017	<u>\$ 80,502,880</u>

CITY OF MANHATTAN, KANSAS
Pledged Revenue Coverage

Fiscal Year	Special Assessment Collections	Principal	Interest	Coverage
2010	\$ 6,045,853	\$ 3,959,785	\$ 2,157,724	0.99
2011	6,634,031	3,650,057	2,200,261	1.13
2012	6,908,756	3,907,420	2,264,366	1.12
2013	6,601,450	4,236,204	1,944,640	1.07
2014	6,423,571	4,098,425	2,080,865	1.04
2015	6,423,035	4,378,295	2,141,928	0.99
2016	6,502,769	4,581,308	2,104,156	0.97
2017	6,892,085	4,513,821	1,487,005	1.15

Note: Amounts for years prior to 2010 are not available.

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

Note: In years where the coverage ratio is greater than 1.00, it is due to the refunding of special assessment bonds. When special assessment bonds are refunded, the annual debt service payments are adjusted, however the special assessment collections are not.

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

Fiscal Year	Population¹	Public School Enrollment²	Personal Income	Per Capita Income	Average Wage per Job³	Unemployment Rate⁴
2008	52,174	6,141	1,732,262,032	33,202	35,617	3.5%
2009	52,836	6,193	1,780,119,491	33,691	35,822	4.4%
2010	52,281	6,375	1,915,312,162	36,635	37,272	5.0%
2011	53,678	6,552	2,011,265,355	37,469	39,414	4.8%
2012	56,069	6,385	2,065,432,738	36,837	40,241	4.4%
2013	56,143	6,562	2,017,786,991	35,940	40,576	4.2%
2014	56,078	6,571	2,096,945,723	37,393	41,534	3.7%
2015	56,308	6,579	2,181,035,588	38,734	42,727	3.3%
2016	54,983	6,620	2,176,948,872	39,593	43,818	3.3%
2017	54,832	6,667	2,138,725,937	39,005	43,338	3.0%

¹U.S. Bureau of the Census estimates, except for 2010 and 2011 (actual)

²Kansas State Department of Education (organization level headcount)

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

⁴U.S. Bureau of Labor Statistics (annual average - Riley County)

CITY OF MANHATTAN, KANSAS
Personal Income
Last Ten Fiscal Years

Fiscal Year	Riley County Personal Income^{1,2}	Riley County Population³	City of Manhattan Population	Population as a Percentage of Riley County Population	City of Manhattan Personal Income
2008	2,360,995,000	71,113	52,174	73.37%	1,732,262,032
2009	2,403,618,000	71,341	52,836	74.06%	1,780,119,491
2010	2,605,158,000	71,115	52,281	73.52%	1,915,312,162
2011	2,735,299,000	72,997	53,678	73.53%	2,011,265,355
2012	2,781,353,000	75,508	56,069	74.26%	2,065,432,738
2013	2,709,530,000	75,394	56,143	74.47%	2,017,786,991
2014	2,811,673,000	75,194	56,078	74.58%	2,096,945,723
2015	2,914,654,000	75,247	56,308	74.83%	2,181,035,588
2016	2,903,760,000	73,343	54,983	74.97%	2,176,948,872
2017	2,892,906,718	74,172	54,832	73.93%	2,138,725,937

¹U.S. Bureau of Economic Analysis

²2012 Riley County Personal Income is estimated based on prior year growth.

³U.S. Bureau of the Census estimates

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

<u>Employer</u>	<u>2017</u>			<u>2008</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Riley County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Riley County Employment</u>
Fort Riley Military Base (military) ¹	15,009	1		15,962	1	
Kansas State University	5,865	2	16.75%	6,355	3	16.36%
Fort Riley Military Base (civilian) ¹	5,625	3		8,567	2	
U.S.D. No. 383 - Manhattan Schools	1,895	4	5.41%	1,500	4	3.86%
Via Christi Hospital	800	5	2.28%	950	5	2.45%
GTM Sportswear	500	6	1.43%	500	9	1.29%
Wal-Mart	450	7	1.28%	530	8	1.36%
Florence Corporation	450	7	1.28%	537	7	1.38%
City of Manhattan	418	8	1.19%	-		0.00%
Meadowlark Hill Retirement Community	413	9	1.18%	-		0.00%
Manko Window Systems, Inc.	297	10	0.85%	-		0.00%
Alorica			0.00%	595	6	1.53%
Alltel	-		0.00%	400	10	1.03%
Total	<u>31,722</u>		<u>31.65%</u>	<u>35,896</u>		<u>29.26%</u>

¹Not included in the official labor force statistics.

