

CITY OF EMPORIA, KANSAS

104 E. 5th Avenue
Emporia, Kansas 66801

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018

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

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INTRODUCTORY SECTION



August 20, 2019

Honorable Mayor and City Commissioners
City of Emporia
Emporia, Kansas

Honorable Mayor and City Commissioners:

The Comprehensive Annual Financial Report of the City of Emporia, Kansas (the City) for the year ended December 31, 2018 is submitted herewith.

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

GENERAL INFORMATION

The City of Emporia lies 110 miles southwest of Kansas City and 85 miles northeast of Wichita on the eastern edge of the Flint Hills area of Kansas. Emporia has a population of 24,868 based on the 2010 census. There are 12.12 square miles of land in the City's corporate boundary, while the "planning and protected" area covers approximately 63 square miles.

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

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

This report includes all of the funds of the City. The City is financially accountable for the Emporia Public Library, and the Library is included in the City's financial statements. The City Commission appoints all members of the seven-member Library Board. Because the Library is not a separate taxing entity by applicable state statutes, the City levies taxes for the Library's operations, which represent approximately 80 percent of the Library's total revenues. The operations of the Emporia Public Library are reported as a discretely presented component unit in the City's financial statements.

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

GENERAL INFORMATION (CONTINUED)

In developing and altering the City's accounting system, consideration is given to the adequacy of the internal controls. The internal controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. State law requires an annual audit of the books of accounts, financial records and transactions of all administrative departments of the City by independent Certified Public Accountants or Licensed Municipal Public Accountants selected by the City Commission. This requirement has been complied with and the auditor's opinion has been included in this report.

LOCAL ECONOMY

Emporia is very fortunate to have a diversified economy. This diversity provides a cushion when one particular sector of the economy suffers an economic downturn. Our major source of employment is in the field of food processing. This is an important link to our state's agricultural base. It is also somewhat insulated from the periodic downturns associated with other sectors of the economy. Strong employment in this sector is being maintained at Tyson's Fresh Meats, which has approximately 975 employees. Simmons Pet Food employs approximately 700 employees and is currently constructing a \$38 million dollar manufacturing facility that will employ an additional 100 employees. Cargill began the construction of a 50,500 square foot warehouse at an approximate cost of \$4,000,000. Hostess Brands LLC opened the Emporia facility in 2012 and continues to be the largest baking facility in the company's system and employs more than 600 employees. Hill's Pet Nutrition employs 125 people. Other employers such as Vektek, Inc., Fanestil Meats, Detroit Diesel and Camso Manufacturing also continue to add employees. Like the rest of the country, one issue that our employers face is the ability to attract employees. The Emporia Chamber of Commerce and the Regional Development Association of East Central Kansas (RDA) are developing tools to help attract potential employees to our community.

Emporia State University (ESU) is dependent on state funding and the fiscal condition of the State is affecting the operations of the Kansas Regents System. ESU continues to aggressively seek new students and it appears that the upcoming freshman class will be larger than previous years. Flint Hills Technical College has experienced record enrollments during the last few years and continues to serve the business community in a very important way. The trucking industry is a very important piece of the local economy due to the City's access to modern highway systems and our geographical location in Kansas and the United States.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Unassigned fund balance in the general fund was 22.8 percent of total general fund revenues. This amount was above the 15 percent policy guidelines set by the Commission for budgetary and planning purposes. The water fund unrestricted fund balance was 23.16 percent, the sewer fund unrestricted fund balance was 80.16 percent, and the solid waste fund unrestricted fund balance was 57.48 percent. These amounts are above the 20 percent reserve policy set by the City Commission.

The City of Emporia collects approximately 2.2 million dollars a year from a 1-cent county wide sales tax. The City Commission has stated these dollars are to be spent on city infrastructure. During 2018, \$94,000 was spent on storm water repairs, \$1.32 million on street maintenance, \$40,000 on land purchases around the airport and \$620,000 on building repairs. This sales tax was recently extended, and is set to expire in 2024.

A five-year capital improvement plan is maintained which serves as a planning document to ensure that facilities, equipment and infrastructure are well maintained and operating in good condition. Property owners can participate in the Neighborhood Revitalization Program for property in the center areas of Emporia. The downtown district received historical district certification in 2013, which provides additional grant opportunities to maintain the buildings.

August 20, 2019
Honorable Mayor and City Commissioners
City of Emporia

RELEVANT FINANCIAL POLICIES

The adopted budgets are an integral part of the accounting system providing management control over expenditures in the general fund, special revenue funds, debt service fund and enterprise funds. Kansas statutes require that cash be on hand before expenditure can be authorized, that all expenditures be budgeted, and that the budget not exceed anticipated revenues including carry-forward balances. The adopted budget for any fund may be amended, using the same procedures as for adoption, if the increased expenditures are financed with non-tax revenues. Formal budgetary integration is not used for the capital projects funds because budgetary control is achieved through the resolution of authorization and funding. Encumbrance accounting is used for outstanding purchase orders, contracts and other commitments. Encumbrances outstanding at year-end are reported as assigned fund balance since they are not expenditures or liabilities.

Cash temporarily idle during the year was invested in time deposits in banks ranging from 30 to 180 days in maturity and in U.S. government obligations with variable maturities and in the Kansas Municipal Investment Pool. At December 31, 2018, the City's cash resources were divided between demand deposits and investments as follows: in demand deposits and cash on hand: 8.7 percent; and in interest bearing investments: 91.3 percent. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized.

The City performs limited risk management operations intended to maintain coverage at appropriate levels; manage claims; and monitor carrier performance. The City was self-insured for its workers' compensation insurance for the year ended December 31, 2018.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended December 31, 2017. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last thirty-three consecutive years (fiscal years 1985-2017). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

ACKNOWLEDGEMENTS

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

Respectfully submitted,



Janet Harrouff
City Treasurer
August 20, 2019



Mark McAnarney
City Manager
August 20, 2019



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Emporia
Kansas**

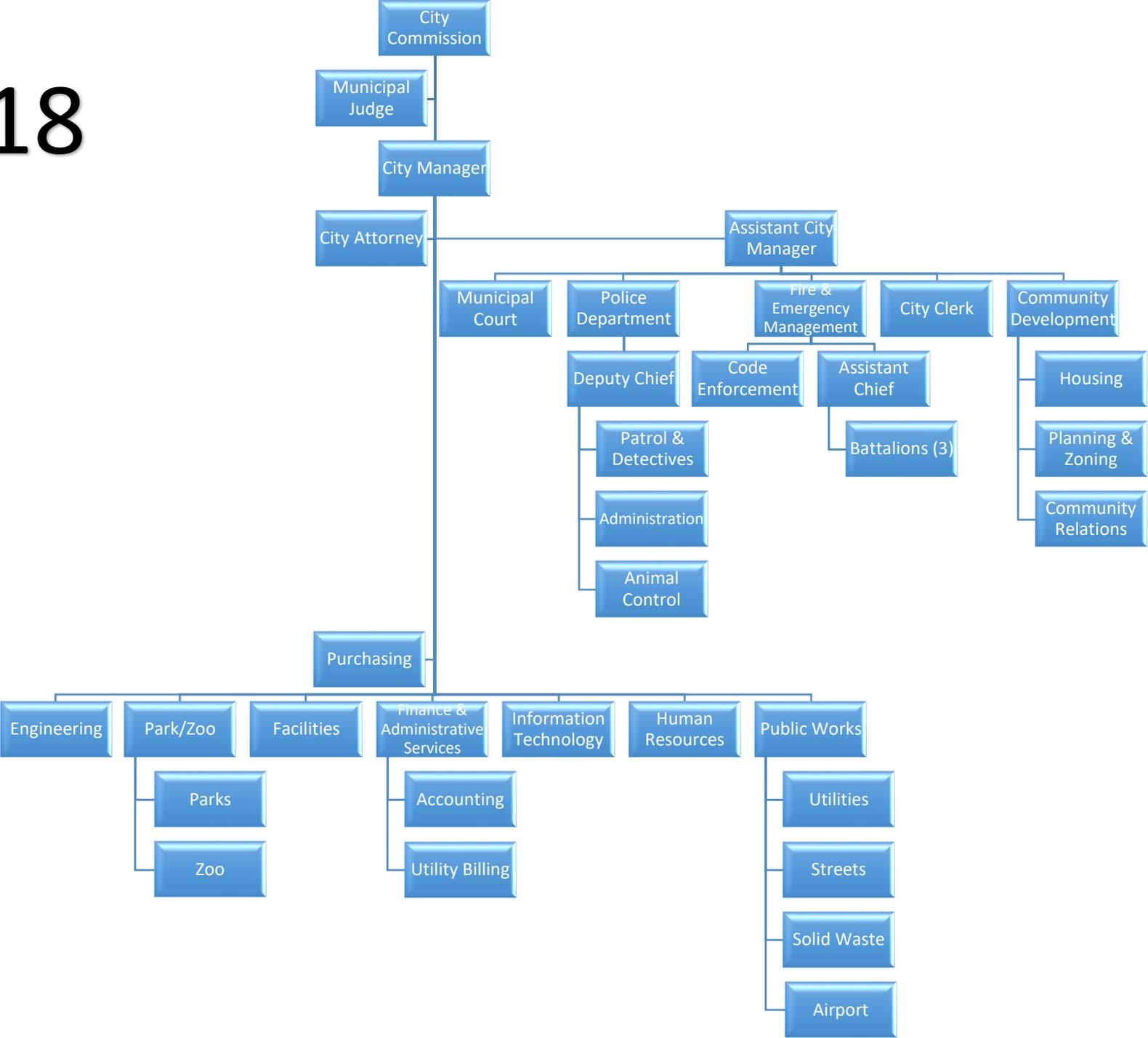
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill

Executive Director/CEO

2018



CITY OF EMPORIA, KANSAS

PRINCIPAL OFFICIALS

December 31, 2018

GOVERNING BODY

Mayor
Vice-Mayor
Commissioner
Commissioner
Commissioner

Jon Geitz
Danny Giefer
Becky Smith
Rob Gilligan
Bobbi Mylnar

ADMINISTRATIVE OFFICIALS

City Manager
Assistant City Manager
City Clerk
City Treasurer
City Attorney

Mark McAnarney
Lane Massey
Kerry Sull
Janet Harrouff
Christina Montgomery

DEPARTMENT HEADS

Interim Public Works Director
City Engineer
Fire Chief
Police Chief

Keith Senn
Jim Ubert
Jack Taylor
Scott Cronk

INDEPENDENT AUDITOR'S REPORT

August 20, 2019



Mayor and City Commissioners
City of Emporia, Kansas

INDEPENDENT AUDITOR'S REPORT

Report on 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 Emporia, Kansas (the City), as of and for the year ended December 31, 2018, 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

The City's 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 Responsibilities

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Emporia Public Library, which represent 1.26% of the assets and 5.04% of the revenues of the City. 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 Emporia 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.

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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budget comparisons for the General Fund and Multi-Year Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 and Other 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 combining and individual nonmajor fund financial statements and schedules, the introductory and statistical sections as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules, the introductory and statistical sections as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates 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 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 supplementary information as listed above and the Schedule of Expenditures of Federal Awards are 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 August 20, 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 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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018
Unaudited

Our discussion and analysis of the City of Emporia, Kansas financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2018. The Emporia Public Library issues a complete financial statement that includes a discussion and analysis. The address for retrieval of this report is in Note 1. This narrative should be read in conjunction with the City's letter of transmittal, which begins on page i.

Financial Highlights

- The Government-wide net position totaled \$48,541,543 at the end of the current fiscal year, a

- The Government-wide unrestricted current assets exceed the current liabilities by \$25,123,168, representing the City's ability to meet its current obligations when due.
- Total capital assets, net of accumulated depreciation at December 31, 2018, totaled \$88,100,464.
- During the year ended December 31, 2018, the City's total expenses exceeded total revenues (which include charges for services, local taxes and state and federal aid) by \$5,450,119.
- The City's total indebtedness increased \$16,886,909. Payments totaling \$3,430,000 were made, new debt totaling \$13,126,909 was incurred from a state loan and \$7,190,000 in GO bonds were issued.
- The City's net capital assets increased \$6,712,568 in the current fiscal year.

Using this Financial Report

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

Reporting on the City as a Whole (Government Wide)

Statement of Net Position and the Statement of Activities

The view of the City as a whole looks at all financial transactions and asks the question, "Are we in a better financial position as a result of the current year's financial activities?" The Statement of Net Position and the Statement of Activities provide the basis for answering this question. The statements include all assets and all liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid. These two statements report the City's net position and current year change in the net position. The change in net position is important because it tells the reader whether the City, as a whole, has improved or diminished its financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Causes of these changes may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, state mandates, and the financial condition of the State of Kansas general fund.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended December 31, 2018

Unaudited

Reporting on the City as a whole (Government Wide) (Continued)

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

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

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

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

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

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

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

The City as a Whole

Government-Wide Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Emporia, Kansas, assets exceeded liabilities by \$48,541,544 at the end of the current fiscal year.

By far the largest portion of the City of Emporia's net position (81.6 percent) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City of Emporia uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Emporia's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2018
Unaudited

The City as a Whole (Continued)

The Statement of Net Position provides the financial position of the City as a whole. The following is a summary of the City's Statement of Net Position as of December 31, 2018 and 2017:

CITY OF EMPORIA, KANSAS
CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current	\$ 23,153,692	\$ 21,135,544	\$ 10,279,440	\$ 10,236,535	\$ 33,433,132	\$ 31,372,079
Net Capital Assets	30,056,938	47,416,750	58,043,526	33,248,239	88,100,464	80,664,989
Total Assets	\$ 53,210,630	\$ 68,552,294	\$ 68,322,966	\$ 43,484,774	\$ 121,533,596	\$ 112,037,068
Deferred Outflows	\$ 2,720,520	\$ 395,380	\$ 135,083	\$ 35,101	\$ 2,855,603	\$ 430,481
Total Assets and Deferred Outflows	\$ 55,931,150	\$ 68,947,674	\$ 68,458,049	\$ 43,519,875	\$ 124,389,199	\$ 112,467,549
Liabilities and Net Position						
Liabilities						
Current	\$ 4,895,429	\$ 4,971,727	\$ 3,414,535	\$ 2,345,729	\$ 8,309,964	\$ 7,317,456
Non-Current	19,041,525	19,918,015	41,066,435	14,535,820	60,107,960	34,453,835
Total Liabilities	\$ 23,936,954	\$ 24,889,742	\$ 44,480,970	\$ 16,881,549	\$ 68,417,924	\$ 41,771,291
Deferred Inflows	\$ 7,358,004	\$ 6,899,412	\$ 71,728	\$ 96,154.00	\$ 7,429,732	\$ 6,995,566
Total Liabilities and Deferred Inflows	\$ 31,294,958	\$ 31,789,154	\$ 44,552,698	\$ 16,977,703	\$ 75,847,656	\$ 48,766,857
Net Position						
Net investment in capital assets	\$ 23,951,938	\$ 35,731,750	\$ 15,665,784	\$ 18,898,239	\$ 39,617,722	\$ 54,629,989
Restricted	7,144,186	7,418,777	-	-	7,144,186	7,418,777
Unrestricted	(6,459,932)	(5,992,007)	8,239,567	7,643,933	1,779,635	1,651,926
Total Net Position	\$ 24,636,192	\$ 37,158,520	\$ 23,905,351	\$ 26,542,172	\$ 48,541,543	\$ 63,700,692
Total Liabilities and Net Position	\$ 55,931,150	\$ 68,947,674	\$ 68,458,049	\$ 43,519,875	\$ 124,389,199	\$ 112,467,549

At the end of the current fiscal year, the City of Emporia is able to report positive balances in all three categories of net position for the government as a whole and business-type activities. The unrestricted net position of the governmental activities is a negative balance, primarily due to the implementation of GASB 68 and GASB 75.

The City's net position was decreased by \$6,408,250 during the current fiscal year. Governmental activities decreased \$2,220,682 from operations and \$958,131 from prior period adjustment, while business-type activities net position decreased by \$3,229,437. The primary reason for the decrease in governmental and business-type activities is the current year depreciation on capital assets.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended December 31, 2018
Unaudited

Governmental Activities (Continued)

The following is a condensed statement of the City's change in net position for the years ended December 31, 2018 and 2017.

CITY OF EMPORIA, KANSAS
CONDENSED STATEMENT OF ACTIVITIES

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue						
Functions/Program:						
Charges for services	\$ 3,442,543	\$ 3,293,971	\$ 14,672,478	\$ 13,105,211	\$ 18,115,021	\$ 16,399,182
Operating grants	2,880,253	3,487,896	-	-	2,880,253	3,487,896
Capital grants	-	-	1,540,335	6,051,805	1,540,335	6,051,805
General revenues						
Property tax	7,612,970	7,128,563	-	-	7,612,970	7,128,563
Other	11,388,398	10,313,198	460,220	208,103	11,848,618	10,521,301
Total Revenues	\$ 25,324,164	\$ 24,223,628	\$ 16,673,033	\$ 19,365,119	\$ 41,997,197	\$ 43,588,747
Expenses						
General government	\$ 5,298,310	\$ 6,749,798	\$ -	\$ -	\$ 5,298,310	\$ 6,749,798
Public safety	11,569,663	11,219,337	-	-	11,569,663	11,219,337
Highway and streets	8,328,261	7,996,425	-	-	8,328,261	7,996,425
Culture and recreation	4,383,099	3,471,480	-	-	4,383,099	3,471,480
Health and environment	2,237,911	76,250	-	-	2,237,911	76,250
Building maintenance	1,534,635	1,430,348	-	-	1,534,635	1,430,348
Planning and development	917,750	1,421,747	-	-	917,750	1,421,747
Airport operations	1,185,216	450,953	-	-	1,185,216	450,953
Bond issuance costs	315,641	459,067	-	-	315,641	459,067
Solid waste disposal	-	-	3,639,828	4,547,019	3,639,828	4,547,019
Sewer utility	-	-	3,002,862	3,699,237	3,002,862	3,699,237
Water utility	-	-	5,034,140	4,607,905	5,034,140	4,607,905
Total Expenses	\$ 35,770,486	\$ 33,275,405	\$ 11,676,830	\$ 12,854,161	\$ 47,447,316	\$ 46,129,566
Increase (decrease) in net position						
Before transfers	\$ (10,446,322)	\$ (9,051,777)	\$ 4,996,203	\$ 6,510,958	\$ (5,450,119)	\$ (2,540,819)
Transfers	8,225,640	5,944,497	(8,225,640)	(5,944,497)	-	-
Increase (decrease) in Net position	\$ (2,220,682)	\$ (3,107,280)	\$ (3,229,437)	\$ 566,461	\$ (5,450,119)	\$ (2,540,819)
Prior period adjustment	\$ (958,131)	\$ -	\$ -	\$ -	\$ (958,131)	\$ -
Ending net position	\$ 24,636,192	\$ 37,158,520	\$ 23,905,351	\$ 26,542,172	\$ 48,541,543	\$ 63,700,692

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended December 31, 2018

Unaudited

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,992,356, an increase of \$3,802,433 in comparison with the prior year. The remainders of fund balance amounts were as follows: \$4,693,260 restricted for various city functions and services; \$3,120,924 committed for capital projects; \$3,549,825 assigned for purchases on order and subsequent year's budget appropriations; \$45,195 nonspendable and \$1,583,152 General Fund available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$1,590,129. The fund balance of the City's general fund was increased by \$53,631 during the current fiscal year, mainly due to strict limits on expenditures.

The Multi-Year Improvement Fund was established to receive funding for the purpose of making improvements to the City over an extended period of time. The fund balance increased \$276,721. The source of this revenue is a special sales tax. More was collected than spent in 2018.

The Debt Service Fund has a total fund balance of \$1,589,889, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the fund was \$486,243. The increase is due to receipts in excess of expenditures.

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

Unrestricted net position of the enterprise funds is as follows: Water Fund unrestricted net position increased \$476,468, ending at \$2,320,739; Sewer Fund unrestricted net position increased \$1,411,978, ending at \$2,984,723; and the Solid Waste Fund unrestricted net position increased \$149,838, ending at \$2,934,105. The factors concerning the finances of these funds have already been addressed in the discussion of the City's business type activities.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended December 31, 2018

Unaudited

General Fund Budgeting Highlights

The City's budgets are prepared in accordance with Kansas law and are based primarily on the basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The City's final General Fund budget was \$21,776,065. The revenues were higher than budgetary estimates by \$774,856 and the expenditures were less than budgetary estimates by \$976,357. The actual expenditures (before transfers) for the General Fund as of December 31, 2018 were \$16,686,751, compared to the final budget of \$18,408,015. This was due in part to management restriction of expenditures of department heads because of the current economic conditions.

Capital Assets and Debt Administration

The City's investment in capital assets for its governmental and business-type activities totaled \$88,100,464 (net of accumulated depreciation) as of December 31, 2018. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways and bridges. The decrease in the City's investment in capital assets for the current fiscal year for governmental activities was 18.23% and the increase for business-type activities was 30.05%.