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government										
Full-time	52	56	57	56	53	52	56	54	60	68
Part-time	4	4	4	5	4	3	8	9	9	7
Seasonal/temporary	13	13	15	16	15	14	8	10	9	8
Public safety										
Full-time	81	81	83	85	96	98	99	98	102	95
Part-time	3	3	3	3	3	4	5	5	4	0
Seasonal/temporary	10	11	11	11	6	6	6	6	8	9
Public works										
Full-time	46	47	47	49.5	55	55	51	52	62	65
Part-time	-	-	-	-	-	-	-	-	-	-
Seasonal/temporary	8	9	9	7	2	2	2	2	5	3
Urban development and housing										
Full-time	9	9	9	10	10	10	10	10	8	8
Part-time	-	-	-	-	-	-	-	1	0	0
Seasonal/temporary	1	2	4	3	3	3	1	1	2	1
Culture and recreation										
Full-time	72	74	75	76.5	88.5	87.5	87	90	92	93
Part-time	6	7	7	7	12	12	11	10	10	11
Seasonal/temporary	912	818	849	871	893	892	726	723	741	740
Water										
Full-time	26	26	25	25.5	29.5	29.5	29.3	30.3	25.9	32
Part-time	-	-	-	1	1	-	-	-	-	-
Seasonal/temporary	3	3	7	3	5	5	5	5	4	6
Wastewater										
Full-time	24	24	24	25.5	26.5	27.5	29.8	30.8	27.8	27
Part-time	-	-	-	-	-	-	-	-	-	-
Seasonal/temporary	-	-	1	3	2	2	2	2	3	4
Storm Water Management										
Full-time	<u>1</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2.3</u>	<u>4.3</u>	<u>2</u>
Totals										
Full-time	311	319	322	330	361	362	364	367	382	390
Part-time	13	14	14	16	20	19	24	25	23	18
Seasonal/temporary	947	856	896	914	926	924	750	749	772	771

Source: City of Manhattan Finance Department

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public safety										
Incident responses	2,511	2,514	2,334	2,345	2,672	2,385	2,392	2,581	2,563	2,503
Fire inspections	2,562	2,567	2,786	1,763	1,969	1,855	1,897	2,397	2,527	3,395
Construction inspections	5,885	6,476	7,094	7,108	6,129	5,053	5,876	5,121	5,210	5,031
Public works										
Road added (square yards)	72,804	26,769	35,267	21,948	52,354	33,690	73,169	52,406	47,099	37,525
Asphalt placed for street repairs (tons)	248	379	822	350	299	457	798	1,020	1,068	370
Call backs for signal problems	43	43	40	49	52	68	89	73	62	57
Urban development and housing										
Annexations	2	2	2	2	1	1	6	3	6	5
Rezoning	19	10	8	8	5	13	16	15	20	11
Culture and recreation										
Annual swimming pool attendance ¹	55,507	39,115	87,674	96,528	128,602	108,050	131,876	123,160	135,912	131,306
Annual zoo attendance	51,985	57,969	62,668	63,066	71,936	74,542	79,269	85,772	82,043	102,732
Annual registrations in recreation programs ²	11,828	11,630	11,206	9,022	10,579	11,144	12,122	9,887	12,146	10,631
Water										
New taps	254	414	420	383	342	209	266	205	189	179
Total water metered in distribution system (MG)	2,286	2,391	2,448	2,597	2,800	2,481	2,468	2,417	2,514	2,565
Wastewater										
Total influent flow (MG)	1,859	1,780	1,779	1,734	1,695	1,763	1,757	1,853	1,886	1,787

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

¹City Park Pool was closed for the entire summer season of 2009. The new City Park Aquatics Center opened July 4, 2010.

²In 2011, the method of counting P&R registrations changed with the implementation of a new software program.