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

- * Continued construction on reconstructing the waste water treatment plant at a cost of \$25,010,000.
- * Repaired various streets, curbs, gutters, driveways, and sidewalk throughout Emporia at a cost of \$2,164,000.
- * Constructed two infill single family homes and sold them for \$234,000.
- * Completed various storm water channel improvements at a cost of \$94,000.
- * Began replacing 4 lime slakers at the water treatment plant at a cost of \$121,400.
- * Completed new water main on E Wilman Court from 18th Ave to Rural at a cost of \$204,000.
- * Completed new water main on 12th Ave from Prairie to Grand at a cost of \$783,700.
- * Completed new water main on Hwy 50 & Prairie at a cost of \$420,000.
- * Completed new water main under I-35 at Graphic Arts at a cost of \$225,200.
- * Completed new 16" water main for Industrial Park III at a cost of \$1,154,000.
- * Began Utility improvements for Bunge Railway expansion at a cost of \$35,000.
- * Began construction of a new elevated water storage tank at a cost of \$170,000.
- * Completed installation of replacing a 16" raw water line from the river to the plant at a cost of \$177,000.
- * Completed a rehabilitation of Lift Station #9 at a cost of \$777,600.
- * Started design work on the downtown sewer relining project at a cost of \$306,000.
- * Purchased additional land in protection zone around the Municipal Airport at a cost of \$526,000.
- * Constructed a splash pad in a local park at a cost of \$514,000.
- * Replaced the playground equipment in 3 parks at a cost of \$536,000.
- * Continued the hazardous sidewalk replacement program, replacing 3,721 lin ft of 4" sidewalk and 661 lin ft. of 6" sidewalk and 13 square feet of handicap ramps for a cost of \$19,000.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended December 31, 2018

Unaudited

Capital Assets and Debt Administration (Continued)

Additional information on the City's capital assets can be found in Note 3 of the financial statements.

Long-term Debt Activity

At December 31, 2018, the City had total general obligation bond debt outstanding of \$23,765,000, backed by the full faith and credit of the City. Total general obligation long-term debt decreased for payments in the amount of \$3,430,000 for the fiscal year ended December 31, 2018 and increased \$7,190,000 for new debt issued. The City is rated by one of the three rating agencies (Standards & Poor's) and has a rating of A+. The ratio of bonded debt to assessed valuation for the City is 12.08%. The City received loan funds from the Kansas Department of Health & Environment during 2018 totaling \$13,126,909. Additional loan funds will be received in 2019. No principal payments on the loan were made in 2018. Additional information on the City's general long term debt can be found in Note 3 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the City of Emporia/Lyon County in December of 2018 was 3.3%, according to the Kansas Department of Labor. The unemployment rate is expected to stay in the same general area in the next 12 months, based on current economic conditions for local businesses and industries. The general revenue trends of the City of Emporia are expected to show a slight increase in assessed valuation and sales tax revenue. The City will continue to experience a slight decrease in revenue from the Multi-Year Sales Tax Fund, that is derived from a county-side sales tax based on the distribution formula used by the State of Kansas. The revenue and expenses are reviewed weekly by city management and monthly by the Mayor and Commission. The City's management also reviews the status of unencumbered cash report on a weekly basis. The local economic outlook for major employers has been positive and is expected to continue well into 2019. Several local manufacturers/employers have added employees and expanded their Emporia facilities. Hostess Brands employs approximately 600 employees as of the end of 2018. Simmons Pet Food completed an addition to their existing facility and added employees. Additionally, Simmons Pet Food announced a business expansion in late 2017 that will include the construction of a new 200,000 square foot building and approximately 100 additional employees. Cargil has also added an additional 50,500 square feet of warehouse space and added ten employees. Other employers such as Hill's Pet Nutrition, Camso Manufacturing, Detroit Diesel, Fanestil Meats, Glendo and Vektek, Inc. also continue to add employees. Emporia State University continues to aggressively work toward increasing student population (both in total numbers and Emporia numbers). The Flint Hills Technical College has seen strong enrollment in recent years and serves as an excellent resource to the local employers for their employee needs. The City of Emporia and the Regional Development Association of East-Central Kansas will continue to aggressively promote economic development in order to fill vacant storefronts, industrial parks, improve the quality of life and to further diversify the Emporia economy.

The occupancy rate in the downtown area is approximately 90% and is expected to continue in this range in 2019. There are also several projects in the downtown area that will have a positive impact on the downtown area. Private developers are completing the Roosevelt Plaza - Legacy Lofts Project in downtown Emporia, Kansas. This project will provide for commercial suites on the main floor and 47 living units. Private developers are also planning to renovate the former Citizens National Bank into 20 residential lofts plus commercial space. Additionally, private developers will construct a three-story mixed used building with 22 residential units and several commercial suites. This mixture will encourage people to live downtown and increase the population base for retailers.

CITY OF EMPORIA, KANSAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended December 31, 2018

Unaudited

Economic Factors and Next Year's Budgets and Rates (Continued)

The City of Emporia continued to make improvements to city-owned infrastructure and facilities in 2018. The City of Emporia continued construction of a new \$28 million-dollar wastewater facility that will meet all rules and regulation established by the Environmental Protection Agency and the Kansas Department of Health and Environment. In addition, the City has continued to make significant improvements to the road network, water distribution system, sanitary sewer system, storm water drainage, airport and park system. The City will continue to use the Multi-Year Fund to improve city infrastructure in 2019 and beyond.

Each of the City's operating funds continued to maintain unencumbered cash reserves at or above the reserve level established by City Policy. The City Commission and City Management will continue to monitor revenues and expenses and unencumbered cash reserves to ensure that the reserves do not fall below the target level. City Management will take aggressive action, if necessary, to main reserve levels. Some of the steps could include not refilling vacant positions, eliminating capital purchases and monitoring projects to ensure they come in under budget. In 2018, the Emporia City Commission approved a Five-Year Budget and adopted a Capital Improvement Plan that will hlep the City better anticipate and manage long-term finances of the City.

The General Fund had a increase in unencumbered cash in the amount of \$695,235 for the 2018 fiscal year. The General Fund ended the 2018 fiscal year with reserves in excess of the target goal of 15%.

The Multi-Year Improvement Fund had an increase in unencumbered cash of \$251,057 for the 2018 fiscal year. The change is simply due to projects being completed and funded. The City has no reserve target for this fund.

The Debt Service Fund had an increase of \$486,243 in unencumberd cash for the 2018 fiscal year. The decrease was due to debt service payments. The City has no reserve target for this fund.

The Water Fund had a decrease in unencumbered cash in the amount of \$287,669 for the 2018 fiscal year. The Water Fund ended the 2018 fiscal year with reserves above the 20% target reserve level.

The Sewer Fund had an increase in unencumbered cash in the amount of \$1,487,084 for the 2018 fiscal year. The Sewer Fund ended the 2018 fiscal year with reserves above the 20% target reserve.

The Solid Waste Fund had an increase in unencumbered cash in the amount of \$399,475 for the 2018 fiscal year. The Solid Waste Fund ended the 2018 fiscal year with reserves above the 20% target level.

Total unencumbered cash reserves in all funds increased \$4,920,198. This includes operational and restricted funds.

Contacting the City

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

BASIC FINANCIAL STATEMENTS

CITY OF EMPORIA, KANSAS
STATEMENT OF NET POSITION
December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Emporia Public Library
Assets				
Cash and investments	\$ 15,150,423	\$ 8,670,072	\$ 23,820,495	\$ 632,890
Accounts receivable - net of allowance	7,958,074	1,140,718	9,098,792	875,064
Inventory	45,195	404,782	449,977	-
Deferred charges	-	63,868	63,868	36,247
Total current assets	<u>\$ 23,153,692</u>	<u>\$ 10,279,440</u>	<u>\$ 33,433,132</u>	<u>\$ 1,544,201</u>
Capital assets not being depreciated:				
Land - (Artwork - component unit)	\$ 2,666,300	\$ 222,572	\$ 2,888,872	\$ 8,980
Construction in process	-	23,523,911	23,523,911	-
Total not being depreciated	<u>\$ 2,666,300</u>	<u>\$ 23,746,483</u>	<u>\$ 26,412,783</u>	<u>\$ 8,980</u>
Capital assets, being depreciated:				
Capital assets	235,636,974	86,046,422	321,683,396	434,204
Accumulated depreciation	(208,246,336)	(51,749,379)	(259,995,715)	(228,438)
Total capital assets	<u>\$ 30,056,938</u>	<u>\$ 58,043,526</u>	<u>\$ 88,100,464</u>	<u>\$ 214,746</u>
Total Assets	<u>\$ 53,210,630</u>	<u>\$ 68,322,966</u>	<u>\$ 121,533,596</u>	<u>\$ 1,758,947</u>
Deferred Outflows of Resources				
Deferred outflows - pension	\$ 2,632,990	\$ 135,083	\$ 2,768,073	\$ 54,877
Deferred outflows - OPEB	87,530	-	87,530	-
Total deferred outflows of resources	<u>\$ 2,720,520</u>	<u>\$ 135,083</u>	<u>\$ 2,855,603</u>	<u>\$ 54,877</u>
Total Assets & Deferred Outflows of Resources	<u>\$ 55,931,150</u>	<u>\$ 68,458,049</u>	<u>\$ 124,389,199</u>	<u>\$ 1,813,824</u>
Liabilities				
Current liabilities:				
Accounts payable	\$ 1,247,679	\$ 464,518	\$ 1,712,197	\$ -
Accrued liabilities	1,645,896	306,639	1,952,535	-
Accrued interest payable	44,328	393,812	438,140	-
Claims payable	206,768	-	206,768	-
Compensation absences payable	120,758	24,566	145,324	23,621
Noncurrent liabilities:				
Due within one year	1,630,000	2,225,000	3,855,000	-
Due in more than one year	19,041,525	41,066,435	60,107,960	326,830
Total liabilities	<u>\$ 23,936,954</u>	<u>\$ 44,480,970</u>	<u>\$ 68,417,924</u>	<u>\$ 350,451</u>
Deferred Inflows of Resources				
Deferred revenue - property taxes	\$ 6,648,888	\$ -	\$ 6,648,888	\$ 875,064
Deferred inflows - pension	686,504	71,728	758,232	26,430
Deferred inflows - OPEB	22,612	-	22,612	-
Total Deferred Inflows of Resources	<u>\$ 7,358,004</u>	<u>\$ 71,728</u>	<u>\$ 7,429,732</u>	<u>\$ 901,494</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 31,294,958</u>	<u>\$ 44,552,698</u>	<u>\$ 75,847,656</u>	<u>\$ 1,251,945</u>
Net Position				
Net investment in capital assets	\$ 23,951,938	\$ 15,665,784	\$ 39,617,722	\$ 214,746
Restricted for				
Urban development	2,355,369	-	2,355,369	-
Public safety	151,251	-	151,251	-
Culture and recreation				
Expendable	43,723	-	43,723	179,821
Nonexpendable	-	-	-	344,562
Public works	551,879	-	551,879	-
Debt service	921,038	-	921,038	-
Capital projects	3,120,926	-	3,120,926	-
Unrestricted (deficit)	(6,459,932)	8,239,567	1,779,635	(177,250)
Total Net Position	<u>\$ 24,636,192</u>	<u>\$ 23,905,351</u>	<u>\$ 48,541,543</u>	<u>\$ 561,879</u>

CITY OF EMPORIA, KANSAS
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 5,298,310	\$ 774,015	\$ 433,276	\$ -
Public safety	11,569,663	1,879,594	300,108	-
Highway and streets	8,328,261	-	306,321	-
Culture and recreation	4,383,099	456,539	1,321,044	-
Health and environment	2,237,911	-	340,404	-
Building maintenance	1,534,635	-	-	-
Planning and development	917,750	-	-	-
Airport operations	1,185,216	332,395	179,100	-
Interest on long-term debt	315,641	-	-	-
Total Governmental Activities	\$ 35,770,486	\$ 3,442,543	\$ 2,880,253	\$ -
Business-type activities:				
Solid waste disposal	\$ 3,639,828	\$ 4,701,014	\$ -	\$ -
Sewer utility	3,002,862	4,432,645	-	-
Water utility	5,034,140	5,538,819	-	1,540,335
Total Business-type Activities	\$ 11,676,830	\$ 14,672,478	\$ -	\$ 1,540,335
Total Primary Government	\$ 47,447,316	\$ 18,115,021	\$ 2,880,253	\$ 1,540,335
Component Unit:				
Emporia Public Library				
Culture and recreation	\$ 977,082	\$ 17,800	\$ 50,479	\$ -
Capital outlay	-	-	-	-
Total Component Unit	\$ 977,082	\$ 17,800	\$ 50,479	\$ -

General Revenues

Property taxes levied for
 General purpose
 Debt service
Franchise taxes
Sales taxes
Gasoline taxes
Investment earnings
Miscellaneous
Transfers - net

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning as Previously Stated

Prior Period Adjustment

Net Position - Beginning as Restated

Net Position - End of Year

(continued)

Net (Expenses) Revenue and Changes in Net Position			Component
Primary Government			Unit
Governmental Activities	Business- Type Activities	Total	Emporia Public Library
\$ (4,091,019)	\$ -	\$ (4,091,019)	\$ -
(9,389,961)	-	(9,389,961)	-
(8,021,940)	-	(8,021,940)	-
(2,605,516)	-	(2,605,516)	-
(1,897,507)	-	(1,897,507)	-
(1,534,635)	-	(1,534,635)	-
(917,750)	-	(917,750)	-
(673,721)	-	(673,721)	-
(315,641)	-	(315,641)	-
<u>\$ (29,447,690)</u>	<u>\$ -</u>	<u>\$ (29,447,690)</u>	<u>\$ -</u>
\$ -	\$ 1,061,186	\$ 1,061,186	\$ -
-	1,429,783	1,429,783	-
-	2,045,014	2,045,014	-
<u>\$ -</u>	<u>\$ 4,535,983</u>	<u>\$ 4,535,983</u>	<u>\$ -</u>
<u>\$ (29,447,690)</u>	<u>\$ 4,535,983</u>	<u>\$ (24,911,707)</u>	<u>\$ -</u>
			\$ (908,803)
			-
			<u>\$ (908,803)</u>
\$ 5,582,179	\$ -	\$ 5,582,179	\$ 1,006,162
2,030,791	-	2,030,791	-
2,754,128	-	2,754,128	-
7,229,118	-	7,229,118	-
753,580	-	753,580	-
394,100	115,162	509,262	1,240
257,472	345,058	602,530	(67,737)
8,225,640	(8,225,640)	-	-
<u>\$ 27,227,008</u>	<u>\$ (7,765,420)</u>	<u>\$ 19,461,588</u>	<u>\$ 939,665</u>
<u>\$ (2,220,682)</u>	<u>\$ (3,229,437)</u>	<u>\$ (5,450,119)</u>	<u>\$ 30,862</u>
<u>\$ 27,815,005</u>	<u>\$ 27,134,788</u>	<u>\$ 54,949,793</u>	<u>\$ 531,017</u>
(958,131)	\$ -	(958,131)	-
<u>\$ 26,856,874</u>	<u>\$ 27,134,788</u>	<u>\$ 53,991,662</u>	<u>\$ 531,017</u>
<u>\$ 24,636,192</u>	<u>\$ 23,905,351</u>	<u>\$ 48,541,543</u>	<u>\$ 561,879</u>

CITY OF EMPORIA, KANSAS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	<u>General Fund</u>	<u>Multi-Year Improvement</u>	<u>Debt Service</u>
ASSETS			
Cash and investments	\$ 4,872,915	\$ 1,633,143	\$ 919,889
Receivables			
Accounts	1,305,777	800	-
Taxes	4,267,744	-	1,600,000
Due from other funds	338,803	-	-
Inventory	45,195	-	-
Total Assets	<u><u>\$ 10,830,434</u></u>	<u><u>\$ 1,633,943</u></u>	<u><u>\$ 2,519,889</u></u>
LIABILITIES			
Accounts payable	\$ 283,894	\$ 4,007	\$ -
Accrued liabilities	1,093,647	-	-
Due to other funds	-	-	-
Deferred inflows	4,267,744	-	1,600,000
Total Liabilities	<u><u>\$ 5,645,285</u></u>	<u><u>\$ 4,007</u></u>	<u><u>\$ 1,600,000</u></u>
FUND BALANCE			
Restricted			
Urban development	\$ -	\$ 1,629,936	\$ -
Public safety	-	-	-
Culture and recreation	-	-	-
Public works	-	-	-
Debt service	-	-	919,889
Committed			
Capital projects	-	-	-
Nonspendable	45,195	-	-
Assigned			
Purchases on order	133,878	-	-
Subsequent year's budget: appropriation of fund balances	3,415,947	-	-
Unassigned	1,590,129	-	-
Total Fund Balance	<u><u>\$ 5,185,149</u></u>	<u><u>\$ 1,629,936</u></u>	<u><u>\$ 919,889</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 10,830,434</u></u>	<u><u>\$ 1,633,943</u></u>	<u><u>\$ 2,519,889</u></u>

(continued)

<u>Other Nonmajor Funds</u>	<u>Total Governmental Funds</u>
\$ 6,435,283	\$ 13,861,230
2,609	1,309,186
781,144	6,648,888
-	338,803
-	45,195
<u>\$ 7,219,036</u>	<u>\$ 22,203,302</u>
\$ 959,778	\$ 1,247,679
551,928	1,645,575
338,804	338,804
781,144	6,648,888
<u>\$ 2,631,654</u>	<u>\$ 9,880,946</u>
\$ 725,433	\$ 2,355,369
151,251	151,251
43,723	43,723
551,879	551,879
1,149	921,038
3,120,924	3,120,924
-	45,195
-	133,878
-	3,415,947
(6,977)	1,583,152
<u>\$ 4,587,382</u>	<u>\$ 12,322,356</u>
<u>\$ 7,219,036</u>	<u>\$ 22,203,302</u>

CITY OF EMPORIA, KANSAS
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS

December 31, 2018

Total Governmental Fund Balances		\$ 12,322,356
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Amounts reported for governmental activities in the statement of net position are different because:

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.		1,082,105
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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.		2,720,520
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Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as a revenue until then.		(709,116)
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

The cost of capital assets is	\$ 238,303,274	
Accumulated depreciation is	<u>(208,246,336)</u>	30,056,938

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

General obligation	\$ 6,105,000	
Interest payable	44,328	
Net pension liability	13,222,535	
Net OPEB obligation payable	1,102,473	
Compensated absences payable	<u>362,275</u>	<u>(20,836,611)</u>

Net Position of Governmental Activities		<u>\$ 24,636,192</u>
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CITY OF EMPORIA, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

	<u>General Fund</u>	<u>Multi-Year Improvement</u>	<u>Debt Service</u>
REVENUES			
Taxes	\$ 14,555,721	\$ -	\$ 2,030,791
Charges for services	2,423,475	-	-
Special assessments	-	-	156,001
Intergovernmental	281,911	-	-
Licenses and permits	193,253	-	-
Fines and fees	529,721	-	-
Use of money & property	236,323	25,875	11,033
Contributions	-	-	-
Miscellaneous	126,339	87,384	62
Total Revenues	<u>\$ 18,346,743</u>	<u>\$ 113,259</u>	<u>\$ 2,197,887</u>
EXPENDITURES			
General governmental	\$ 1,837,622	2,182,294	\$ -
Public safety	10,249,374	-	-
Highways and streets	397,839	-	-
Culture and recreation	1,946,637	-	-
Health and environment	-	-	-
Building maintenance	1,297,205	-	-
Planning and development	17,108	-	-
Airport operations	535,805	-	-
Appropriations	271,283	-	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	1,600,000
Interest and other charges	-	-	331,263
Total Expenditures	<u>\$ 16,552,873</u>	<u>\$ 2,182,294</u>	<u>\$ 1,931,263</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 1,793,870</u>	<u>\$ (2,069,035)</u>	<u>\$ 266,624</u>
OTHER FINANCING SOURCES (USES)			
Loan proceeds	\$ -	\$ -	\$ -
Transfers in	2,372,718	2,385,756	889,619
Transfers out	(4,112,957)	(40,000)	(670,000)
Total Other Financing Sources and Uses	<u>\$ (1,740,239)</u>	<u>\$ 2,345,756</u>	<u>\$ 219,619</u>
Net Change in Fund Balance	\$ 53,631	\$ 276,721	\$ 486,243
Fund Balance - Beginning	<u>5,131,518</u>	<u>1,353,215</u>	<u>433,646</u>
Fund Balance - Ending	<u>\$ 5,185,149</u>	<u>\$ 1,629,936</u>	<u>\$ 919,889</u>

(continued)

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.
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Other Nonmajor Funds	Total Governmental Funds
\$ 1,607,283	\$ 18,193,795
-	2,423,475
-	156,001
1,641,417	1,923,328
-	193,253
-	529,721
99,060	372,291
463,762	463,762
279,378	493,163
<u>\$ 4,090,900</u>	<u>\$ 24,748,789</u>
\$ 660,853	\$ 4,680,769
55,099	10,304,473
736,155	1,133,994
852,933	2,799,570
100,400	100,400
-	1,297,205
871,530	888,638
-	535,805
-	271,283
19,105,505	19,105,505
-	1,600,000
-	331,263
<u>\$ 22,382,475</u>	<u>\$ 43,048,905</u>
<u>\$ (18,291,575)</u>	<u>\$ (18,300,116)</u>
\$ 14,126,909	\$ 14,126,909
8,406,554	14,054,647
(1,256,050)	(6,079,007)
<u>\$ 21,277,413</u>	<u>\$ 22,102,549</u>
\$ 2,985,838	\$ 3,802,433
<u>1,601,544</u>	<u>8,519,923</u>
<u>\$ 4,587,382</u>	<u>\$ 12,322,356</u>

CITY OF EMPORIA, 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, 2018

Total Net Change in Fund Balances - Governmental Funds \$ 3,802,433

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

Capital outlays to purchase or build assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation in the period.

Capital outlays	\$ 988,753	
Depreciation expense	<u>(7,860,075)</u>	(6,871,322)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The revenues and expenses of certain internal service funds are included in governmental activities in the statement of activities. 183,918

Deferred outflows and inflows of resources related to pensions and OPEB are not included in governmental funds. (486,825)

Governmental funds report all pension contributions as expenditures; however, in the Statement of Net Position, the excess of the plan proportionate share of the total pension liability over the proportionate share of the plan fiduciary net position is reported as a net pension liability. (515,834)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which interest accrual changed. 15,622

Some expenses reported in the statement of activities, such as compensated absences and postemployment benefits do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 1,051,326

Repayments of bond principal are expenditures in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. Issuance of bonds provides current financial resources to governmental funds but does not affect the statement of activities. 600,000

Changes in Net Position of Governmental Activities \$ (2,220,682)

CITY OF EMPORIA, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
GENERAL FUND

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 14,038,109	\$ 14,038,109	\$ 14,555,721	\$ 517,612
Intergovernmental	373,174	372,174	281,911	(90,263)
Licenses and permits	143,700	143,700	193,253	49,553
Charges for services	2,165,159	2,165,159	2,423,475	258,316
Fines and fees	531,200	531,200	529,721	(1,479)
Use of money and property	134,700	134,700	236,323	101,623
Reimbursements	168,145	168,145	28,545	(139,600)
Miscellaneous	18,700	18,700	97,794	79,094
Total Revenues	\$ 17,572,887	\$ 17,571,887	\$ 18,346,743	\$ 774,856
EXPENDITURES				
Current:				
General Government	\$ 1,725,855	\$ 1,725,855	\$ 1,840,762	\$ 114,907
Public Safety				
Law enforcement	\$ 4,063,765	\$ 4,063,765	\$ 3,802,224	\$ (261,541)
Animal control	157,121	157,121	163,685	6,564
Court services	501,270	501,270	370,641	(130,629)
Ambulance	2,654,182	2,654,182	2,856,834	202,652
Fire	2,978,278	2,978,278	3,120,016	141,738
Total Public Safety	\$ 10,354,616	\$ 10,354,616	\$ 10,313,400	\$ (41,216)
Highways and Streets				
Maintenance	\$ 86,371	\$ 86,371	\$ 64,629	\$ (21,742)
Snow removal	41,000	41,000	35,960	(5,040)
Street lighting	335,000	335,000	302,143	(32,857)
Total Highways and Streets	\$ 462,371	\$ 462,371	\$ 402,732	\$ (59,639)
Culture and Recreation				
Park	\$ 894,290	\$ 894,290	\$ 752,114	\$ (142,176)
Swimming pool/Peter Pan Park	150,529	150,529	130,457	(20,072)
Golf course	389,149	389,149	393,167	4,018
Golf shop	273,342	273,342	275,572	2,230
Zoo	455,842	455,842	433,159	(22,683)
Total Culture and Recreation	\$ 2,163,152	\$ 2,163,152	\$ 1,984,469	\$ (178,683)
Building and Maintenance				
Engineering	\$ 472,566	\$ 472,566	\$ 450,437	\$ (22,129)
Grounds maintenance	92,314	92,314	77,527	(14,787)
Civic building	796,953	796,953	654,116	(142,837)
Library maintenance	61,777	61,777	61,430	(347)
Concessions	76,642	76,642	77,682	1,040
Total Building and Maintenance	\$ 1,500,252	\$ 1,500,252	\$ 1,321,192	\$ (179,060)
Parking Facilities	\$ 35,700	\$ 35,700	\$ 17,108	\$ (18,592)
Airport Operations	\$ 476,964	\$ 476,964	\$ 535,805	\$ 58,841
Salaries Contingencies	\$ (340,874)	\$ (340,874)	\$ -	\$ 340,874
Appropriations	\$ 223,400	\$ 223,400	\$ 271,283	\$ 47,883
Excess Carryover	\$ 1,806,579	\$ 1,806,579	\$ -	\$ (1,806,579)
Total Expenditures	\$ 18,408,015	\$ 18,408,015	\$ 16,686,751	\$ (1,721,264)
Excess (Deficiency) of Revenues over Expenditures	\$ (835,128)	\$ (836,128)	\$ 1,659,992	\$ (946,408)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,269,149	\$ -	\$ 2,372,718	\$ 2,372,718
Transfers out	(3,368,050)	(3,368,050)	(4,112,957)	744,907
Total Other Financing Sources (Uses)	\$ (1,098,901)	\$ (3,368,050)	\$ (1,740,239)	\$ 3,117,625
Net Change in Fund Balance	\$ (1,934,029)	\$ (4,204,178)	\$ (80,247)	\$ 2,171,217
Fund Balance - Beginning			5,131,518	
Fund Balance - Ending			\$ 5,051,271	
Adjustments to GAAP				
Encumbrances			133,878	
Fund Balance - GAAP Basis			\$ 5,185,149	

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

CITY OF EMPORIA, KANSAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - ACTUAL AND BUDGET
MULTI-YEAR IMPROVEMENT FUND
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Use of money and property	\$ 4,000	\$ 4,000	\$ 25,875	\$ 21,875
Miscellaneous	-	-	87,384	87,384
	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 113,259</u>	<u>\$ 109,259</u>
EXPENDITURES				
Capital Projects	\$ 2,560,765	\$ 3,470,281	\$ 2,198,565	\$ (1,271,716)
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (2,556,765)</u>	<u>\$ (3,466,281)</u>	<u>\$ (2,085,306)</u>	<u>\$ 1,380,975</u>
OTHER FINANCING SOURCES				
Transfers in	\$ 2,278,050	\$ 2,278,050	\$ 2,385,756	\$ 107,706
Transfers out	-	-	(40,000)	(40,000)
Total Other Financing Sources	<u>\$ 2,278,050</u>	<u>\$ 2,278,050</u>	<u>\$ 2,345,756</u>	<u>\$ 67,706</u>
Net Change in Fund Balance	<u>\$ (278,715)</u>	<u>\$ (1,188,231)</u>	\$ 260,450	<u>\$ 1,448,681</u>
Fund Balance - Beginning			<u>1,353,215</u>	
Fund Balance - Ending			\$ 1,613,665	
Adjustments to GAAP				
Encumbrances			<u>16,271</u>	
Fund Balance - GAAP Basis			<u>\$ 1,629,936</u>	

CITY OF EMPORIA, KANSAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Solid Waste Disposal	Sewer Utility	Water Utility	Total	Activities- Internal Service Funds
Assets					
Current Assets					
Cash and investments	\$ 3,405,428	\$ 3,178,374	\$ 2,086,270	\$ 8,670,072	\$ 1,289,193
Receivables - Net of allowance for uncollectibles	399,254	364,748	376,716	1,140,718	-
Inventory	-	-	404,782	404,782	-
Other current assets	-	-	63,868	63,868	-
Total Current Assets	\$ 3,804,682	\$ 3,543,122	\$ 2,931,636	\$ 10,279,440	\$ 1,289,193
Capital Assets					
Land	\$ 102,625	\$ 19,749	\$ 100,198	\$ 222,572	\$ -
Capital assets	5,352,469	64,741,420	39,476,444	109,570,333	-
Less: Accumulated depreciation	(3,504,174)	(26,288,972)	(21,956,233)	(51,749,379)	-
Total Capital Assets	\$ 1,950,920	\$ 38,472,197	\$ 17,620,409	\$ 58,043,526	\$ -
Total Assets	\$ 5,755,602	\$ 42,015,319	\$ 20,552,045	\$ 68,322,966	\$ 1,289,193
Deferred Outflows of Resources					
Deferred outflows - pension	\$ 69,720	\$ 33,409	\$ 31,954	\$ 135,083	\$ -
Total Assets & Deferred Outflows of Resources	\$ 5,825,322	\$ 42,048,728	\$ 20,583,999	\$ 68,458,049	\$ 1,289,193
Liabilities					
Current Liabilities					
Accounts payable	\$ 290,667	\$ 47,104	\$ 126,747	\$ 464,518	\$ -
Accrued liabilities	158,465	49,951	98,223	306,639	320
Interest payable	-	233,301	160,511	393,812	-
Unpaid claims	-	-	-	-	206,768
Compensated absences payable	2,640	9,965	11,961	24,566	-
General obligation bonds payable	-	875,000	1,350,000	2,225,000	-
Total Current Liabilities	\$ 451,772	\$ 1,215,321	\$ 1,747,442	\$ 3,414,535	\$ 207,088
Non-Current Liabilities					
Compensated absences	\$ 5,281	\$ 19,931	\$ 23,923	\$ 49,135	\$ -
General obligation bonds payable	-	3,828,493	12,800,338	16,628,831	-
Loan payable	-	23,523,911	-	23,523,911	-
Net pension liability	446,223	213,815	204,520	864,558	-
Total Non-Current Liabilities	\$ 451,504	\$ 27,586,150	\$ 13,028,781	\$ 41,066,435	\$ -
Total Liabilities	\$ 903,276	\$ 28,801,471	\$ 14,776,223	\$ 44,480,970	\$ 207,088
Deferred Inflows of Resources					
Deferred inflows - pension	\$ 37,021	\$ 17,741	\$ 16,966	\$ 71,728	\$ -
Total Liabilities & Deferred Inflows of Resources	\$ 940,297	\$ 28,819,212	\$ 14,793,189	\$ 44,552,698	\$ 207,088
Net Position					
Net investment in capital assets	\$ 1,950,920	\$ 10,244,793	\$ 3,470,071	\$ 15,665,784	\$ -
Unrestricted	2,934,105	2,984,723	2,320,739	8,239,567	1,082,105
Total Net Position	\$ 4,885,025	\$ 13,229,516	\$ 5,790,810	\$ 23,905,351	\$ 1,082,105

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

CITY OF EMPORIA, KANSAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Solid Waste Disposal	Sewer Utility	Water Utility	Total	Activities- Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 4,701,014	4,432,645	5,538,819	\$ 14,672,478	\$ 296,094
Miscellaneous	90,109	2,990	171,498	264,597	257,472
Total Operating Revenues	\$ 4,791,123	\$ 4,435,635	\$ 5,710,317	\$ 14,937,075	\$ 553,566
OPERATING EXPENSES					
Personal services	\$ 1,535,691	\$ 734,253	\$ 735,559	\$ 3,005,503	\$ -
Contractual services	674,665	146,372	454,956	1,275,993	618,957
Commodities	755,965	347,362	1,446,327	2,549,654	-
Maintenance and repairs	199,829	157,315	688,924	1,046,068	-
Depreciation	295,911	989,318	1,077,666	2,362,895	-
Other	177,767	156,103	279,672	613,542	22,500
Total Operating Expenses	\$ 3,639,828	\$ 2,530,723	\$ 4,683,104	\$ 10,853,655	\$ 641,457
Operating income (loss)	\$ 1,151,295	\$ 1,904,912	\$ 1,027,213	\$ 4,083,420	\$ (87,891)
NON-OPERATING REVENUES (EXPENSES)					
Interest income	\$ 46,218	\$ 37,953	30,991	\$ 115,162	\$ 21,809
Interest expense	-	(472,139)	(351,036)	(823,175)	-
Sale of salvage gain (loss)	80,461	-	-	80,461	-
Total Non-Operating Revenues (Expenses)	\$ 126,679	\$ (434,186)	\$ (320,045)	\$ (627,552)	\$ 21,809
Income (loss) before operating transfers	\$ 1,277,974	\$ 1,470,726	\$ 707,168	\$ 3,455,868	\$ (66,082)
Capital contributions	\$ -	\$ -	\$ 1,540,335	\$ 1,540,335	\$ -
Transfers in	-	670,000	744	670,744	-
Transfers out	(831,264)	(1,468,333)	(6,596,787)	(8,896,384)	250,000
Total	\$ (831,264)	\$ (798,333)	\$ (5,055,708)	\$ (6,685,305)	\$ 250,000
Changes in Net Position	\$ 446,710	\$ 672,393	\$ (4,348,540)	\$ (3,229,437)	\$ 183,918
Net Position - Beginning	4,438,315	12,557,123	10,139,350	27,134,788	898,187
Net Position - Ending	\$ 4,885,025	\$ 13,229,516	\$ 5,790,810	\$ 23,905,351	\$ 1,082,105

CITY OF EMPORIA, KANSAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Solid Waste Disposal	Sewer Utility	Water Utility	Total Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 4,791,120	\$ 5,099,706	\$ 5,771,483	\$ 15,662,309	\$ 296,094
Cash received from reimbursements	-	-	-	-	257,472
Cash payments to employees	(1,536,511)	(725,131)	(741,861)	(3,003,503)	-
Cash payments to suppliers	(1,554,380)	(1,179,394)	(2,513,704)	(5,247,478)	(22,500)
Cash paid for services	-	-	-	-	(819,648)
Net Cash Provided by (Used in) Operating Activities	\$ 1,700,229	\$ 3,195,181	\$ 2,515,918	\$ 7,411,328	\$ (288,582)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers (to) other funds	\$ (831,264)	\$ (1,468,333)	\$ (6,596,787)	\$ (8,896,384)	250,000
Net Cash Provided by (Used in) Noncapital Financing Activities	\$ (831,264)	\$ (1,468,333)	\$ (6,596,787)	\$ (8,896,384)	\$ 250,000
CASH FLOWS FORM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase and construction of capital assets	\$ (596,168)	\$ (13,281,645)	\$ (1,834,644)	\$ (15,712,457)	\$ -
Proceeds from sale of capital assets	80,460	-	-	80,460	-
Contributed capital	-	-	1,540,335	1,540,335	-
Proceeds from loans	-	13,126,909	-	13,126,909	-
Proceeds from bonds	-	830,000	5,360,000	6,190,000	-
Principal paid on bonds and notes	-	(815,000)	(1,015,000)	(1,830,000)	-
Interest paid	-	(137,981)	(288,482)	(426,463)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	\$ (515,708)	\$ (277,717)	\$ 3,762,209	\$ 2,968,784	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	\$ 46,218	\$ 37,953	\$ 30,991	\$ 115,162	\$ 21,809
Net Cash Provided by (Used in) Investing Activities	\$ 46,218	\$ 37,953	\$ 30,991	\$ 115,162	\$ 21,809
Net Increase (Decrease) in Cash & Cash Equivalents	\$ 399,475	\$ 1,487,084	\$ (287,669)	\$ 1,598,890	\$ (16,773)
Cash & Cash Equivalents - Beginning of Year	3,005,953	1,691,290	2,373,939	7,071,182	1,305,966
Cash & Cash Equivalents - End of Year	\$ 3,405,428	\$ 3,178,374	\$ 2,086,270	\$ 8,670,072	\$ 1,289,193
Reconciliation of operating (loss) income to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 1,151,295	\$ 1,904,912	\$ 1,027,213	\$ 4,083,420	\$ (87,891)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	295,911	989,318	1,077,666	2,362,895	-
Change in assets and liabilities:					
(Increase) decrease in receivables	16,686	11,798	61,166	89,650	-
(Increase) decrease in inventory	-	-	(22,574)	(22,574)	-
(Increase) decrease in deferred outflows	1,693	(812)	(775)	106	-
Increase (decrease) in accounts payable	256,615	17,020	(22,574)	251,061	-
Increase (decrease) in claims payable	-	-	-	-	(200,691)
Increase (decrease) in accrued liabilities	(8,132)	219,576	67,140	278,584	-
Increase (decrease) in bonds payable	-	60,000	335,000	395,000	-
Increase (decrease) in deferred inflows	(14,624)	(7,007)	(6,704)	(28,335)	-
Increase (decrease) in net pension liability	785	376	360	1,521	-
Net Cash Provided by (Used in) Operating Activities	\$ 1,700,229	\$ 3,195,181	\$ 2,515,918	\$ 7,411,328	\$ (288,582)
Noncash investing, capital, and financing activities:					
Capital assets acquired/donated through contributions from governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

CITY OF EMPORIA, KANSAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2018

	Private Purpose Trust	Agency Funds
ASSETS		
Current Assets		
Cash and investments	\$ 4,216	\$ 18,258
Accrued interest receivable	19	-
Total Current Assets	\$ 4,235	\$ 18,258
LIABILITIES		
Current Liabilities		
Accounts payable	\$ -	\$ 18,258
Total Current Liabilities	\$ -	\$ 18,258
NET POSITION		
Net position held in trust	\$ 4,235	\$ -

See Independent Auditor's Report.

The accompanying notes are an integral part of these financial statements.

CITY OF EMPORIA, KANSAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2018

	<u>Private Purpose Trust</u>
Addition	
Interest income	\$ 3,820
Deductions	<u>\$ 1,140,679</u>
Change in Net Position	\$ (1,136,859)
Net Position - Beginning	<u>1,141,094</u>
Net Position - Ending	<u><u>\$ 4,235</u></u>

NOTES TO FINANCIAL STATEMENTS

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 1: Summary of Significant Accounting Policies
Reporting Entity

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

Discretely Presented Component Unit

Emporia Public Library – The Emporia Public Library (the Library) serves the citizens within the City's jurisdiction. The City appoints the entire governing body of the Library. Because the Library is not a separate taxing entity, the City levies tax for the Library's operations. The City appropriated \$850,889 to the Library in 2018. Complete financial statements may be obtained at the Emporia Public Library, 110 E. 6th Avenue, Emporia, Kansas.

Jointly Governed Organization

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

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

Government-Wide and Fund Financial Statements

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

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

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

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)
Reporting Entity (Continued)

Measurement Focus - Basis of Accounting and Basis of Presentation

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

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

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

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

The internal service funds account for contributions made by the City to be used for paying claims for job-related injuries as well as contributions made by the City, City employees and former City employees to be used for payment of medical claims of covered employee health care participants and additional health insurance premiums. The City is self insured for its workers' compensation insurance.

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

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

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

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

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

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity (Continued)

Measurement Focus - Basis of Accounting and Basis of Presentation (Continued)

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

The City reports the following major governmental funds:

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

The Multi-year Improvement Fund is used to account for the 1% county sales tax which is used to make improvements to the City of Emporia.

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

The City reports the following major proprietary funds:

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

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

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

Pooled Cash and Investments

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

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

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables and Payables

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

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

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

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City. Accruals of uncollected current year property taxes are offset by deferred receivables and are identical to the adopted budget for 2018 in the governmental fund financial statements. It is not practicable to apportion delinquent taxes held by the County Treasurer and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Inventories

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

Prepaid Items

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

Restricted Assets

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

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, as well as capital assets received in a service concession arrangement are reported at acquisition value. Capital assets used in governmental funds types of the City are recorded at cost or estimated historical cost if purchased or constructed.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	20-75
Land improvements	20-75
Building improvements	20-75
Machinery and equipment	5-10
Office equipment	5-10
Infrastructure	20-75

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory and sick pay benefits. No liability is reported for unpaid accumulated sick leave, as sick leave is not payable upon termination. Vacation pay is accrued when incurred in the government-wide and proprietary funds and reported as a fund liability. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Compensated absences are reported in governmental funds only if they have matured (i.e. unused reimbursable leave still outstanding following an employee's termination). The General Fund has been used to liquidate the governmental funds compensated absences in prior years.

Long-Term Obligations

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

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

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net 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 government only has two items that qualify for reporting in this category. They are the deferred outflows related to pensions and other postemployment benefits (OPEB) reported in the government-wide and proprietary fund statements of net position.

In addition to liabilities, the statement of net 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 government has three items of this type that qualify for reporting in this category. One item, unavailable revenue/deferred receivable, is reported in the governmental funds balance sheet and the governmental activities in the government-wide statement of net position. The other two items are deferred inflows for pension and other postemployment benefits (OPEB).

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before restricted – net position is applied.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The governing commission is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Prior Period Adjustment

Beginning net position for the primary government on the statement of activities was restated to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. The effect of this restatement on the primary government's net position was a decrease of \$958,131 in governmental activities, which resulted from the OPEB liability being increased by the same amount.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria as committed. The commission may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Landfill Post-Closure Care Liability

State and federal laws and regulations required the City to place a final cover on its landfill site, which was closed during 1994, and to perform certain maintenance and monitoring activities at the site for thirty years after closure. The amount reported as landfill post-closure care liability at December 31, 2018 represents what it would cost to perform all post-closure care in 2018. The actual costs may be higher due to inflation, changes in technology or changes in regulations. The City intends to fund these costs internally.

Use of Estimates

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

Net Position

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

Note 2: Stewardship, Compliance and Accountability

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted from statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- a. Preparation of the budget for the succeeding calendar year on or before August 15th of each year.
- b. Publication in a local newspaper of the proposed budget and the notice of public hearing on the budget on or before August 5th.
- c. Public hearing on or before August 15th of each year, but at least ten days after publication of the notice of hearing.
- d. Adoption of the final budget on or before August 25th.