Sources: Various City of Manhattan departments

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Public safety										
Fire stations	4	4	4	4	5	5	5	5	5	5
Public works										
Streets (miles)	196.03	201.53	204.09	206.27	218.79	217.47	218	222	226	231
Traffic signals	64	64	66	68	68	68	68	73	74	77
Culture and recreation										
Park acreage (developed)	555	561	561	580	580	600	600	600	600	600
Parks (developed)	16	17	17	25	25	28	28	28	28	28
Swimming pools	2	2	3	3	3	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (lineal feet)	1,323,650	1,339,485	1,355,498	1,440,818	1,447,307	1,501,115	1,474,935	1,483,053	1,506,989	1,571,285
Maximum daily capacity (millions of gallons)	20	20	20	20	20	15	16	12	16	16
Wastewater										
Sewer lines (lineal feet)	1,183,244	1,192,942	1,205,980	1,319,407	1,234,648	1,304,271	1,349,568	1,265,760	1,296,384	1,318,856
Maximum daily treatment capacity (millions of gallons)	8.7	8.7	8.7	8.7	8.7	8.5	8.7	9.5	10.4	8.8

Sources: Various City of Manhattan departments

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Single Audit Section

**For the Year Ended
December 31, 2017**



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

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

The Honorable Mayor and Members of the City Commission
City of Manhattan, Kansas:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Manhattan, Kansas (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 18, 2019. Our report includes a reference to other auditors who audited the financial statements of the Manhattan Public Library (MPL), as described in our report on the City's financial statements.

Internal Control Over Financial Reporting

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

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

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding Nos. 2017-001, 2017-002, and 2017-003 that we consider to be significant deficiencies.

Compliance and Other Matters

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

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Berwick Trahan + Co., P.A.

April 18, 2019
Topeka, Kansas



BERBERICH TRAHAN & CO., P.A.
Certified Public Accountants

3630 SW Burlingame Road Topeka, Kansas 66611 | t: 785.234.3427 | toll-free: 800.530.5526 | f: 785.233.1768 | w: btandcoepa.com

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE**

The Honorable Mayor and Members of the City Commission
City of Manhattan, Kansas:

Report on Compliance for Each Major Federal Program

We have audited the City of Manhattan, Kansas’s (the City’s) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City’s major federal program for the year ended December 31, 2017. The City’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for the City’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

An Independently Owned Member, RSM US Alliance

RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International.

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

Opinion on the Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Berwick Trahan + Co., P.A.

April 18, 2019
Topeka, Kansas

CITY OF MANHATTAN, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2017

Federal Grantor/Program Title	Federal CFDA Number	Grantor's Number	Expenditures	Amounts Passed to Subrecipients
<u>U.S. Department of Housing and Urban Development:</u>				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	B-15-MC-20-0009	\$ 597,199	\$ 96,266
Passed through the Kansas Housing Resources Corp.:				
Emergency Solutions Grants Program	14.231	ESG-FFY2017	<u>170,707</u>	<u>170,707</u>
Total U.S. Department of Housing and Urban Development			<u>767,906</u>	<u>266,973</u>
<u>U.S. Department of Transportation:</u>				
Airport Improvement Program	20.106	3-20-0052-046-2014	1,485,620	-
Passed through the Kansas Department of Transportation:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	None	<u>4,201</u>	<u>-</u>
Total U.S. Department of Transportation			<u>1,489,821</u>	<u>-</u>
<u>Environmental Protection Agency:</u>				
Passed through the Kansas Department of Health and Environment:				
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	2743	<u>6,202</u>	<u>-</u>
<u>U.S. Department of Homeland Security:</u>				
Passed through the State of Kansas Adjutant General's Department:				
Hazard Mitigation Grant	97.039	FEMA-4230-DR-KS-0009	<u>163,750</u>	<u>-</u>
Total expenditures of federal awards			<u>\$2,427,679</u>	<u>\$ 266,973</u>

CITY OF MANHATTAN, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2017

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Manhattan, Kansas (the City) under programs of the federal government for the year ended December 31, 2017. The City's reporting entity is defined in Note 1 to the City's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position, or, where applicable, cash flows of the City. All federal awards passed through other government agencies are included on the schedule.

2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements. The expenditures are recognized following, as applicable, the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF MANHATTAN, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2017

Section I – Summary of Independent Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	Findings 2017-001, 2017-002, and 2017-003
Noncompliance material to financial statements:	None

Federal Awards

Internal control over major programs:	
Material weaknesses identified:	None
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a):	None
Identification of major programs:	
<u>CFDA Number</u> 20.106	<u>Name of Federal Program</u> Airport Improvement Program
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee:	Yes

CITY OF MANHATTAN, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

Finding 2017-001 Significant Deficiency

Condition – Four months of bank reconciliations for four bank accounts were not reviewed. While two separate employees prepared the supporting schedules for the bank reconciliation and the bank reconciliation itself, all sixteen bank reconciliations tested lacked documentation of review by an individual other than the preparers. Seven of the sixteen bank reconciliations were not prepared in a timely manner. Four of the sixteen bank reconciliations included a line item for “unlocated differences” between the City’s general ledger cash balance and the bank balance.