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. For 2017, there were five budget amendments affecting the following funds: Library Fund, Drug Forfeiture Fund, Bond & Interest Fund, Water Fund and Waste Water Fund.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

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

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

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

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds: Housing Study RDA, Emergency Shelter, Law Enforcement Block Grants, DARE Crime Prevention, 2009 NSP, 2009 Home Buyer and Repair, 2014 Housing, 911 Land Wire Fees, Lake Kahola, TDD, TIF, CID, Emporia Home Repair and 2017 Housing. Spending in funds which are not subject to the legal annual operating budget requirements are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body. 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 for the major governmental funds is as follows:

	Major Governmental Funds		
	General Fund	Multi- Year Improvement	Debt Service Fund
Revenues - Budgetary basis	\$ 18,346,743	\$ 113,259	\$ 2,197,887
Canceled encumbrances	-	-	-
Revenues - GAAP Basis	\$ 18,346,743	\$ 113,259	\$ 2,197,887
Expenditures - budgetary basis	\$ 20,799,708	\$ 2,238,565	\$ 1,931,263
Encumbrances, beginning of year	(7,193)	(92,344)	-
Encumbrances, end of year	133,878	16,271	-
Expenditures - GAAP Basis	\$ 20,926,393	\$ 2,162,492	\$ 1,931,263
Fund balances - budgetary basis	\$ 5,051,271	\$ 1,613,665	\$ 919,889
Encumbrances, end of year	133,878	16,271	-
Fund Balance - GAAP Basis	\$ 5,185,149	\$ 1,629,936	\$ 919,889

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 2: Stewardship, Compliance and Accountability (Continued)

Compliance with Kansas Statutes

The following funds had deficit fund equities as of December 31, 2018: 2017 Housing - \$149,076, Emporia Homeowner Repair - \$9,866, Airport Improvement - \$116,674 and Waste Water Treatment Plant Improvements - \$776,009. These deficits will be recovered from the receipt of grant monies or loan proceeds.

Note 3: Detailed Notes on All Funds

Deposits and Investments

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

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

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

At December 31, 2018, the City has the following Investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Weighted Rate</u>
Kansas Municipal Investment Pool	\$ 20,016,981	S&P AAf/S1+	0.010%

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

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

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 3: Detailed Notes on All Funds

Deposits and Investments (Continued)

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's deposit policy for custodial credit risk require that the depository banks will maintain 100% security in the form of FDIC coverage and pledged collateral according to KSA 9-1402. At year-end, the carrying amount of the cash, including certificates of deposit and cash on hand, was \$3,201,568 and the bank balance was \$3,631,028. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$3,381,028 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the city's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the City, the pledging bank, and the independent third-party bank holding the pledged securities. The City also had \$20,016,981 in the Kansas Municipal Investment Pool, as discussed previously.

Component Unit - At year-end, the carrying amount of the Library's cash, including certificates of deposit and cash on hand, was \$384,703 and the bank balance was \$384,703. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$134,703 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Library's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the Library, the pledging bank, and the independent third-party bank holding the pledged securities.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)
Receivables

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

	<u>General</u>	<u>Debt Service</u>	<u>Multi-Year Improvement</u>	<u>Solid Waste Disposal</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Other Governmental</u>	<u>Total</u>
Receivables								
Accounts	\$ 1,504,492	\$ -	\$ 800	\$ 418,252	\$ 381,163	\$ 397,285	\$ 2,609	\$ 2,704,601
Taxes	4,267,744	1,600,000	-	-	-	-	781,144	6,648,888
Gross Receivables	\$ 5,772,236	\$ 1,600,000	\$ 800	\$ 418,252	\$ 381,163	\$ 397,285	\$ 783,753	\$ 9,353,489
Less: Allowance for uncollectible	198,715	-	-	18,998	16,415	20,569	-	254,697
Total Receivables	\$ 5,573,521	\$ 1,600,000	\$ 800	\$ 399,254	\$ 364,748	\$ 376,716	\$ 783,753	\$ 9,098,792

Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2018, is as follows:

<u>Fund Types</u>	<u>Due From</u>	<u>Due To</u>
General fund	\$ 338,803	
Emporia Homeowner Repair		9,866
Airport Improvements		116,673
Waste Water Treatment Plant Improvements		63,164
2017 Housing		149,100
	<u>\$ 338,803</u>	<u>\$ 338,803</u>

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

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	<u>Balance January 1, 2018</u>	<u>Additions/ Restatements</u>	<u>Retirements</u>	<u>Balance December 31, 2018</u>
City Governmental Activities				
Capital assets - Not being depreciated				
Land	\$ 2,139,522	\$ 526,778	\$ -	\$ 2,666,300
Capital assets - Being depreciated				
Land improvements	208,126,163	532,529	-	208,658,692
Buildings and improvements	16,048,213	-	-	16,048,213
Vehicles	4,445,708	139,490	225,956	4,359,242
Equipment, furniture and fixtures	6,570,827	-	-	6,570,827
Total capital assets being depreciated	<u>\$ 235,190,911</u>	<u>\$ 672,019</u>	<u>\$ 225,956</u>	<u>\$ 235,636,974</u>
Total Capital Assets	<u>\$ 237,330,433</u>	<u>\$ 1,198,797</u>	<u>\$ 225,956</u>	<u>\$ 238,303,274</u>
Less: Accumulated Depreciation for				
Land improvements	\$ 180,458,191	\$ 6,689,446	\$ -	\$ 187,147,637
Buildings and improvements	12,006,794	517,858	-	12,524,652
Vehicles	3,043,787	388,968	224,289	3,208,466
Equipment, furniture and fixtures	5,064,272	301,309	-	5,365,581
Total Accumulated Depreciation	<u>\$ 200,573,044</u>	<u>\$ 7,897,581</u>	<u>\$ 224,289</u>	<u>\$ 208,246,336</u>
Governmental Activities				
Capital Assets - Net	<u>\$ 36,757,389</u>	<u>\$ (6,698,784)</u>	<u>\$ 1,667</u>	<u>\$ 30,056,938</u>
Business-Type Activities				
Capital assets - Not being depreciated				
Land	\$ 210,525	\$ 12,047	\$ -	\$ 222,572
CIP - Waste Water Plant	10,397,002	13,126,909	-	23,523,911
	<u>\$ 10,607,527</u>	<u>\$ 13,138,956</u>	<u>\$ -</u>	<u>\$ 23,746,483</u>
Capital assets - Being depreciated				
Land improvements	\$ 47,544,793	\$ 2,079,655	\$ -	\$ 49,624,448
Buildings and improvements	20,782,008	-	-	20,782,008
Vehicles	3,056,802	263,280	224,747	3,095,335
Equipment, furniture and fixtures	12,681,245	339,704	476,318	12,544,631
Total capital assets being depreciated	<u>\$ 84,064,848</u>	<u>\$ 2,682,639</u>	<u>\$ 701,065</u>	<u>\$ 86,046,422</u>
Total Capital Assets	<u>\$ 94,672,375</u>	<u>\$ 15,821,595</u>	<u>\$ 701,065</u>	<u>\$ 109,792,905</u>
Less: Accumulated Depreciation for				
Land improvements	\$ 26,151,183	\$ 1,294,173	\$ -	\$ 27,445,356
Buildings and improvements	12,511,493	507,590	-	13,019,083
Vehicles	2,529,416	174,158	224,747	2,478,827
Equipment, furniture and fixtures	8,849,776	348,611	392,274	8,806,113
Total Accumulated Depreciation	<u>\$ 50,041,868</u>	<u>\$ 2,324,532</u>	<u>\$ 617,021</u>	<u>\$ 51,749,379</u>
Business-Type Activities				
Capital Assets - Net	<u>\$ 44,630,507</u>	<u>\$ 13,497,063</u>	<u>\$ 84,044</u>	<u>\$ 58,043,526</u>

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

The City's depreciation expense was charged as follows:

Governmental Activities

General government	\$ 184,467
Public safety	464,008
Highways and streets	6,356,043
Culture and recreation	533,581
Building and maintenance	238,216
Airport operations	54,648
Planning and development	29,112
Total Depreciation	<u><u>\$ 7,860,075</u></u>

Business-Type Activities

Solid waste disposal	\$ 295,526
Sewer utility	989,498
Water utility	1,077,666
Total Depreciation	<u><u>\$ 2,362,690</u></u>

Long-Term Debt

During the year ended December 31, 2018, the following changes, including the reallocation of the general obligation bonds outstanding between governmental and business-type activities, occurred in long term liabilities:

	Balance January 1, 2018	Additions/ Adjustments	Reductions	Balance December 31, 2018	Amounts Due Within One Year
Governmental Activities					
General obligation	\$ 6,705,000	\$ 1,000,000	\$ 1,600,000	\$ 6,105,000	\$ 1,630,000
Compensated absences	356,099	59,146	52,970	362,275	120,758
Net pension liability	12,706,701	515,834	-	13,222,535	-
OPEB	1,015,454	132,089	45,070	1,102,473	-
	<u><u>\$ 20,783,254</u></u>	<u><u>\$ 1,707,069</u></u>	<u><u>\$ 1,698,040</u></u>	<u><u>\$ 20,792,283</u></u>	<u><u>\$ 1,750,758</u></u>
Business-Type Activities					
General obligation	\$ 13,300,000	\$ 6,190,000	\$ 1,830,000	\$ 17,660,000	\$ 2,225,000
Loans	10,397,002	13,126,909	-	23,523,911	1,188,607
Compensated absences	91,087	42,164	59,549	73,702	24,566
Net pension liability	863,037	1,521	-	864,558	-
	<u><u>\$ 23,788,089</u></u>	<u><u>\$ 19,359,073</u></u>	<u><u>\$ 1,889,549</u></u>	<u><u>\$ 41,257,613</u></u>	<u><u>\$ 3,438,173</u></u>

Prior period adjustment. A prior period adjustment was made to record \$958,131 of additions to Other Postemployment Benefit liabilities due to the implementation of GASB 75.

NOTE: Other postemployment benefit liabilities are generally liquidated by the General Fund.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)
Long-Term Debt (Continued)

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

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

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date of Final Maturity</u>	<u>Bonds Outstanding</u>
Governmental Activities					
2011 Internal Improvements	3.00% - 4.00%	6/3/2011	2,490,000	9/1/2021	\$ 640,000
2011B Internal Improvements	1.50% - 2.125%	12/22/2011	690,000	9/1/2021	165,000
2013 Internal Improvements	3.00%	12/30/2013	1,835,000	9/1/2023	220,000
2015 Internal Improvements	2.38%	7/30/2015	4,330,000	9/1/2030	3,045,000
2016 Internal Improvements	3.00%	11/25/2016	1,990,000	9/1/2029	1,035,000
2018 Internal Improvements	2.81%	6/26/2018	1,000,000	9/1/2033	1,000,000
Total Governmental Activities					<u>\$ 6,105,000</u>
Business-Type Activities					
2011 Internal Improvements	3.00% - 4.00%	6/3/2011	5,400,000	9/1/2021	\$ 1,360,000
2012A Refunding Issue	2.00% - 3.50%	1/4/2012	6,420,000	9/1/2029	3,250,000
2013 Internal Improvements	3.00%	12/30/2013	2,445,000	9/1/2023	1,385,000
2015 Internal Improvements	2.38%	7/30/2015	3,775,000	9/1/2030	3,170,000
2016 Internal Improvements	3.00%	11/25/2016	2,850,000	9/1/2029	2,305,000
2018 Internal Improvements	2.81%	6/26/2018	6,190,000	9/1/2033	6,190,000
Total Business-Type Activities					<u>\$ 17,660,000</u>
					<u>\$ 23,765,000</u>

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

<u>Year</u>	<u>Business-Type Activities</u>		<u>Governmental Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2019	\$ 2,225,000	\$ 632,407	\$ 1,630,000	\$ 214,346	\$ 4,701,753
2020	2,315,000	516,019	890,000	151,638	3,872,657
2021	1,905,000	442,307	920,000	124,431	3,391,738
2022	1,840,000	380,256	880,000	96,532	3,196,788
2023	1,775,000	317,638	935,000	64,050	3,091,688
2024 - 2028	5,110,000	921,888	835,000	58,950	6,925,838
2029 - 2033	2,490,000	225,100	15,000	450	2,730,550
	<u>\$ 17,660,000</u>	<u>\$ 3,435,615</u>	<u>\$ 6,105,000</u>	<u>\$ 710,397</u>	<u>\$ 27,911,012</u>

Loans payable. The City entered into a loan agreement with the Kansas Department of Health & Environment through the Kansas Water Pollution Control Revolving Loan Fund related to a waste water treatment plant improvement project. The total project principal will be \$28,372,145, with construction period interest and services fees of \$362,856. As of December 31, 2018, the principal outstanding was \$23,523,911. The interest rate on the loan is 1.94%, which includes .25% for service fees. The first payment on this loan is due March 1, 2019, with a maturity date of September 1, 2038. This loan is reported in the sewer proprietary fund.

Loans currently outstanding are as follows:

<u>Loans</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Original Issue</u>	<u>Date of Final Maturity</u>	<u>Loans Outstanding</u>
Business-Type Activities					
KDHE Loan - Waste Water	1.94%	11/7/2017	<u>\$ 23,523,911</u>	9/1/2038	<u>\$ 23,523,911</u>

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)
Long-Term Debt (Continued)

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

Conduit Debt - The City has entered into several conduit debt arrangements wherein the City issues industrial revenue bonds to finance a portion of the construction of facilities by private enterprises. In return, the private enterprises have executed mortgage notes or leases with the City. The City is not responsible for payment of the original bonds, but rather the debt is secured only by the cash payments agreed to be paid by the private enterprises under the terms of the mortgage or lease agreements. Generally, the conduit debt is arranged so that payments required by the private enterprises are equal to the mortgage payment schedule related to the original debt. As of December 31, 2018, total outstanding conduit debt was \$6,122,008.

General Obligation Bonds Issued

During 2018, the city issued \$7,190,000 in general obligation bonds. \$1,000,000 of these bonds were issued for governmental activities, and \$6,190,000 were issued for business-type activities. The bonds were issued on June 26, 2018 and will mature September 1, 2033.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for the loan is as follows:

<u>Year</u>	<u>Business-Type Activities</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 1,188,607	\$ 516,543	\$ 1,705,150
2020	1,211,779	528,551	1,740,330
2021	1,235,401	504,928	1,740,329
2022	1,259,485	480,846	1,740,331
2023	1,284,037	456,294	1,740,331
2024 - 2028	6,805,553	1,896,096	8,701,649
2029 - 2033	7,495,264	1,206,385	8,701,649
2034 - 2038	3,043,785	446,773	3,490,558
	<u>\$ 23,523,911</u>	<u>\$ 6,036,416</u>	<u>\$ 26,069,769</u>

Reconciliation of Transfers

A reconciliation of interfund transfers follows:

	<u>To</u>	<u>From</u>
Major Funds		
General	\$ 2,372,718	\$ 4,112,957
Multi-year improvement	2,385,756	40,000
Debt service	889,619	670,000
Other governmental funds	8,592,098	1,191,594
Water Utility	744	6,596,787
Sewer Utility	670,000	1,468,333
Solid Waste Disposal	-	831,264
	<u>\$ 14,910,935</u>	<u>\$ 14,910,935</u>

Capital Projects

At December 31, 2018, the City had contractual commitments for the construction of the following projects:

	<u>Expenditures to Date</u>	<u>Amount Authorized</u>
Replace Lift Station #9	\$ 777,622	\$ 749,040
Upgrade Waste Water Treatment Plant	25,010,833	28,633,903
Water Line Kansas Ave and Warren Way	1,154,036	1,061,665
Elevated Water Tower	169,501	3,148,312
Lime Slaker Rehab	121,433	401,500
Utility Improvements Bunge Railway	35,846	274,656

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Net Position

The amounts reported on the statement of net position identified as net investment in capital assets

	Governmental Activities	Business-Type Activities	Primary Government Total
Total net capital assets	\$ 30,056,938	\$ 58,043,526	\$ 88,100,464
Less:			
Current portion of general obligation bonds and temporary notes payable	1,630,000	2,225,000	3,855,000
Non-current portion of loans payable	-	23,523,911	23,523,911
Non-current portion of general obligation bonds and temporary notes payable	4,475,000	16,628,831	21,103,831
Net Investment in Capital Assets	\$ 23,951,938	\$ 15,665,784	\$ 39,617,722

Note 4: Other Information

Defined Benefit Pension Plan

Description of Pension Plan. The City participates in a cost-sharing multiple-employer 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 corporate body 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 are included in the Local employees group and the Kansas Police and Firemen group. KPERs issues a stand-alone comprehensive annual financial report, which is available on the KPERs website at www.kpers.org.

Benefits. Benefits are established by statute and may only be changed by the State Legislature. Members (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 a member's combined age and years of service equal 85. 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 EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 4: Other Information

Defined Benefit Pension Plan (Continued)

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members 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.

Members choose one of seven payment options for their monthly retirement benefits. At retirement, a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member'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. Member contributions are established by state law, and are paid by the employee 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. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and school 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.

The actuarially determined employer contribution rate and the statutory contribution rates are as follows:

	Actuarial Employer Rate	Statutory Employer Capped Rate
Local government employees	8.46%	8.46%
Police and Firemen	19.03%	19.03%

Member contribution rates as a percentage of eligible compensation for the fiscal year 2018 are 6.00% for Public Employees and 7.15% for Police and Firemen.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 4: Other Information

Defined Benefit Pension Plan (Continued)

Employer Allocations. 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 allocation percentages for the City's share of the collective pension amounts as of December 31, 2018, are based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended December 31, 2018. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2018, the City's proportion for the Local employees group was 0.3203%, which was a decrease of .050% from its proportion measured at June 30, 2017. At June 30, 2018, the City's proportion for the Police and Firemen group was .9521%, which was a decrease of .284% from its proportion measured at June 30, 2017.

Net Pension Liability. At December 31, 2018, the City reported a liability of \$14,087,093 for its total proportionate share of the net pension liability for the Local and Police and Firemen groups. The Emporia Public Library, a discretely presented component unit, reported a liability of \$326,830 for its proportionate share.

Actuarial Assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions:

<u>Assumption</u>	<u>Rate</u>
Actuarial Cost Method	Entry age normal
Inflation	2.75 percent
Salary Increases	4.00 to 16.00 percent including price inflation
Investment Rate of Return	7.75 percent compounded annu investment expenses, including price inflation

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. The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 through December 31, 2015.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 4: Other Information

Defined Benefit Pension Plan (Continued)

The long-term expected rate of return of 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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47%	6.85%
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 investment	2%	-0.25%
	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 8.00%. 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 State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups 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 Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, 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.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 4: Other Information

Defined Benefit Pension Plan (Continued)

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the 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:

	<u>1% Decrease (6.75%)</u>	<u>Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Local	\$ 6,817,211	\$ 4,648,164	\$ 2,815,124
Police and Firemen	13,452,351	9,438,929	6,078,810
Total	<u>\$ 20,269,562</u>	<u>\$ 14,087,093</u>	<u>\$ 8,893,934</u>

Pension Expense. For the year ended December 31, 2018, the City recognized Local pension expense of \$435,943 and Police and Firemen pension expense of \$1,134,672, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Deferred Outflows of Resources and Deferred Inflows of Resources. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contributions subsequent to the measurement date	\$ 763,742	\$ -
Differences between actual and expected experience	593,527	175,317
Net differences between projected and actual earnings on investments	354,384	-
Changes of assumptions	698,333	48,436
Changes in proportion	358,087	534,479
Total	<u>\$ 2,768,073</u>	<u>\$ 758,232</u>

The City reported \$763,742 as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Local Group Deferred (Inflows) Outflows Amount</u>	<u>Police and Firemen Group Deferred (Inflows) Outflows Amount</u>
2019	\$ 340,825	\$ 1,066,355
2020	50,507	381,701
2021	(84,139)	61,931
2022	26,501	134,842
2023	6,931	24,386
Thereafter	-	-
Total	<u>\$ 340,625</u>	<u>\$ 1,669,215</u>

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 4: Other Information (Continued)

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settlements of claims have not exceeded available coverage for the years ended December 31, 2018, 2017, and 2016.

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

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

	2018	2017
Unpaid claims - January 1	\$ 407,459	\$ 105,960
Incurred claims (including IBNRs)	805,718	801,173
Claim payments	(1,006,409)	(499,674)
Unpaid claims - December 31	\$ 206,768	\$ 407,459

Contingent Liabilities

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City at December 31, 2018.

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

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 4: Other Information (Continued)

New Governmental Accounting Standards

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

GASB Statement No. 83, *Certain Asset Retirement Obligations*, issued November 2016, will be effective for the City beginning with its fiscal year ending December 31, 2019.

GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the City beginning with its fiscal year ending December 31, 2019.

GASB Statement No. 87, *Leases*, issued June 2018, will be effective for the City beginning with its fiscal year ending December 31, 2020, with earlier adoption encouraged.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placement*, issued April 2018, will be effective for the City beginning with its fiscal year ending December 31, 2019, with earlier adoption encouraged.

GASB Statement No. 90, *Majority Equity Interest*, issued August 2018, will be effective for the City beginning with its fiscal year ending December 31, 2019, with earlier adoption encouraged.

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the City's fiscal year ending December 31, 2021, with earlier adoption encouraged.

Adoption of New Accounting Standard

During the year, the City adopted GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, which replaces the requirements of GASB No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions and requires governments to report a liability on the face of all financial statements for the OPEB 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 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.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 4: Other Information (Continued)
Postemployment Benefits Other Than Pensions
Health Insurance

Plan Description

The City offers postemployment health insurance to retired employees. The benefits are provided through a single employer defined benefit postemployment healthcare plan administered by the City. Kansas statutes provide that postemployment healthcare benefits be extended to 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 dependants as for active employees and their dependants. The benefit is available for selection at retirement and is extended to retirees and their dependants until the individuals become eligible for Medicare at age 65. The plan does not issue a stand-alone financial report.

Funding Policy

The City provides medical, prescription drug, and dental benefits (healthcare benefits) 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% of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 120% of the premium cost of active employee.

The City provides funding for the expenditures on a pay-as-you-go basis through the Health Care Fund. At December 31, 2018, the following employees were covered by the benefit terms:

Active employees	280
Inactive members currently receiving benefits	17
Total	297

Total OPEB Liability

The City's total OPEB liability of \$733,947 was measured as of January 1, 2018 and was determined by actuarial valuation as of that date. The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following assumptions and other inputs, applied to all periods in the measurement, unless otherwise specified.

Measurement date	December 31, 2018
Valuation date	January 1, 2017
Reporting date	December 31, 2018
Measurement period	January 1, 2018 to December 31, 2018
Actuarial method	Entry Age Normal Level Percentage of Pay
Inflation	2.5% per year
Payroll growth	2.5% per year
Discount rate	3.44% per year
Future retiree participation rate	30% for employees currently electing coverage. 0% for employees waiving coverage
Initial spouse participation rate	Male and female employees: 20% Husbands are assumed to be three years older than wives.
Mortality	RP 2014 Healthy Annuitant Mortality Tables adjusted to 2006 and projected with MP-2017 improvement scale.
Disability	None

The discount rate used in valuing OPEB liabilities for unfunded plans as of the measurement date must be based on a yield for 20-year-tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent on another rating scale).

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Note 4: Other Information (Continued)
Postemployment Benefits Other Than Pensions (Continued)
Health Insurance

Changes in the total OPEB liability are as follows:

Balance 1/1/2018	\$	689,571
Service Cost		15,987
Interest		26,702
Changes of benefit terms		-
Difference between expected and actual experience		-
Changes of assumptions/methodology		99,687
Benefit payments		(58,000)
Net change in total OPEB liability		<u>84,376</u>
Total OPEB liability 12/31/2018	\$	<u><u>773,947</u></u>
Total OPEB liability as a percentage of covered payroll		7.91%
Covered payroll		9,784,244

The following represents the total OPEB liability, calculated using the current discount rate of 3.44%, as well as the total OPEB liability calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease -2.44%	Current Discount -3.44%	1% Increase -4.44%
Total OPEB liability	<u>835,736</u>	<u>773,947</u>	<u>719,407</u>

The following represents the total OPEB liability, calculated using the current healthcare cost trend rate of 7.00% decreasing to 5.00%, as well as the total OPEB liability calculated using a healthcare cost trend that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6% decreasing to 4%)	Current Trend Rates (7.00% decreasing to 5%)	1% Increase (8% decreasing to 6%)
	<u>715,376</u>	<u>773,947</u>	<u>840,494</u>

OPEB Expense

For the year ended December 31, 2018, the City recognized OPEB expense of \$54,846.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Note 4: Other Information (Continued)
Postemployment Benefits Other Than Pensions (Continued)
Health Insurance

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the City reported deferred outflows related to other postemployment benefits from the following sources:

Differences between expected and actual experience	\$	-
Changes in assumptions		87,530
Total deferred inflows		87,530

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Deferred (Inflows) Outflows Amount
2019	\$ 12,157
2020	12,157
2021	12,157
2022	12,157
2023	12,157
Thereafter	26,745
Total	\$ 87,530

Disability Benefits and Life Insurance

Plan Description, Benefits Provided and Contributions

The City participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERs). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERs members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERs that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended December 31, 2018 totaled \$.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 December 31, 2018

Note 4: Other Information (Continued)
Postemployment Benefits Other Than Pensions (Continued)
Disability Benefits and Life Insurance (Continued)

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60 percent (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever comes first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability of 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of the disability, or 2) the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If the member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Employees Covered by Benefit Terms

As of the valuation date of December 31, 2017, the following employees were covered by the benefit terms:

Active Plan Members	145
Inactive Employees or Beneficiary Currently Receiving Benefits	2
	147
	147

The total OPEB liability for the City was measured as of June 30, 2018 and was determined by an actuarial valuation performed as of December 31, 2017.

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Note 4: Other Information (Continued)
Postemployment Benefits Other Than Pensions (Continued)
Disability Benefits and Life Insurance (Continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless

Discount Rate	3.87 percent
Implicit Inflation Rate	2.75 percent
Mortality Rates	Local Males: 90% of RP-2014 M Total Dataset +2 Local Females: 90% of RP-2014 F Total Dataset +1 Generational mortality improvements were projected for future years using MP-2018.
Salary Increases	3.5 percent (composed of 2.75 percent inflation and 0.75 percent productivity)
Payroll Growth	3.00 percent
Actuarial Cost Method	Entry Age Normal

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the period July 1, 2014 through June 30, 2016.

Changes and items of impact relative to the prior valuation were as follows:

- 1) The discount rate was updated in accordance with requirements of GASB 75.
- 2) The mortality projection scale was updated to the most recent table published by the Society of Actuaries.

Changes in the Total OPEB Liability

Balance at December 31, 2017	\$ 325,883
Changes for the Year:	
Service Cost	20,328
Interest	12,074
Changes in Economic/Demographic Gains or Losses	(5,774)
Changes in Assumptions or Other Inputs	(5,871)
Benefit Payments	(18,114)
	<hr/>
Balance at December 31, 2018	<u>\$ 328,526</u>

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2018

Note 4: Other Information (Continued)
Postemployment Benefits Other Than Pensions (Continued)
Disability Benefits and Life Insurance

Changes in the Total OPEB Liability

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate:

	1% Decrease -2.87%	Current Discount -3.87%	1% Increase -4.87%
Total OPEB liability	349,234	328,526	309,411

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Coist Trend Rates

The following represents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current rates

	1% Decrease (6% decreasing to 4%)	Current Trend Rates (7.00% decreasing to 5%)	1% Increase (8% decreasing to 6%)
	328,526	328,526	328,526

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$84,462. At December 31, 2018, the City reported deferred outflows and inflows of resourceds related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumption or Other Inputs	\$ -	\$ (17,434)
Differences Between Expected and Actual Experience	-	(5,178)
	\$ -	\$ (22,612)

CITY OF EMPORIA, KANSAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018

Note 4: Other Information (Continued)
Postemployment Benefits Other Than Pensions (Continued)
Disability Benefits and Life Insurance

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31,		
2019	\$	(2,786)
2020		(2,786)
2021		(2,786)
2022		(2,786)
2023		(2,786)
2024 and Thereafter*		(8,682)
	\$	(22,612)

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

**CITY OF EMPORIA, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION**

December 31, 2018

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Health Insurance**

Last Fiscal Year*

	2018
Total OPEB Liability	
Service cost	\$ 15,987
Interest	26,702
Benefit paid	(58,000)
Difference between expected and actual experience	-
Changes in assumptions	99,687
Net change in total OPEB liability	84,376
Total OPEB liability - beginning	689,571
Total OPEB liability - ending	\$ 773,947
 Covered payroll	 \$ 9,784,244

Total OPEB liability as a percentage of covered payroll 7.91%

*Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is unavailable.

**Schedule of Changes in the City's Total OPEB Liability and Related Ratios
Disability Benefits and Life Insurance**

Last Fiscal Year*

	2018
Total OPEB Liability	
Service cost	\$ 20,328
Interest	12,074
Benefit paid	(18,114)
Effect of economic/demographic gains or losses	(5,774)
Effect of assumptions changes or inputs	(5,871)
Net change in total OPEB liability	2,643
Total OPEB liability - beginning	325,883
Total OPEB liability - ending	\$ 328,526
 Covered payroll	 \$ 5,693,456

Total OPEB liability as a percentage of covered payroll 5.77%

*Data became available with the inception of GASB 75 during fiscal year 2018, therefore 10 years of data is unavailable.

CITY OF EMPORIA, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
December 31, 2018

KPERS AND KP&F PENSION PLAN

City Pension Plan

Schedule of the City's Proportionate Share of the Net Pension Liability (Continued)

Last Ten Fiscal Years*

	Local 12/31/2018	Police and Firemen 12/31/2018
City's percentage share of the net pension liability	0.333%	0.981%
City's proportionate share of the net pension liability	\$ 4,648,164	\$ 9,438,929
City's covered payroll	\$ 5,976,602	\$ 5,107,249
City's proportionate share of the net pension liability as a percentage of covered payroll	77.77%	184.81%
Plan fiduciary net position as a percentage of the total pension liability	66.00%	71.25%
	Local 12/31/2017	Police and Firemen 12/31/2017
City's percentage share of the net pension liability	0.320%	0.952%
City's proportionate share of the net pension liability	\$ 4,639,403	\$ 8,929,395
City's covered payroll	\$ 5,809,077	\$ 4,914,795
City's proportionate share of the net pension liability as a percentage of covered payroll	79.86%	181.68%
Plan fiduciary net position as a percentage of the total pension liability	65.00%	69.30%
	Local 12/31/2016	Police and Firemen 12/31/2016
City's percentage share of the net pension liability	3.250%	98.100%
City's proportionate share of the net pension liability	\$ 5,032,781	\$ 9,107,455
City's covered payroll	\$ 5,311,993	\$ 4,629,703
City's proportionate share of the net pension liability as a percentage of covered payroll	94.74%	196.72%
Plan fiduciary net position as a percentage of the total pension liability	65.00%	69.30%
	Local 12/31/2015	Police and Firemen 12/31/2015
City's percentage share of the net pension liability	0.349%	1.016%
City's proportionate share of the net pension liability	\$ 4,586,831	\$ 7,376,621
City's covered payroll	\$ 5,601,674	\$ 4,636,234
City's proportionate share of the net pension liability as a percentage of covered payroll	81.88%	159.11%
Plan fiduciary net position as a percentage of the total pension liability	64.00%	74.60%

* Data became first available with the inception of GASB Statement 68 during fiscal year 2015; therefore, 10 years of data is unavailable.

CITY OF EMPORIA, KANSAS
REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
December 31, 2018

KPERS AND KP&F PENSION PLAN
City Pension Plan
Schedule of Contributions
Last Ten Fiscal Years*

	Local 12/31/2018	Police and Firemen 12/31/2018
Contractually required contribution	\$ 501,064	\$ 938,575
Contributions in relation to the contractually required contribution	501,064	938,575
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 5,809,077</u>	<u>\$ 4,914,795</u>
Contributions as a percentage of covered employee payroll	8.63%	19.10%

	Local 12/31/2017	Police and Firemen 12/31/2017
Contractually required contribution	\$ 501,064	\$ 938,575
Contributions in relation to the contractually required contribution	501,064	938,575
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 5,809,077</u>	<u>\$ 4,914,795</u>
Contributions as a percentage of covered employee payroll	8.63%	19.10%

	Local 12/31/2016	Police and Firemen 12/31/2016
Contractually required contribution	\$ 520,381	\$ 973,935
Contributions in relation to the contractually required contribution	520,381	973,935
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 5,311,993</u>	<u>\$ 4,629,703</u>
Contributions as a percentage of covered employee payroll	9.80%	21.04%

	Local 12/31/2015	Police and Firemen 12/31/2015
Contractually required contribution	\$ 595,493	\$ 999,035
Contributions in relation to the contractually required contribution	595,493	999,035
Contribution Excess (Deficiency)	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 5,601,674</u>	<u>\$ 4,636,234</u>
Contributions as a percentage of covered employee payroll	10.63%	21.55%

Data became first available with the inception of GASB Statement 68 during fiscal year 2015; therefore, 10 years of data is unavailable.

OTHER FINANCIAL INFORMATION

CITY OF EMPORIA, KANSAS
COMBINING STATEMENTS - NON-MAJOR FUNDS

December 31, 2018

Non-Major Special Revenue Funds

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

Budgeted Funds

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

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

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

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

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

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

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

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

Non-Budgeted Funds

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

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

CITY OF EMPORIA, KANSAS
COMBINING STATEMENTS - NON-MAJOR FUNDS
December 31, 2018

Non-Major Special Revenue Fund (Continued)
Non-Budgeted Funds

Law Enforcement Block Grants Fund - to account for receipts and expenditures of police department related grant funds.

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

2014 Housing Fund - to account for the housing grant funds.

911 Land Wireless Fees Fund - To account for fees collected and expenditures made.

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

TDD Fund - To account for funds associated with the Transportation Development District.

CID Fund - To account for funds associated with the Community Improvement District.

TIF Fund - To account for funds associated with the Tax Incremental Financing District.

Emporia Home Repair Fund - To account for the funds used in the home repair program.

2017 Housing Fund - To account for the housing grant funds.

Non-Major Capital Project Funds

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

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

Airport Improvements Fund - To account for the costs of new airport improvements.

Recreation Center Improvements Fund - To account for the costs of improvements to the recreation center.

Construction Projects Fund - To account for the funds appropriated for various construction projects of the City of Emporia.

Park Improvements Fund - To account for the costs of improving existing parks.

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

Water Treatment Plant Improvements Fund - to account for the costs of the water treatment plant improvements.

Waste Water Treatment Plant Improvements Fund - to account for the costs of the waste water treatment plant improvements.

**CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2018**

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
ASSETS			
Current Assets			
Cash and investments	\$ 2,240,251	\$ 4,195,032	\$ 6,435,283
Receivables			
Accounts	2,609	-	2,609
Taxes	781,144	-	781,144
	<u>781,144</u>	<u>-</u>	<u>781,144</u>
Total Assets	<u>\$ 3,024,004</u>	<u>\$ 4,195,032</u>	<u>\$ 7,219,036</u>
 LIABILITIES AND FUND BALANCE			
Liabilities			
Due to other funds	\$ 158,966	\$ 179,838	\$ 338,804
Accounts payable	16,765	943,013	959,778
Accrued liabilities	551,928	-	551,928
Unearned revenue	781,144	-	781,144
	<u>781,144</u>	<u>-</u>	<u>781,144</u>
Total Liabilities	<u>\$ 1,508,803</u>	<u>\$ 1,122,851</u>	<u>\$ 2,631,654</u>
 Fund Balance			
Restricted:			
Urban development and housing	\$ 725,433	\$ -	\$ 725,433
General government	-	-	-
Capital projects	-	-	-
Public safety	151,251	-	151,251
Culture and recreation	43,723	-	43,723
Public works	551,879	-	551,879
Debt service	1,149	-	1,149
Committed:			
Capital projects	48,743	3,072,181	3,120,924
Unrestricted	(6,977)	-	(6,977)
	<u>(6,977)</u>	<u>-</u>	<u>(6,977)</u>
Total Fund Balance	<u>\$ 1,515,201</u>	<u>\$ 3,072,181</u>	<u>\$ 4,587,382</u>
 Total Liabilities and Fund Balance	 <u>\$ 3,024,004</u>	 <u>\$ 4,195,032</u>	 <u>\$ 7,219,036</u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	Total Non-Major Special Revenue Funds	Total Non-Major Capital Project Funds	Total Non-Major Governmental Funds
REVENUES			
Taxes	\$ 1,607,283	\$ -	\$ 1,607,283
Intergovernmental	1,240,200	401,217	1,641,417
Use of money and property	29,086	69,974	99,060
Contributions	505	463,257	463,762
Miscellaneous	101,942	177,436	279,378
Total Revenues	\$ 2,979,016	\$ 1,111,884	\$ 4,090,900
EXPENDITURES			
Current			
General government	\$ 660,853	\$ -	\$ 660,853
Law enforcement	55,099	-	55,099
Highways and streets	736,155	-	736,155
Culture and recreation	852,933	-	852,933
Health and environment	100,400	-	100,400
Planning and development	871,530	-	871,530
Capital outlay	-	19,105,505	19,105,505
Total Expenditures	\$ 3,276,970	\$ 19,105,505	\$ 22,382,475
Excess (deficiency) of revenues over (under) expenditures	\$ (297,954)	\$ (17,993,621)	\$ (18,291,575)
OTHER FINANCING SOURCES (USES)			
Issuance of bonds	\$ -	\$ 14,126,909	\$ 14,126,909
Transfers in	943,797	7,462,757	8,406,554
Transfers out	(571,734)	(684,316)	(1,256,050)
Total Other Financing Sources (Uses)	\$ 372,063	\$ 20,905,350	\$ 21,277,413
Net Change in Fund Balance	\$ 74,109	\$ 2,911,729	\$ 2,985,838
Fund Balance - Beginning	1,441,092	160,452	1,601,544
Fund Balance - Ending	\$ 1,515,201	\$ 3,072,181	\$ 4,587,382

CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
December 31, 2018

	<u>Library</u>	<u>Convention and Tourism Promotion</u>	<u>Industrial</u>	<u>Special Alcohol Program</u>	<u>2017 Housing</u>
ASSETS					
Current Assets					
Cash and investments	\$ 1,600	\$ 388,105	\$ 40,474	\$ 83,216	\$ -
Receivables					
Accounts	-	602	-	-	-
Taxes	780,144	-	1,000	-	-
Total Assets	<u>\$ 781,744</u>	<u>\$ 388,707</u>	<u>\$ 41,474</u>	<u>\$ 83,216</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 149,100
Accounts payable	-	-	-	-	(24)
Accrued liabilities	-	-	-	-	-
Deferred inflows	780,144	-	1,000	-	-
Total Liabilities	<u>\$ 780,144</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 149,076</u>
Fund Balance					
Restricted:					
Urban development and housing	\$ -	\$ 388,707	\$ 40,474	\$ -	\$ -
General government	-	-	-	-	-
Capital projects	-	-	-	-	-
Public safety	-	-	-	83,216	-
Culture and recreation	1,600	-	-	-	-
Public works	-	-	-	-	-
Debt service	-	-	-	-	-
Committed:					
Urban development and housing	-	-	-	-	-
Unrestricted	-	-	-	-	(149,076)
Total Fund Balance (Deficit)	<u>\$ 1,600</u>	<u>\$ 388,707</u>	<u>\$ 40,474</u>	<u>\$ 83,216</u>	<u>(149,076)</u>
Total Liabilities and Fund Balance	<u>\$ 781,744</u>	<u>\$ 388,707</u>	<u>\$ 41,474</u>	<u>\$ 83,216</u>	<u>\$ -</u>

<u>Special Park and Recreation</u>	<u>Special Street</u>	<u>Drug Money Forfeiture</u>	<u>Industrial Development Sales Tax</u>	<u>Housing Study RDA</u>
\$ 42,103	\$ 586,336	\$ 52,953	\$ 922,626	\$ 1,694
-	2,007	-	-	-
-	-	-	-	-
<u>\$ 42,103</u>	<u>\$ 588,343</u>	<u>\$ 52,953</u>	<u>\$ 922,626</u>	<u>\$ 1,694</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	9,622	-	-	-
-	26,842	-	525,000	-
-	-	-	-	-
<u>\$ -</u>	<u>\$ 36,464</u>	<u>\$ -</u>	<u>\$ 525,000</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 397,626	\$ 1,694
-	-	-	-	-
-	-	-	-	-
-	-	52,953	-	-
42,103	-	-	-	-
-	551,879	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 42,103</u>	<u>\$ 551,879</u>	<u>\$ 52,953</u>	<u>\$ 397,626</u>	<u>\$ 1,694</u>
<u>\$ 42,103</u>	<u>\$ 588,343</u>	<u>\$ 52,953</u>	<u>\$ 922,626</u>	<u>\$ 1,694</u>

CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
December 31, 2018

	<u>Emergency Shelter</u>	<u>Law Enforcement Block Grants</u>	<u>DARE Crime Prevention</u>	<u>2014 Housing</u>
ASSETS				
Current Assets				
Cash and investments	\$ 9,632	\$ 3,466	\$ 1,687	\$ 52,683
Receivables				
Accounts	-	-	-	-
Taxes	-	-	-	-
Total Assets	<u>\$ 9,632</u>	<u>\$ 3,466</u>	<u>\$ 1,687</u>	<u>\$ 52,683</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	491	-	6,675
Accrued liabilities	-	86	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>\$ -</u>	<u>\$ 577</u>	<u>\$ -</u>	<u>\$ 6,675</u>
Fund Balance				
Restricted				
Urban development and housing	\$ -	\$ -	\$ -	\$ 46,008
General government	-	-	-	-
Capital projects	-	-	-	-
Public safety	-	-	1,687	-
Culture and recreation	-	-	-	-
Public works	-	-	-	-
Debt service	-	-	-	-
Committed:				
Urban development and housing	9,632	-	-	-
Unrestricted	-	2,889	-	-
Total Fund Balance (deficit)	<u>\$ 9,632</u>	<u>\$ 2,889</u>	<u>\$ 1,687</u>	<u>\$ 46,008</u>
Total Liabilities and Fund Balance	<u>\$ 9,632</u>	<u>\$ 3,466</u>	<u>\$ 1,687</u>	<u>\$ 52,683</u>

<u>911 Land Wireless Fees</u>	<u>Lake Kahola</u>	<u>TDD Fund</u>	<u>CID Fund</u>	<u>TIF Fund</u>	<u>Emporia Homeowner Repair</u>	<u>Totals</u>
\$ 13,396	\$ 20	\$ 1,149	\$ 20,620	\$ 18,491	\$ -	\$ 2,240,251
-	-	-	-	-	-	2,609
-	-	-	-	-	-	781,144
<u>\$ 13,396</u>	<u>\$ 20</u>	<u>\$ 1,149</u>	<u>\$ 20,620</u>	<u>\$ 18,491</u>	<u>\$ -</u>	<u>\$ 3,024,004</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,866	\$ 158,966
1	-	-	-	-	-	16,765
-	-	-	-	-	-	551,928
-	-	-	-	-	-	781,144
<u>\$ 1</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,866</u>	<u>\$ 1,508,803</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 725,433
-	-	-	-	-	-	-
-	-	-	-	-	-	-
13,395	-	-	-	-	-	151,251
-	20	-	-	-	-	43,723
-	-	-	-	-	-	551,879
-	-	1,149	-	-	-	1,149
-	-	-	20,620	18,491	-	48,743
-	-	-	-	-	(9,866)	(6,977)
<u>\$ 13,395</u>	<u>\$ 20</u>	<u>\$ 1,149</u>	<u>\$ 20,620</u>	<u>\$ 18,491</u>	<u>\$ (9,866)</u>	<u>\$ 1,515,201</u>
<u>\$ 13,396</u>	<u>\$ 20</u>	<u>\$ 1,149</u>	<u>\$ 20,620</u>	<u>\$ 18,491</u>	<u>\$ -</u>	<u>\$ 3,024,004</u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2018