Criteria – Bank account holdings are significant assets for the City. These resources are necessary for the delivery of the City’s services and programs. The bank reconciliation process ensures that the City is accounting for all receipts and disbursements of its funds appropriately in its accounting system.

Cause – The department in charge of the preparation and review of bank reconciliations was not adequately staffed.

Effect – The City is at risk of failing to detect an error or misappropriation of bank holdings. The City reported an unlocated difference of \$ 3,705 on its December 2017 primary bank reconciliation.

Recommendation – The City should maintain an appropriate staffing level to ensure segregation of duties in the bank reconciliation process. Additionally, the City should follow policies and procedures to ensure that bank reconciliations are prepared and reviewed in a timely manner and without unlocated differences.

Management’s Response/Corrective Action Plan (Unaudited) – The City recognizes the importance of timely bank reconciliations on a monthly basis. The new Staff Accountant, Senior Accountant and City Controller will be the three individuals primarily responsible for ensuring the bank reconciliation process is completed in a timely manner each month with the Director of Finance conducting the final review and sign-off. Finance staff will work diligently to ensure that monthly bank reconciliations are prepared without un-located differences.

CITY OF MANHATTAN, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings (Continued)

Finding 2017-002 Significant Deficiency

Condition – The following issues were identified in relation to the City’s payroll process. 1) Two of 20 timesheets selected for testwork lacked documentation of approval. Both timesheets were for high-level employees and were for pay periods before the implementation of the City’s current payroll software. 2) Employees with supervisor approval rights for their departments could approve of their own timesheets, and employees with the administrator log-on to the payroll processing module had the capability of approving their own time and other employees’ time. 3) While outstanding supervisor approvals were investigated for full-time employees prior to processing, outstanding supervisor approvals for seasonal employees were not followed up on. 4) There was no documentation of review of the payroll register prior to processing. 5) Nine employees, including the employee responsible for payroll processing, had access to both the human resources and payroll systems.

Criteria – Payroll expenditures are significant expenditures for the City. The safeguarding of payroll processing is necessary for preventing misappropriation of assets.

Cause – The City lacks proper access controls and did not follow policies and procedures related to safeguarding of the payroll process.

Effect – The City is at risk of failing to detect an error in payroll processing or a misappropriation of assets.

Recommendation – The City should implement and follow policies and procedures to ensure payroll activity is properly safeguarded.

CITY OF MANHATTAN, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings (Continued)

Finding 2017-002 Significant Deficiency (Continued)

Management's Response/Corrective Action Plan (Unaudited) – Given the manner in which this 'significant finding' was presented above, responses from the Director of Finance will be in a similar response form. Responses to the above corrective points include:

- (1) Since the two timesheets noted were part of the old paper timesheet process, we presume this will not be a future issue given the City's move to Executime.
- (2) Executime recognizes that this issue is occurring. Finance staff will work with Executime to determine when they may have a solution to this issue. Currently, there are three employees who have access to the payroll administrative log-on. These employees only access payroll when they process same. The Director of Finance will add an additional step to have a staff member who does not have access to payroll to check the payroll specialist's timesheet prior to the ACH files being sent to the bank for processing.
- (3) The payroll specialist will printout unapproved seasonal employees timesheets and send those to various departments for approval.
- (4) The Director of Finance will review current procedures and consider adding a finance staff person to review the payroll register every two weeks.
- (5) Prior to payroll becoming a part of the Finance department, this function was under the Human Resources Department. The Director of Finance will conduct an immediate review regarding access to payroll/personnel menus in order to establish better control mechanisms.

Finding 2017-003 Significant Deficiency

Condition – During the course of our audit, we identified significant adjustments to the trial balance that were not initially identified by the City's internal control structure.

Criteria – The financial statements are the responsibility of management. As such, the City's internal control over the financial statements should identify misstatements.

Cause – Inappropriate application of generally accepted accounting principles.

Effect – There is the potential that the financial statements may be materially misstated.

CITY OF MANHATTAN, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings (Continued)

Finding 2017-003 Significant Deficiency (Continued)

Management's Response/Corrective Action Plan (Unaudited) – This 'significant deficiency' poses a number of questions that cannot be answered at this time. Currently the City does not have staff with the technical expertise to ensure these adjustments are completed before the audit. This will require that we hire or contract additional professional staff (with certified professional accountant designations) in order to minimize or correct adjusting journal entries. At this time, this is something that needs to be researched and explored further.

Section III – Federal Award Findings and Questioned Costs

None.

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