	<u>Library</u>	<u>Convention and Tourism Promotion</u>	<u>Industrial</u>	<u>Special Alcohol Program</u>
REVENUES				
Taxes	\$ 852,489	\$ -	\$ 1,214	\$ -
Intergovernmental	-	690,576	-	92,876
Use of money and property	-	4,113	578	1,191
Donations	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>\$ 852,489</u>	<u>\$ 694,689</u>	<u>\$ 1,792</u>	<u>\$ 94,067</u>
EXPENDITURES				
General government	\$ -	605,538	\$ -	\$ -
Law enforcement	-	-	-	-
Highways and streets	-	-	-	-
Culture and recreation	850,889	-	-	-
Health and environment	-	-	-	100,400
Planning and development	-	-	55	-
Total Expenditures	<u>\$ 850,889</u>	<u>\$ 605,538</u>	<u>\$ 55</u>	<u>\$ 100,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,600</u>	<u>\$ 89,151</u>	<u>\$ 1,737</u>	<u>\$ (6,333)</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 Balance	\$ 1,600	\$ 89,151	\$ 1,737	\$ (6,333)
Fund Balance - Beginning	-	299,556	38,737	89,549
Fund Balance - End	<u>\$ 1,600</u>	<u>\$ 388,707</u>	<u>\$ 40,474</u>	<u>\$ 83,216</u>

2017 Housing	Special Park and Recreation	Special Street	Drug Money Forfeiture	Industrial Development Sales Tax	Housing Study RDA
\$ -	\$ -	\$ 753,580	\$ -	\$ -	\$ -
234,275	92,876	-	19,883	-	-
-	1,567	8,673	651	11,535	-
-	-	-	-	-	-
-	-	22,477	-	79,465	-
<u>\$ 234,275</u>	<u>\$ 94,443</u>	<u>\$ 784,730</u>	<u>\$ 20,534</u>	<u>\$ 91,000</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	38,675	-	-
-	-	736,155	-	-	-
-	2,044	-	-	-	-
-	-	-	-	-	-
289,442	-	-	-	508,000	-
<u>\$ 289,442</u>	<u>\$ 2,044</u>	<u>\$ 736,155</u>	<u>\$ 38,675</u>	<u>\$ 508,000</u>	<u>\$ -</u>
\$ (55,167)	\$ 92,399	\$ 48,575	\$ (18,141)	\$ (417,000)	\$ -
\$ 1,772	\$ -	\$ -	\$ -	\$ 900,000	\$ -
-	(275,000)	-	-	(296,734)	-
<u>\$ 1,772</u>	<u>\$ (275,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 603,266</u>	<u>\$ -</u>
\$ (53,395)	\$ (182,601)	\$ 48,575	\$ (18,141)	\$ 186,266	\$ -
(95,681)	224,704	503,304	71,094	211,360	1,694
<u>\$ (149,076)</u>	<u>\$ 42,103</u>	<u>\$ 551,879</u>	<u>\$ 52,953</u>	<u>\$ 397,626</u>	<u>\$ 1,694</u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2018

	Emergency Shelter	Law Enforcement Block Grants	DARE Crime Prevention	2014 Housing
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	60,368	3,585	-	3,300
Use of money and property	-	-	-	-
Donations	-	505	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>\$ 60,368</u>	<u>\$ 4,090</u>	<u>\$ -</u>	<u>\$ 3,300</u>
EXPENDITURES				
General government	\$ 55,315	\$ -	\$ -	\$ -
Law enforcement	-	4,445	-	-
Highways and streets	-	-	-	-
Culture and recreation	-	-	-	-
Health and environment	-	-	-	-
Planning and development	-	-	-	26,935
Total Liabilities	<u>\$ 55,315</u>	<u>\$ 4,445</u>	<u>\$ -</u>	<u>\$ 26,935</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 5,053</u>	<u>\$ (355)</u>	<u>\$ -</u>	<u>\$ (23,635)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 3,797	\$ -	\$ 38,228
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 3,797</u>	<u>\$ -</u>	<u>\$ 38,228</u>
Net Change in Fund Balance	\$ 5,053	\$ 3,442	\$ -	\$ 14,593
Fund Balance - Beginning	<u>4,579</u>	<u>(553)</u>	<u>1,687</u>	<u>31,415</u>
Fund Balance - Ending	<u><u>\$ 9,632</u></u>	<u><u>\$ 2,889</u></u>	<u><u>\$ 1,687</u></u>	<u><u>\$ 46,008</u></u>

911 Land Wireless Fees	Lake Kahola	TDD Fund	CID Fund	TIF Fund	Emporia Homeowner Repair	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,607,283
-	-	-	-	-	42,461	1,240,200
201	-	17	295	265	-	29,086
-	-	-	-	-	-	505
-	-	-	-	-	-	101,942
<u>\$ 201</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 295</u>	<u>\$ 265</u>	<u>\$ 42,461</u>	<u>\$ 2,979,016</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 660,853
11,979	-	-	-	-	-	55,099
-	-	-	-	-	-	736,155
-	-	-	-	-	-	852,933
-	-	-	-	-	-	100,400
-	-	-	-	-	47,098	871,530
<u>\$ 11,979</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,098</u>	<u>\$ 3,276,970</u>
<u>\$ (11,778)</u>	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ 295</u>	<u>\$ 265</u>	<u>\$ (4,637)</u>	<u>\$ (297,954)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 943,797
-	-	-	-	-	-	(571,734)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 372,063</u>
\$ (11,778)	\$ -	\$ 17	\$ 295	\$ 265	\$ (4,637)	\$ 74,109
<u>25,173</u>	<u>20</u>	<u>1,132</u>	<u>20,325</u>	<u>18,226</u>	<u>(5,229)</u>	<u>1,441,092</u>
<u>\$ 13,395</u>	<u>\$ 20</u>	<u>\$ 1,149</u>	<u>\$ 20,620</u>	<u>\$ 18,491</u>	<u>\$ (9,866)</u>	<u>\$ 1,515,201</u>

CITY OF EMPORIA, KANSAS
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
December 31, 2018

	<u>Internal Improvements</u>	<u>Airport Improvements</u>	<u>Recreation Center Improvements</u>	<u>Construction Projects</u>
ASSETS				
Current Assets				
Cash and investments	\$ 854,470	\$ -	\$ 2,632	\$ 404,254
Accounts receivables	-	-	-	-
Total Assets	<u>\$ 854,470</u>	<u>\$ -</u>	<u>\$ 2,632</u>	<u>\$ 404,254</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Due to other funds	\$ -	\$ 116,674	\$ -	\$ -
Accounts payable	14,712	-	-	170,371
Total Liabilities	<u>\$ 14,712</u>	<u>\$ 116,674</u>	<u>\$ -</u>	<u>\$ 170,371</u>
Fund Balance				
Committed				
Capital projects	\$ 839,758	\$ (116,674)	\$ 2,632	\$ 233,883
Total Fund Balance (Deficit)	<u>\$ 839,758</u>	<u>\$ (116,674)</u>	<u>\$ 2,632</u>	<u>\$ 233,883</u>
Total Liabilities and Fund Balance	<u>\$ 854,470</u>	<u>\$ -</u>	<u>\$ 2,632</u>	<u>\$ 404,254</u>

<u>Park Improvements</u>	<u>Paving Projects</u>	<u>Water Treatment Plant Improvements</u>	<u>Waste Water Treatment Plant Improvements</u>	<u>Totals</u>
\$ 252,293	\$ 329,958	\$ 2,351,425	\$ -	\$ 4,195,032
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 252,293</u>	<u>\$ 329,958</u>	<u>\$ 2,351,425</u>	<u>\$ -</u>	<u>\$ 4,195,032</u>
\$ -	\$ -	\$ -	\$ 63,164	\$ 179,838
2,926	-	42,159	712,845	943,013
<u>\$ 2,926</u>	<u>\$ -</u>	<u>\$ 42,159</u>	<u>\$ 776,009</u>	<u>\$ 1,122,851</u>
\$ 249,367	\$ 329,958	\$ 2,309,266	\$ (776,009)	\$ 3,072,181
<u>\$ 249,367</u>	<u>\$ 329,958</u>	<u>\$ 2,309,266</u>	<u>(776,009)</u>	<u>\$ 3,072,181</u>
<u>\$ 252,293</u>	<u>\$ 329,958</u>	<u>\$ 2,351,425</u>	<u>\$ -</u>	<u>\$ 4,195,032</u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
For the Year Ended December 31, 2018

	<u>Internal Improvements</u>	<u>Airport Improvements</u>	<u>Recreation Center Improvements</u>	<u>Construction Projects</u>
REVENUES				
Intergovernmental	\$ -	\$ 179,100	\$ -	\$ -
Use of money and property	4,683	3,302	28	19,909
Miscellaneous	127,436	-	-	-
Contributions	12,590	-	-	-
Total Revenues	<u>\$ 144,709</u>	<u>\$ 182,402</u>	<u>\$ 28</u>	<u>\$ 19,909</u>
EXPENDITURES				
Capital outlay				
Contract costs	274,530	527,542	-	3,686,125
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Total Expenditures	<u>\$ 274,530</u>	<u>\$ 527,542</u>	<u>\$ -</u>	<u>\$ 3,686,125</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (129,821)</u>	<u>\$ (345,140)</u>	<u>\$ 28</u>	<u>\$ (3,666,216)</u>
OTHER FINANCING RESOURCES (USES)				
Issuance of bonds/loan proceeds	\$ 500,000	\$ -	\$ -	\$ -
Transfers in	640,500	106,228	-	3,487,000
Transfers out	(6,446)	(66,228)	-	(593,087)
Total Other Financing Resources (Uses)	<u>\$ 1,134,054</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 2,893,913</u>
Net Change in Fund Balance	\$ 1,004,233	\$ (305,140)	\$ 28	\$ (772,303)
Fund Balance (Deficit) - Beginning	<u>(164,475)</u>	<u>188,466</u>	<u>2,604</u>	<u>1,006,186</u>
Fund Balance (Deficit) - Ending	<u>\$ 839,758</u>	<u>\$ (116,674)</u>	<u>\$ 2,632</u>	<u>\$ 233,883</u>

<u>Park Improvements</u>	<u>Paving Projects</u>	<u>Water Treatment Plant Improvements</u>	<u>Waste Water Treatment Plant Improvements</u>	<u>Totals</u>
\$ 1,030	\$ 221,087	\$ -	\$ -	\$ 401,217
2,468	11,858	23,893	3,833	69,974
50,000	-	-	-	177,436
450,667	-	-	-	463,257
<u>\$ 504,165</u>	<u>\$ 232,945</u>	<u>\$ 23,893</u>	<u>\$ 3,833</u>	<u>\$ 1,111,884</u>
\$ 1,055,823	\$ 842,864	271,406	\$ 12,447,215	\$ 19,105,505
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,055,823</u>	<u>\$ 842,864</u>	<u>\$ 271,406</u>	<u>\$ 12,447,215</u>	<u>\$ 19,105,505</u>
<u>\$ (551,658)</u>	<u>\$ (609,919)</u>	<u>\$ (247,513)</u>	<u>\$ (12,443,382)</u>	<u>\$ (17,993,621)</u>
\$ 500,000	\$ -	\$ -	\$ 13,126,909	\$ 14,126,909
275,029	-	2,954,000	-	7,462,757
-	-	(18,555)	-	(684,316)
<u>\$ 775,029</u>	<u>\$ -</u>	<u>\$ 2,935,445</u>	<u>\$ 13,126,909</u>	<u>\$ 20,905,350</u>
\$ 223,371	\$ (609,919)	\$ 2,687,932	\$ 683,527	\$ 2,911,729
25,996	939,877	(378,666)	(1,459,536)	160,452
<u>\$ 249,367</u>	<u>\$ 329,958</u>	<u>2,309,266</u>	<u>\$ (776,009)</u>	<u>\$ 3,072,181</u>

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
INDUSTRIAL DEVELOPMENT SALES TAX FUND
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money & property	\$ 1,000	\$ 1,000	\$ 11,535	\$ 10,535
Miscellaneous	40,200	40,200	79,465	39,265
Total Revenues	<u>\$ 41,200</u>	<u>\$ 41,200</u>	<u>\$ 91,000</u>	<u>\$ 49,800</u>
EXPENDITURES				
Planning and development				
Contractual services	\$ 1,032,582	\$ 1,032,582	\$ 508,000	\$ (524,582)
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (1,031,582)</u>	<u>\$ (1,031,582)</u>	<u>\$ (417,000)</u>	<u>\$ (514,047)</u>
OTHER FINANCING RESOURCES (USES)				
Transfers in	\$ 900,000	\$ 900,000	\$ 900,000	\$ -
Transfers out	(272,275)	(272,275)	(296,734)	24,459
Total Other Financing Sources	<u>\$ 627,725</u>	<u>\$ 627,725</u>	<u>\$ 603,266</u>	<u>\$ 24,459</u>
Net Change in Fund Balance	<u>\$ (403,857)</u>	<u>\$ (403,857)</u>	\$ 186,266	<u>\$ (489,588)</u>
Fund Balance - Beginning			211,360	
Fund Balance - Ending			\$ 397,626	
Adjustments to GAAP				
Encumbrances			-	
Fund Balance - GAAP			<u>\$ 397,626</u>	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
LIBRARY FUND

For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 860,336	\$ 860,336	\$ 852,489	\$ (7,847)
EXPENDITURES				
Culture and recreation	\$ 837,916	\$ 850,890	\$ 850,889	\$ (1)
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 22,420</u>	<u>\$ 9,446</u>	<u>\$ 1,600</u>	<u>\$ (7,846)</u>
Fund Balance - Beginning			<u>-</u>	
Fund Balance - Ending			\$ 1,600	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u><u>\$ 1,600</u></u>	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
CONVENTION AND TOURISM PROMOTION FUND
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 540,000	\$ 540,000	\$ 690,576	\$ 150,576
Use of money and property	700	700	4,113	3,413
Miscellaneous	-	-	8,912	8,912
Total Revenues	<u>\$ 540,700</u>	<u>\$ 540,700</u>	<u>\$ 703,601</u>	<u>\$ 162,901</u>
EXPENDITURES				
General government				
Appropriations	\$ 828,146	\$ 828,146	\$ 614,450	\$ 213,696
Net Change in Fund Balances	<u>\$ (287,446)</u>	<u>\$ (287,446)</u>	\$ 89,151	<u>\$ (50,795)</u>
Fund Balance - Beginning			<u>299,556</u>	
Fund Balance - Ending			\$ 388,707	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u>\$ 388,707</u>	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
INDUSTRIAL FUND

For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,152	\$ 1,152	\$ 1,214	\$ 62
Use of money and property	120	120	578	458
Total Revenues	<u>\$ 1,272</u>	<u>\$ 1,272</u>	<u>\$ 1,792</u>	<u>\$ 520</u>
EXPENDITURES				
Planning and development				
Contractual services	\$ 38,627	\$ 38,627	\$ 55	\$ (38,572)
Net Change in Fund Balance	<u>\$ (37,355)</u>	<u>\$ (37,355)</u>	\$ 1,737	<u>\$ (38,052)</u>
Fund Balance - Beginning			<u>38,737</u>	
Fund Balance - Ending			\$ 40,474	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u>\$ 40,474</u>	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
SPECIAL ALCOHOL PROGRAM FUND
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 92,876	\$ 2,876
Use of money and property	250	250	1,191	941
Total Revenues	\$ 90,250	\$ 90,250	\$ 94,067	\$ 3,817
EXPENDITURES				
Health and environment				
Appropriations	\$ 132,736	\$ 132,736	\$ 100,400	\$ (32,336)
Special projects	75,371	75,371	-	(75,371)
Total Expenditures	\$ 208,107	\$ 208,107	\$ 100,400	\$ (107,707)
Net Change in Fund Balance	\$ (42,486)	\$ (42,486)	\$ (6,333)	\$ (28,519)
Fund Balance - Beginning			89,549	
Fund Balance - ending			\$ 83,216	
Adjustments to GAAP				
Encumbrances			-	
Fund Balance - GAAP			\$ 83,216	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
SPECIAL PARK AND RECREATION FUND
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 92,876	\$ 2,876
Use of money and property	450	450	1,567	1,117
Total Revenues	\$ 90,450	\$ 90,450	\$ 94,443	\$ 3,993
EXPENDITURES				
General government				
Capital outlay	\$ 30,000	\$ 30,000	-	\$ (30,000)
Special projects	278,424	278,424	2,044	(276,380)
Total Expenditures	\$ 308,424	\$ 308,424	\$ 2,044	\$ (306,380)
Net Change in Fund Balance	\$ 60,450	\$ 60,450	\$ 92,399	\$ (302,387)
OTHER FINANCING RESOURCES (USES)				
Transfers out	\$ -	\$ -	\$ (275,000)	\$ 275,000
Transfers in	-	-	-	-
Total Other Financing Resources (Uses)	\$ -	\$ -	\$ (275,000)	\$ 275,000
Net Change in Fund Balance	\$ 60,450	\$ 60,450	\$ (182,601)	\$ (23,394)
Fund Balance - Beginning			224,704	
Fund Balance - Ending			\$ 42,103	
Adjustments to GAAP				
Encumbrances			-	
Fund Balance - GAAP			\$ 42,103	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
SPECIAL STREET FUND
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 728,660	\$ 728,660	\$ 753,580	\$ 24,920
Use of money and property	1,500	1,500	8,673	7,173
Miscellaneous	-	-	22,477	22,477
Total Revenues	<u>\$ 730,160</u>	<u>\$ 730,160</u>	<u>\$ 784,730</u>	<u>\$ 54,570</u>
EXPENDITURES				
Highway and streets				
Personnel services	\$ 354,951	\$ 354,951	\$ 442,889	\$ 87,938
Maintenance and repair	97,610	97,610	41,080	(56,530)
Contractual	76,855	76,855	15,779	(61,076)
Commodities	99,950	99,950	159,492	59,542
Other charges	33,450	33,450	20,145	(13,305)
Capital outlay	130,000	130,000	61,770	(68,230)
Special projects	373,995	373,995	-	(373,995)
Total Expenditures	<u>\$ 1,166,811</u>	<u>\$ 1,166,811</u>	<u>741,155</u>	<u>\$ (425,656)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (436,651)</u>	<u>\$ (436,651)</u>	<u>43,575</u>	<u>\$ (371,086)</u>
OTHER FINANCING RESOURCES (USES)				
Transfers in	\$ -	\$ -	-	\$ -
Transfers out	-	-	-	-
Total Other Financing Resources (Uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	<u>\$ (436,651)</u>	<u>\$ (436,651)</u>	<u>\$ 43,575</u>	<u>\$ (371,086)</u>
Fund Balance - Beginning			<u>508,304</u>	
Fund Balances - Ending			\$ 551,879	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u>\$ 551,879</u>	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
DRUG MONEY FORFEITURE FUND
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 19,883	\$ 14,883
Use of money and property	100	100	651	551
Total Revenues	<u>\$ 5,100</u>	<u>\$ 5,100</u>	<u>\$ 20,534</u>	<u>\$ 15,434</u>
EXPENDITURES				
Law enforcement				
Commodities	\$ 5,100	\$ 46,085	\$ 38,675	\$ (7,410)
Capital outlay	-	-	-	-
Total Expenditures	<u>\$ 5,100</u>	<u>\$ 46,085</u>	<u>\$ 38,675</u>	<u>\$ (7,410)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	<u>\$ (40,985)</u>	<u>\$ (18,141)</u>	<u>\$ 8,024</u>
Fund Balance - Beginning			<u>\$ 71,094</u>	
Fund Balance - Ending			\$ 52,953	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u><u>\$ 52,953</u></u>	

CITY OF EMPORIA, KANSAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - ACTUAL AND BUDGET
DEBT SERVICE FUND
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
REVENUES				
Taxes	\$ 1,858,886	\$ 1,858,886	\$ 2,030,791	\$ 171,905
Special assessments	148,072	148,072	156,001	7,929
Use of money and property	3,500	3,500	11,034	7,534
Miscellaneous	-	-	62	62
Total Revenues	<u>\$ 2,010,458</u>	<u>\$ 2,010,458</u>	<u>\$ 2,197,888</u>	<u>\$ 187,430</u>
EXPENDITURES				
Debt service				
Principal	\$ 2,427,132	\$ 2,427,132	\$ 1,600,000	\$ 827,132
Interest and other charges	221,631	221,631	331,263	(109,632)
Total Expenditures	<u>\$ 2,648,763</u>	<u>\$ 2,648,763</u>	<u>\$ 1,931,263</u>	<u>\$ 717,500</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (638,305)</u>	<u>\$ (638,305)</u>	<u>\$ 266,625</u>	<u>\$ 904,930</u>
OTHER FINANCING RESOURCES (USES)				
Transfers in	\$ 428,277	\$ 428,277	\$ 889,619	\$ 461,342
	<u>\$ -</u>	<u>\$ -</u>	<u>(670,000)</u>	<u>670,000</u>
Total Other Financing Sources	<u>\$ 428,277</u>	<u>\$ 428,277</u>	<u>\$ 219,619</u>	<u>\$ 1,131,342</u>
Net Change in Fund Balance	<u>\$ (210,028)</u>	<u>\$ (210,028)</u>	<u>\$ 486,244</u>	<u>\$ 2,036,272</u>
Fund Balance - Beginning			<u>433,646</u>	
Fund Balance - Ending			\$ 919,890	
Adjustments to GAAP				
Encumbrances			<u>-</u>	
Fund Balance - GAAP			<u>\$ 919,890</u>	

CITY OF EMPORIA, KANSAS
INTERNAL SERVICE FUNDS

December 31, 2018

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

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

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

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2018

	Workers'	Employee	Total
ASSETS	Compensation	Health Care	
Current Assets			
Cash and cash equivalents	\$ 903,804	\$ 385,389	\$ 1,289,193
TOTAL ASSETS	\$ 903,804	\$ 385,389	\$ 1,289,193
 LIABILITIES			
Liabilities			
Unpaid claims	\$ 206,768	\$ 320	\$ 207,088
TOTAL LIABILITIES	\$ 206,768	\$ 320	\$ 207,088
 NET POSITION			
Unrestricted	\$ 697,036	\$ 385,069	\$ 1,082,105
Total Net Position	\$ 697,036	\$ 385,069	\$ 1,082,105
TOTAL NET POSITION	\$ 903,804	\$ 385,389	\$ 1,289,193

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

For the Year Ended December 31, 2018

	<u>Workers'</u> <u>Compensation</u>	<u>Employee</u> <u>Health Care</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 296,094	\$ -	\$ 296,094
Miscellaneous	257,472	-	257,472
Total Operating Revenues	<u>\$ 553,566</u>	<u>\$ -</u>	<u>\$ 553,566</u>
OPERATING EXPENSES			
Cost of services	\$ 618,957	\$ -	\$ 618,957
Other	-	22,500	22,500
Total Operating Expenses	<u>\$ 618,957</u>	<u>\$ 22,500</u>	<u>\$ 641,457</u>
Operating income (loss)	<u>\$ (65,391)</u>	<u>\$ (22,500)</u>	<u>\$ (87,891)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	<u>\$ 19,166</u>	<u>\$ 2,643</u>	<u>\$ 21,809</u>
Transfers from (to) other funds			
Transfers out	<u>\$ -</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>
Change in Net Position	<u>\$ (46,225)</u>	<u>\$ 230,143</u>	<u>\$ 183,918</u>
Net Position - Beginning	<u>743,261</u>	<u>154,926</u>	<u>898,187</u>
Net Position - Ending	<u><u>\$ 697,036</u></u>	<u><u>\$ 385,069</u></u>	<u><u>\$ 1,082,105</u></u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2018

	<u>Workers'</u> <u>Compensation</u>	<u>Employee</u> <u>Health Care</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from participants	\$ 296,094	\$ -	\$ 296,094
Cash received from reimbursements	257,472	-	257,472
Cash paid for services	(819,648)	-	(819,648)
Cash payments to suppliers	-	(22,500)	(22,500)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (266,082)</u>	<u>\$ (22,500)</u>	<u>\$ (288,582)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers (to) other funds	\$ -	250,000	\$ 250,000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	\$ 19,166	\$ 2,643	\$ 21,809
Net Cash Provided by (Used in) Investing Activities	<u>\$ 19,166</u>	<u>\$ 2,643</u>	<u>\$ 21,809</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (246,916)	\$ 230,143	\$ (16,773)
Cash and cash equivalents, beginning of year	<u>1,150,720</u>	<u>155,246</u>	<u>1,305,966</u>
Cash and cash equivalents, end of year	<u>\$ 903,804</u>	<u>\$ 385,389</u>	<u>\$ 1,289,193</u>

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

Operating income (loss)	\$ (65,391)	\$ (22,500)	\$ (87,891)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Changes in assets and liabilities			
Increase (decrease) in unpaid claims	(200,691)	-	(200,691)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (266,082)</u>	<u>\$ (22,500)</u>	<u>\$ (288,582)</u>

**CITY OF EMPORIA, KANSAS
TRUST AND AGENCY FUNDS**

December 31, 2018

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

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

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

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

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

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

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST
December 31, 2018

	Private Purpose Trust				Total
	Tree	Fremont Park	Las Casitas Park	Economic Development	
ASSETS					
Cash and investments	\$ 1,714	\$ 2,089	\$ 413	\$ -	\$ 4,216
Interest receivable	-	-	-	19	19
TOTAL ASSETS	\$ 1,714	\$ 2,089	\$ 413	\$ 19	\$ 4,235
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
NET POSITION					
Held in trust for various purposes	\$ 1,714	\$ 2,089	\$ 413	\$ 19	\$ 4,235

CITY OF EMPORIA, KANSAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - AGENCY FUND
December 31, 2018

	<u>Fire Insurance Proceeds</u>
ASSETS	
Cash and cash equivalents	<u>\$ 18,258</u>
TOTAL ASSETS	<u><u>\$ 18,258</u></u>
LIABILITIES	
Accounts payable	<u>\$ 18,258</u>
TOTAL LIABILITIES	<u><u>\$ 18,258</u></u>

CITY OF EMPORIA, KANSAS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - PRIVATE PURPOSE TRUST

For the Year Ended December 31, 2018

	Private Purpose Trust				Total
	Tree	Fremont Park	Las Casitas Park	Economic Development	
ADDITIONS					
Miscellaneous	\$ 24	-	-	\$ 3,796	\$ 3,820
Total Additions	<u>\$ 24</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,796</u>	<u>\$ 3,820</u>
DEDUCTIONS					
Change in net position	\$ 24	\$ -	\$ -	\$ (1,136,883)	\$ (1,136,859)
NET POSITION - BEGINNING OF YEAR	<u>1,690</u>	<u>2,089</u>	<u>413</u>	<u>1,136,902</u>	<u>1,141,094</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,714</u></u>	<u><u>\$ 2,089</u></u>	<u><u>\$ 413</u></u>	<u><u>\$ 19</u></u>	<u><u>\$ 4,235</u></u>

**CITY OF EMPORIA, KANSAS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

For the Year Ended December 31, 2018

	<u>Balance - January 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance - December 31, 2018</u>
Cash and cash equivalents	\$ 17,966	\$ 575	\$ 283	\$ 18,258
TOTAL ASSETS	<u>\$ 17,966</u>	<u>575</u>	<u>\$ 283</u>	<u>\$ 18,258</u>
Accounts payable	\$ 17,966	292	-	\$ 18,258
TOTAL LIABILITIES	<u>\$ 17,966</u>	<u>2,967</u>	<u>\$ -</u>	<u>\$ 18,258</u>

STATISTICAL SECTION

CITY OF EMPORIA, KANSAS
STATISTICAL SECTION
(UNAUDITED)
December 31, 2018

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules 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.

Demographic and Economical Information

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

Operating Information

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

Source - Unless otherwise noted, the information in these schedules is derived from the Annual Financial Report for the relevant year.

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CITY OF EMPORIA, KANSAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	\$ 55,981,334	\$ 51,512,139	\$ 49,963,992	\$ 46,489,682
Restricted	443,006	210,861	8,865,752	8,649,753
Unrestricted	6,981,419	8,029,041	1,959,948	1,830,380
Total Net Position	<u>\$ 63,405,759</u>	<u>\$ 59,752,041</u>	<u>\$ 60,789,692</u>	<u>\$ 56,969,815</u>
Business-Type Activities				
Net investment in capital assets	\$ 18,327,412	\$ 18,844,682	\$ 19,544,388	\$ 18,844,645
Unrestricted	6,371,697	7,321,467	6,907,985	7,573,049
Total Net Position	<u>\$ 24,699,109</u>	<u>\$ 26,166,149</u>	<u>\$ 26,452,373</u>	<u>\$ 26,417,694</u>
Primary Government				
Net investment in capital assets	\$ 74,308,746	\$ 70,356,821	\$ 69,508,380	\$ 65,334,327
Restricted	443,006	210,861	8,865,752	8,649,753
Unrestricted	13,353,116	15,535,354	8,867,933	9,403,429
Total Net Position	<u>\$ 88,104,868</u>	<u>\$ 86,103,036</u>	<u>\$ 87,242,065</u>	<u>\$ 83,387,509</u>

Source: City of Emporia, Kansas Basic Financial Statements.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 43,616,768	\$ 40,402,667	\$ 35,731,750	\$ 33,063,360	\$ 30,052,389	\$ 23,951,938
8,971,882	4,133,801	7,418,777	7,530,579	3,394,187	7,144,186
2,035,274	5,511,434	(5,992,007)	(5,912,002)	(5,631,571)	(6,459,932)
<u>\$ 54,623,924</u>	<u>\$ 50,047,902</u>	<u>\$ 37,158,520</u>	<u>\$ 34,681,937</u>	<u>\$ 27,815,005</u>	<u>\$ 24,636,192</u>
\$ 16,712,412	\$ 17,398,655	\$ 18,898,239	\$ 17,515,501	\$ 20,933,505	\$ 15,665,784
9,415,929	9,344,111	7,643,933	6,443,992	6,201,283	8,239,567
<u>\$ 26,128,341</u>	<u>\$ 26,742,766</u>	<u>\$ 26,542,172</u>	<u>\$ 23,959,493</u>	<u>\$ 27,134,788</u>	<u>\$ 23,905,351</u>
\$ 60,329,180	\$ 57,801,322	\$ 54,629,989	\$ 50,578,861	\$ 50,985,894	\$ 39,617,722
8,971,882	4,133,801	7,418,777	7,530,579	3,394,187	7,144,186
11,451,203	14,855,545	1,651,926	531,990	569,712	1,779,635
<u>\$ 80,752,265</u>	<u>\$ 76,790,668</u>	<u>\$ 63,700,692</u>	<u>\$ 58,641,430</u>	<u>\$ 54,949,793</u>	<u>\$ 48,541,543</u>

CITY OF EMPORIA, KANSAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities:				
General government	\$ 4,149,676	\$ 4,046,255	\$ 3,779,829	\$ 4,387,457
Public safety	10,037,060	10,058,340	10,267,119	9,208,224
Highways and streets	8,601,094	8,432,872	7,656,949	7,443,498
Culture and recreation	2,942,303	2,829,141	2,822,262	2,909,189
Health and environment	89,901	85,400	105,500	197,099
Building maintenance	1,213,665	1,204,027	1,374,742	1,320,425
Planning and development	1,191,179	1,393,341	656,439	608,747
Airport operations	414,202	516,378	584,990	617,829
Appropriation	-	58,543	86,583	81,010
Capital outlay	-	257,491	-	-
Bond issuance costs	-	39,003	46,235	17,853
Interest on long-term debt	1,777,794	950,408	1,006,166	830,402
Total Governmental Activities Expense	\$ 30,416,874	\$ 29,871,199	\$ 28,386,814	\$ 27,621,733
Business-Type Activities:				
Solid waste disposal	\$ 2,764,437	\$ 2,570,915	\$ 2,979,111	\$ 3,020,758
Sewer utility	3,233,827	3,111,908	3,233,859	3,511,678
Water utility	3,357,695	3,657,273	4,327,855	4,495,878
Total Business-Type Activities Expense	\$ 9,355,959	\$ 9,340,096	\$ 10,540,825	\$ 11,028,314
Total Primary Government Expenses	\$ 39,772,833	\$ 39,211,295	\$ 38,927,639	\$ 38,650,047
Program Revenues				
Governmental activities:				
Charges for services				
General government	\$ 2,534,303	\$ -	\$ 1,767,827	\$ 1,133,029
Public safety	1,143,799	3,346,050	2,342,449	1,240,326
Highways and streets	-	-	208,007	-
Culture and recreation	-	773,188	127,222	581,032
Building maintenance	-	-	10,465	-
Airport operations	-	-	353,204	454,203
Operating grants and contributions	2,035,167	1,757,275	731,493	476,479
Capital grants and contributions	4,645	112,716	760,984	-
Total Governmental Activities Program Revenues	\$ 5,717,914	\$ 5,989,229	\$ 6,301,651	\$ 3,885,069
Business-Type Activities:				
Charges for services:				
Solid waste disposal	\$ 3,487,385	\$ 3,879,922	\$ 3,984,198	3,907,206
Sewer utility	3,962,051	3,850,725	3,838,061	3,721,099
Water utility	4,258,991	5,236,720	5,318,217	5,331,334
Capital grants and contributions	-	-	-	-
Total Business-Type Activities Program Revenues	\$ 11,708,427	\$ 12,967,367	\$ 13,140,476	\$ 12,959,639
Total Primary Government Program Revenues	\$ 17,426,341	\$ 18,956,596	\$ 19,442,127	\$ 16,844,708
Net (expense)/revenue				
Governmental activities	\$ (24,698,960)	\$ (23,697,122)	\$ (22,846,147)	\$ (23,736,664)
Business-type activities	2,352,468	3,627,271	3,360,635	1,931,325
Total Primary Government Net Expense	\$ (22,346,492)	\$ (20,069,851)	\$ (19,485,512)	\$ (21,805,339)

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 5,237,185	\$ 5,168,925	\$ 6,749,798	\$ 4,573,216	\$ 4,596,205	\$ 5,298,310
10,102,881	8,959,986	11,219,337	9,645,844	10,358,742	11,569,663
6,417,951	7,322,185	7,996,425	8,252,968	7,224,881	8,328,261
3,666,390	3,396,134	3,471,480	3,895,312	3,336,199	4,383,099
106,788	62,627	76,250	1,310,285	4,148,123	2,237,911
1,503,430	1,438,188	1,430,348	1,397,295	1,461,928	1,534,635
649,666	549,491	1,421,747	753,238	914,219	917,750
1,618,281	1,082,280	450,953	740,487	570,805	1,185,216
123,121	161,691	-	-	-	-
209,145	-	-	-	-	-
673,671	561,943	459,067	-	-	-
-	-	-	200,820.00	262,829	315,641
<u>\$ 30,308,509</u>	<u>\$ 28,703,450</u>	<u>\$ 33,275,405</u>	<u>\$ 30,769,465</u>	<u>\$ 32,873,931</u>	<u>\$ 35,770,486</u>
\$ 3,098,193	\$ 3,233,494	\$ 4,547,019	\$ 3,806,169	\$ 3,951,632	\$ 3,639,828
3,115,167	2,455,448	3,699,237	3,611,071	3,646,709	3,002,862
3,643,768	4,184,420	4,607,905	4,130,119	4,511,457	5,034,140
<u>\$ 9,857,128</u>	<u>\$ 9,873,362</u>	<u>\$ 12,854,161</u>	<u>\$ 11,547,359</u>	<u>\$ 12,109,798</u>	<u>\$ 11,676,830</u>
<u>\$ 40,165,637</u>	<u>\$ 38,576,812</u>	<u>\$ 46,129,566</u>	<u>\$ 42,316,824</u>	<u>\$ 44,983,729</u>	<u>\$ 47,447,316</u>
\$ 1,328,031	\$ 1,299,336	\$ 569,628	\$ 457,342	\$ 495,127	\$ 774,015
2,698,754	1,584,552	1,898,231	1,670,346	2,132,977	1,879,594
97,237	13,792	-	-	-	-
442,056	644,794	581,718	565,249	528,026	456,539
-	-	-	-	-	-
136,854	333,379	244,394	246,340	383,721	332,395
1,551,979	1,049,663	3,487,896	2,332,109	2,439,604	2,880,253
321,941	-	-	-	-	-
<u>\$ 6,576,852</u>	<u>\$ 4,925,516</u>	<u>\$ 6,781,867</u>	<u>\$ 5,271,386</u>	<u>\$ 5,979,455</u>	<u>\$ 6,322,796</u>
\$ 3,951,538	\$ 3,961,186	\$ 4,245,596	\$ 4,195,488	\$ 4,382,365	4,701,014
3,526,764	3,453,685	3,640,068	3,642,514	3,980,153	4,432,645
4,865,176	4,864,624	5,219,547	4,678,884	4,669,813	5,538,819
-	-	-	1,665,150	4,128,788	1,540,335
<u>\$ 12,343,478</u>	<u>\$ 12,279,495</u>	<u>\$ 13,105,211</u>	<u>\$ 14,182,036</u>	<u>\$ 17,161,119</u>	<u>\$ 16,212,813</u>
<u>\$ 18,920,330</u>	<u>\$ 17,205,011</u>	<u>\$ 19,887,078</u>	<u>\$ 19,453,422</u>	<u>\$ 23,140,574</u>	<u>\$ 22,535,609</u>
\$ (23,731,657)	\$ (23,777,934)	\$ (26,493,538)	\$ (25,498,079)	\$ (26,894,476)	\$ (29,447,690)
2,486,350	2,406,133	6,302,855	2,634,677	5,051,321	4,535,983
<u>\$ (21,245,307)</u>	<u>\$ (21,371,801)</u>	<u>\$ (20,190,683)</u>	<u>\$ (22,863,402)</u>	<u>\$ (21,843,155)</u>	<u>\$ (24,911,707)</u>

CITY OF EMPORIA, KANSAS
CHANGES IN NET POSITION (continued)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year			
	2009	2010	2011	2012
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes, levied for general purposes *	\$ 4,332,379	\$ 4,526,733	\$ 4,451,177	\$ 4,021,932
Property taxes, levied for debt service	2,637,470	2,739,128	2,773,776	3,009,020
Franchise taxes	2,028,528	2,175,501	2,233,692	2,211,034
Sales taxes	4,789,449	6,263,665	6,658,352	6,442,595
Gasoline taxes	668,649	764,278	649,585	646,213
Investment earnings	205,596	154,506	141,480	153,676
Miscellaneous	275,803	552,592	994,852	1,211,917
Transfers	2,005,299	3,051,850	3,425,288	2,220,400
Total Governmental Activities	\$ 16,943,173	\$ 20,228,253	\$ 21,328,202	\$ 19,916,787
Business-Type Activities:				
Investment earnings	\$ 30,019	\$ 14,286	\$ 7,348	\$ 5,187
Miscellaneous	154,448	877,331	343,531	249,209
Transfers	(2,005,299)	(3,051,850)	(3,425,288)	(2,220,400)
Total Business-Type Activities	\$ (1,820,832)	\$ (2,160,233)	\$ (3,074,409)	\$ (1,966,004)
Total Primary Government	\$ 15,122,341	\$ 18,068,020	\$ 18,253,793	\$ 17,950,783
Change in Net Position				
Governmental activities	\$ (7,755,787)	\$ (3,468,870)	\$ (1,517,945)	\$ (3,819,877)
Business-type activities	531,636	1,467,038	286,226	(34,679)
Total Primary Government	\$ (7,224,151)	\$ (2,001,832)	\$ (1,231,719)	\$ (3,854,556)

* This amount will not trace directly into the Statement of Activities for years 2008 through 2011. In 2011, additional revenue breakdowns were added. Those breakdowns have been used for all years on this statistical comparison.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 3,946,914	\$ 4,382,587	\$ 4,079,939	\$ 4,426,162	\$ 4,989,473	\$ 5,582,179
2,927,142	2,697,875	3,048,624	2,816,756	2,327,309	2,030,791
2,332,231	2,567,742	2,498,342	2,576,621	2,625,098	2,754,128
6,665,421	6,656,976	6,936,086	6,889,492	6,921,009	7,229,118
702,059	717,930	724,025	730,216	738,426	753,580
162,932	158,849	152,596	186,528	275,700	394,100
1,397,464	7,885	2,149	7,462	3,158	257,472
3,251,603	2,012,068	5,944,497	5,388,259	2,147,371	8,225,640
<u>\$ 21,385,766</u>	<u>\$ 19,201,912</u>	<u>\$ 23,386,258</u>	<u>\$ 23,021,496</u>	<u>\$ 20,027,544</u>	<u>\$ 27,227,008</u>
\$ 5,357	\$ 5,196	\$ 6,377	\$ 25,050	\$ 53,301	\$ 115,162
470,543	215,164	201,726	145,853	218,044	345,058
(3,251,603)	(2,012,068)	(5,944,497)	(5,388,259)	(2,147,371)	(8,225,640)
<u>\$ (2,775,703)</u>	<u>\$ (1,791,708)</u>	<u>\$ (5,736,394)</u>	<u>\$ (5,217,356)</u>	<u>\$ (1,876,026)</u>	<u>\$ (7,765,420)</u>
<u>\$ 18,610,063</u>	<u>\$ 17,410,204</u>	<u>\$ 17,649,864</u>	<u>\$ 17,804,140</u>	<u>\$ 18,151,518</u>	<u>\$ 19,461,588</u>
\$ (2,345,891)	\$ (4,576,022)	\$ (3,107,280)	\$ 2,476,583	\$ (6,866,932)	\$ (2,220,682)
(289,353)	614,425	566,461	2,582,679	3,175,295	(3,229,437)
<u>\$ (2,635,244)</u>	<u>\$ (3,961,597)</u>	<u>\$ (2,540,819)</u>	<u>\$ 5,059,262</u>	<u>\$ (3,691,637)</u>	<u>\$ (5,450,119)</u>

CITY OF EMPORIA, KANSAS
GOVERNMENTAL ACTIVITIES, TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Vehicle Tax	Total
2009	6,773,224	4,875,570	2,028,528	779,153	14,456,475
2010	6,600,005	6,263,664	2,873,074	778,083	16,514,826
2011	6,410,581	6,658,352	2,233,692	768,230	16,070,855
2012	6,152,090	6,442,595	2,211,034	769,244	15,574,963
2013	6,129,697	6,665,421	2,332,231	684,936	15,812,285
2014	6,244,499	6,656,975	2,534,607	784,154	16,220,235
2015	6,323,119	6,936,086	2,446,941	746,067	16,452,213
2016	6,344,622	6,889,492	2,465,081	737,923	16,437,118
2017	6,497,242	6,921,009	2,514,879	758,953	16,692,083
2018	6,610,486	7,229,117	2,644,068	985,124	17,468,795

Source: City of Emporia, Kansas Basic Financial Statements.

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CITY OF EMPORIA, KANSAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund					
Pre-GASB 54 *					
Reserved	\$ 46,433	\$ 37,900	\$ -	\$ -	\$ -
Unreserved	2,633,634	4,096,582	-	-	-
Post-GASB 54 *					
Assigned	-	-	2,688,478	3,001,385	3,172,762
Unassigned	-	-	1,632,647	1,108,698	1,298,251
Total General Fund	<u>\$ 2,680,067</u>	<u>\$ 4,134,482</u>	<u>\$ 4,321,125</u>	<u>\$ 4,110,083</u>	<u>\$ 4,471,013</u>
All Other Governmental Funds					
Pre-GASB 54 *					
Reserved	\$ 232,543	\$ 296,680	\$ -	\$ -	\$ -
Unreserved - Reported in:					
Special revenue funds	822,672	1,375,903	-	-	-
Debt service funds	443,006	210,861	-	-	-
Capital projects funds	2,884,947	2,170,952	-	-	-
Post-GASB 54 *					
Restricted	-	-	2,337,849	2,427,983	3,098,780
Committed	-	-	3,839,425	3,220,385	2,700,340
Nonspendable	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 4,383,168</u>	<u>\$ 4,054,396</u>	<u>\$ 6,177,274</u>	<u>\$ 5,648,368</u>	<u>\$ 5,799,120</u>

* The City implemented GASB 54, Fund Balance Reporting and Governmental Fund Type Definitions ("GASB 54") in 2011. GASB 54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The City has elected to apply GASB 54 prospectively and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
3,363,829	4,002,149	3,703,717	3,101,368	3,595,020
1,434,863	923,867	1,167,643	2,030,150	1,590,129
<u>\$ 4,798,692</u>	<u>\$ 4,926,016</u>	<u>\$ 4,871,360</u>	<u>\$ 5,131,518</u>	<u>\$ 5,185,149</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,882,539	2,740,023	2,810,370	3,190,605	4,023,260
251,262	4,678,754	4,715,700	203,582	3,120,924
-	-	-	-	-
-	-	-	(5,782)	(6,977)
-	-	-	-	-
<u>\$ 4,133,801</u>	<u>\$ 7,418,777</u>	<u>\$ 7,526,070</u>	<u>\$ 3,388,405</u>	<u>\$ 7,137,207</u>

CITY OF EMPORIA, KANSAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues					
Taxes	\$ 14,365,740	\$ 16,469,305	\$ 16,720,440	\$ 16,284,653	\$ 16,525,626
Charges for services	2,534,303	2,933,242	2,650,519	1,079,812	2,149,867
Special assessments	90,735	46,141	46,142	46,141	48,141
Intergovernmental	2,035,167	1,711,134	1,553,271	1,641,667	3,168,296
Licenses and permits	325,369	192,138	232,105	158,756	121,720
Fines and fees	818,430	581,050	545,244	589,334	725,420
Use of money and property	205,596	151,412	138,446	150,177	159,715
Contributions	4,645	112,716	222,672	28,739	71,257
Miscellaneous	275,803	552,592	813,070	595,735	1,080,172
Total Revenues	<u>\$ 20,655,788</u>	<u>\$ 22,749,730</u>	<u>\$ 22,921,909</u>	<u>\$ 20,575,014</u>	<u>\$ 24,050,214</u>
Expenditures					
General governmental	\$ 3,242,791	\$ 3,012,853	\$ 3,712,908	\$ 3,644,674	\$ 4,547,136
Public safety	9,728,384	9,774,290	9,887,398	8,638,708	9,892,795
Highways and streets	1,902,728	1,770,603	1,031,166	932,739	916,948
Culture and recreation	2,477,137	2,341,315	2,522,506	2,504,164	2,478,568
Health and environment	89,901	85,400	105,500	197,099	106,788
Building maintenance	1,213,665	1,204,027	1,361,933	1,194,393	1,345,428
Planning and development	1,191,179	1,393,341	656,439	595,823	636,741
Airport operations	401,438	448,770	517,009	548,013	480,604
Appropriations	58,820	58,543	86,583	81,010	123,121
Capital outlay	1,761,441	4,292,416	444,203	1,110,759	2,122,112
Bond issuance costs	26,585	39,917	79,086	5,773	32,100
Debt service					
Principal	4,131,434	3,105,474	3,818,800	3,525,000	4,385,410
Interest and other charges	1,304,501	1,090,228	977,084	868,613	750,291
Total Expenditures	<u>\$ 27,530,004</u>	<u>\$ 28,617,177</u>	<u>\$ 25,200,615</u>	<u>\$ 23,846,768</u>	<u>\$ 27,818,042</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ (6,874,216)</u>	<u>\$ (5,867,447)</u>	<u>\$ (2,278,706)</u>	<u>\$ (3,271,754)</u>	<u>\$ (3,767,828)</u>
Other Financing Sources (Uses)					
Transfers in	\$ 5,893,119	\$ 7,549,523	\$ 9,112,902	\$ 7,265,046	\$ 9,069,474
Transfers out	(3,887,820)	(4,005,818)	(5,108,296)	(4,767,395)	(5,562,947)
Payment to refund bonds	-	-	-	-	(1,288,607)
Payment to escrow agent	-	-	(2,936,865)	-	1,288,607
Bond premium	-	-	340,484	-	226,590
Issuance of debt	1,945,000	3,449,385	3,180,000	34,155	546,393
Total Other Financing Sources (Uses)	<u>\$ 3,950,299</u>	<u>\$ 6,993,090</u>	<u>\$ 4,588,225</u>	<u>\$ 2,531,806</u>	<u>\$ 4,279,510</u>
Net Change in Fund Balances	<u>\$ (2,923,917)</u>	<u>\$ 1,125,643</u>	<u>\$ 2,309,519</u>	<u>\$ (739,948)</u>	<u>\$ 511,682</u>
Debt service as a percentage of non-capital expenditures	21.10%	16.74%	19.40%	19.09%	19.78%

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 16,943,835	\$ 17,189,475	\$ 17,281,766	\$ 17,445,154	\$ 18,193,795
1,023,912	2,155,983	1,901,550	2,531,821	2,423,475
79,275	97,541	157,481	156,161	156,001
1,851,581	2,841,659	1,797,455	2,361,707	1,923,328
158,506	141,639	147,349	189,036	193,253
779,135	734,348	590,363	552,285	529,721
156,043	149,836	180,015	261,104	372,291
532,156	108,887	105,152	77,897	463,762
266,822	537,350	455,252	448,295	493,163
<u>\$ 21,791,265</u>	<u>\$ 23,956,718</u>	<u>\$ 22,616,383</u>	<u>\$ 24,023,460</u>	<u>\$ 24,748,789</u>
\$ 3,456,297	\$ 5,220,368	\$ 3,280,462	\$ 4,101,383	\$ 4,680,769
8,703,836	9,765,022	9,363,365	10,049,520	10,304,473
1,008,076	962,186	1,079,762	1,137,448	1,133,994
2,535,555	2,634,219	2,857,701	2,670,631	2,799,570
62,627	76,250	59,150	80,400	100,400
1,286,695	1,257,309	1,226,539	1,268,746	1,297,205
537,702	1,413,365	753,238	885,107	888,638
463,568	399,836	474,459	455,030	535,805
161,691	264,475	179,622	173,517	271,283
3,143,259	3,214,381	5,913,913	16,878,478	19,105,505
-	-	-	-	-
3,200,000	3,145,000	3,175,000	2,465,000	1,600,000
581,667	486,504	408,794	280,081	331,263
<u>\$ 25,140,973</u>	<u>\$ 28,838,915</u>	<u>\$ 28,772,005</u>	<u>\$ 40,445,341</u>	<u>\$ 43,048,905</u>
<u>\$ (3,349,708)</u>	<u>\$ (3,349,708)</u>	<u>\$ (6,155,622)</u>	<u>\$ (16,421,881)</u>	<u>\$ (18,300,116)</u>
\$ 5,839,854	\$ 10,262,906	\$ 10,273,428	\$ 6,372,154	\$ 14,054,647
(3,827,786)	(4,318,409)	(4,885,169)	(4,224,782)	(6,079,007)
-	-	-	-	-
-	(2,518,712)	(2,034,362)	-	-
-	-	-	-	-
-	4,868,712	2,854,363	10,397,002	14,126,909
<u>\$ 2,012,068</u>	<u>\$ 8,294,497</u>	<u>\$ 6,208,260</u>	<u>\$ 12,544,374</u>	<u>\$ 22,102,549</u>
<u>\$ (1,337,640)</u>	<u>\$ 4,944,781</u>	<u>\$ 52,631</u>	<u>\$ (3,877,507)</u>	<u>\$ 3,802,431</u>
17.19%	13.59%	13.60%	6.43%	8.77%

**CITY OF EMPORIA, KANSAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31,	Real Property		Personal Property	
	Residential Property - 1	Commercial Property - 1	Motor Vehicles - 2	Other - 1
2009(3)	118,624,000	49,029,200	17,141,600	1,008,000
2010(3)	78,139,590	53,007,200	18,521,600	123,800
2011	78,018,189	47,819,500	19,279,593	59,970
2012	76,301,740	52,872,743	18,695,592	147,657
2013	75,023,705	52,084,968	18,187,200	144,114
2014	76,585,623	52,477,545	15,590,202	139,671
2015	77,859,774	52,602,363	19,562,617	93,042
2016	79,256,537	52,262,553	20,379,614	57,768
2017	85,807,578	51,445,370	20,630,111	68,898
2018	89,782,755	52,118,715	20,972,334	187,575

Note 1 - Lyon County Appraiser

Note 2 - Lyon County Clerk's Office

Note 3 - Abstract of Appraised Value with Appropriate Assessment Values Applied; does not reflect appealed valuation Changes

Less: Tax Exempt Real Property - 1	Total Taxable Assessed Value	Total Direct Tax Rate - 2	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
29,021,000	156,781,800	41.571	919,786,500	17.05%
26,898,000	122,894,190	41.776	892,382,500	13.77%
24,883,140	120,294,112	41,559	870,540,100	13.80%
23,559,970	124,457,762	41.560	876,067,600	14.20%
23,585,880	121,854,107	41.582	869,676,580	14.00%
24,846,450	119,946,591	41.606	884,296,490	13.60%
23,507,710	126,610,085	41.531	895,803,330	14.10%
26,975,110	124,981,362	42.947	907,344,870	13.80%
27,010,480	130,941,477	42.575	960,406,440	13.60%
26,538,480	136,522,899	42.584	998,274,630	13.70%

**CITY OF EMPORIA, KANSAS
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31,	City of Emporia, Kansas			Lyon County		
	Operating Mileage	Debt Service Mileage	Total City Mileage	Operating Mileage	Debt Service Mileage	Total County Mileage
2009	26.999	14.572	41.571	49.407	-	49.407
2010	26.205	15.571	41.776	52.810	-	52.810
2011	23.588	17.971	41.559	57.304	-	57.304
2012	24.477	17.082	41.559	63.972	-	63.972
2013	26.715	14.867	41.582	56.501	-	56.501
2014	23.982	17.624	41.606	54.513	-	54.513
2015	26.075	15.456	41.531	58.676	-	58.676
2016	30.107	12.840	42.947	60.896	-	60.896
2017	32.170	10.405	42.575	60.826	-	60.826
2018	32.537	10.312	42.849	60.088	-	60.088

Fiscal Year Ended December 31,	USD 253			Total Direct & Overlapping Rates
	Operating Mileage	Debt Service Mileage	Total USD Mileage	
2009	45.655	9.887	55.542	146.520
2010	49.564	10.852	60.416	155.002
2011	51.325	9.112	60.437	159.300
2012	50.404	10.033	60.437	165.968
2013	51.796	9.585	61.381	159.464
2014	47.977	13.409	61.386	157.505
2015	53.380	8.040	61.420	161.627
2016	53.441	9.618	63.059	166.902
2017	54.323	9.026	63.349	166.750
2018	53.898	9.286	63.184	166.121

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

Source: Lyon County Clerk's Office

CITY OF EMPORIA, KANSAS
PRINCIPAL PROPERTY TAXPAYERS
For the Years Ended December 31,

Taxpayer	2018			2009		
	Taxpayer Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxpayer Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Westar Energy (Electric Div)	\$ 7,470,128	1	5.220%	\$ 4,056,817	2	3.140%
Simmons Pet Food Ks	3,374,415	2	2.358%	2,632,266	3	2.037%
Iowa Beef Processors	1,784,786	3	1.247%			
Kansas Gas Service	1,730,874	4	1.210%	1,593,122	7	1.233%
Walmart Real Estate Business Tru:	1,722,781	5	1.204%	2,020,463	4	1.564%
Tyson Fresh Meats	-			4,278,386	1	3.311%
Emporia Partners	1,123,058	10	0.785%	1,396,934	8	1.081%
Southwestern Bell	-			1,763,421	5	1.365%
Bunge North America	1,176,441	9	0.822%	1,648,963	6	1.276%
Flint Hills Mall LLC	1,575,800	6	1.101%			
Interstate Brands	-			1,167,594	9	0.904%
Deuce Holdings	-			1,187,625	10	0.919%
JAE Properties Kansas, LLC	1,482,098	7	1.036%			
AHIP Emporia Properties	1,242,300	8	0.868%			
Total	\$ 22,682,681		15.851%	\$ 21,745,591		16.830%
Total Assessed Value (1)	\$ 143,105,460			\$ 129,208,354		

(1) County Clerk's Budget Information

**CITY OF EMPORIA, KANSAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	6,444,697	6,161,870	95.611%	184,226	6,346,096	98.470%
2010	6,683,675	5,939,418	88.865%	219,062	6,158,480	92.142%
2011	5,964,427	5,783,102	96.959%	228,161	6,011,263	99.850%
2012	5,947,380	5,697,522	96.960%	136,198	5,833,720	98.089%
2013	6,036,427	5,737,032	95.040%	119,274	5,856,306	97.016%
2014	6,059,909	5,832,238	96.243%	164,184	5,996,422	98.952% *
2015	6,120,357	5,921,454	96.75%	105,704	6,027,158	98.477%
2016	6,316,300	5,974,327	94.59%	231,470	6,205,797	98.251%
2017	6,560,582	6,159,624	93.89%	126,329	6,285,953	95.814%
2018	6,848,025	6,214,266	90.75%	149,512	6,363,778	92.929%

Data from City of Emporia Treasurer

* This percentage was incorrect in the prior CAFR.

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**CITY OF EMPORIA, KANSAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended December 31,</u>	<u>Governmental Activities</u>			
	<u>General Obligation Bonds</u>	<u>Temporary Notes</u>	<u>Loans Payable</u>	<u>Capital Leases</u>
2009	28,454,275	1,175,000	67,243	-
2010	27,793,800	1,005,000	40,748	-
2011	23,060,000	175,000	40,748	-
2012	19,710,000	175,000	-	-
2013	16,075,000	-	-	-
2014	12,875,000	-	-	-
2015	11,685,000	-	-	-
2016	9,175,000	-	-	-
2017	6,705,000	-	-	-
2018	6,105,000	-	-	-

Note 1 - See the Schedule of Demographic and Economic Statistics at pg 112 for personal income and population data.

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

Business-type Activities				
General Obligation Bonds	Loans Payable	Total Primary Government	Percentage of Personal Income	Per Capita - 1
3,864,291	12,253,185	45,813,994	8.44%	1,795
3,305,726	11,518,203	43,663,477	6.68%	1,789
2,726,200	14,295,379	40,297,327	11.00%	1,943
8,150,000	6,566,169	34,601,169	9.20%	1,526
12,895,000	-	28,970,000	7.08%	1,984
13,680,000	-	26,555,000	5.97%	1,064
11,875,000	-	23,560,000	4.80%	998
14,350,000	-	23,525,000	5.13%	958
17,660,000	23,523,911	47,888,911	8.81%	1,944

CITY OF EMPORIA, KANSAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
December 31, 2018

Governmental Unit	Debt Outstanding - Paid with Property Taxes	Percentage Applicable to City of Emporia	Amount Applicable to City of Emporia
Unified School District #253 - Overlapping	\$ 10,080,000	87.197%	\$ 8,789,458
Lyon County, Kansas - Overlapping	19,320,000	63.085%	<u>12,188,022</u>
Subtotal, Overlapping Debt			\$ 20,977,480
City of Emporia - Direct Debt			<u>61,429,873</u>
Total Direct and Overlapping Debt			<u><u>\$ 82,407,353</u></u>
Population			24,636
Overlapping debt per capita			\$ 851
Direct and overlapping debt per capita			\$ 3,345

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

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

Source: Lyon County Clerk

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CITY OF EMPORIA, KANSAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
For the Years Ended December 31,

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit *	\$ 46,155,021	\$ 44,855,183	\$ 42,716,032	\$ 42,830,893
Total net debt applicable to limit	<u>28,011,269</u>	<u>26,924,470</u>	<u>23,074,579</u>	<u>19,013,762</u>
Legal Debt Margin	<u>\$ 18,143,752</u>	<u>\$ 17,930,713</u>	<u>\$ 19,641,453</u>	<u>\$ 23,817,131</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	60.69%	60.03%	54.02%	44.39%

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

Source: Assessed Valuation from Lyon County Appraiser

	2013	2014	2015	2016	2017	2018
\$	38,484,038	\$ 39,049,578	\$ 39,458,101	\$ 39,796,694	\$ 41,494,216	\$ 42,931,638
	15,474,324	12,426,704	12,102,702	8,897,657	6,271,354	5,185,111
\$	<u>23,009,714</u>	<u>\$ 26,622,874</u>	<u>\$ 27,355,399</u>	<u>\$ 30,899,037</u>	<u>\$ 35,222,862</u>	<u>\$ 48,116,749</u>
	40.21%	31.82%	30.67%	22.36%	15.11%	12.08%

Legal Debt margin Calculation for the Fiscal Year 2017

	2018
Assessed Value	\$ 143,105,460
Debt Limit Ratio	30%
December 31, 2018 Debt Limit	\$ 42,931,638
Outstanding Debt Subject to Debt Limit	* <u>5,185,111</u>
Debt Authority Remaining December 31, 2018	<u>\$ 37,746,527</u>
December 31, 2018 GO Bonds Outstanding	\$ 6,105,000
Less: Amount set aside for repayment of general obligation debt	<u>(919,889)</u>
Total Outstanding Debt Subject to Debt Limit December 31, 2018	* <u>\$ 5,185,111</u>

**CITY OF EMPORIA, KANSAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities General Obligation Bonds	Business-Type Activities General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net Bonded Debt	Percentage Estimated Annual Taxable Value of Property - 1	Per Capita - 2
2009	28,454,275	3,305,726	443,006	31,316,995	3.40%	1,170
2010	27,793,800	2,726,200	210,861	30,309,139	3.40%	1,219
2011	23,060,000	8,150,000	160,421	31,049,579	3.57%	1,249
2012	19,710,000	12,895,000	733,388	31,871,612	3.64%	1,280
2013	16,075,000	13,680,000	600,676	29,154,324	3.61%	1,256
2014	12,875,000	11,875,000	448,296	24,301,704	2.75%	1,228
2015	11,685,000	14,350,000	471,327	25,563,673	2.85%	1,369
2016	9,175,000	15,040,000	277,343	23,937,657	2.64%	1,250
2017	6,705,000	13,300,000	433,646	19,571,354	2.04%	898
2018	6,105,000	17,660,000	919,889	22,845,111	2.29%	1,035

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

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

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

**CITY OF EMPORIA, KANSAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31,	Population - 1	Population Income (amounts expressed in thousands)	Per Capita Personal Income - 2	Median Age - 2	Education Level in Years of Formal Schooling - 2	School Enrollment - 3	Unemployment Rate - 2
2009	26,760	665,575	24,872	28.4	14.1	6,156	6.7%
2010	24,868	483,260	19,433	28.4	12.2	6,833	8.3%
2011	24,868	408,656	19,433	28.4	12.1	7,067	8.3%
2012	24,891	409,034	16,433	29.0	12.1	7,123	7.1%
2013	24,958	444,901	17,826	29.0	12.2	11,301	5.5%
2014	24,799	490,747	19,789	29.0	12.2	11,268	4.2%
2015	24,560	458,732	18,678	29.0	12.2	11,024	4.0%
2016	24,649	472,152	19,155	29.4	12.2	11,134	4.1%
2017	24,816	541,014	21,801	29	12.2	11,015	3.1%
2018	24,636	543,569	22,064	28.6	12.2	11,207	3.4%

Note 1 - Data from U.S. Census Information

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

Note 3 - Data obtained from USD 253 Board of Ed, Flint Hills Technical College and Emporia State University

CITY OF EMPORIA, KANSAS
PRINCIPAL EMPLOYERS
December 31, 2018 and Ten Years Ago

Taxpayer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Tyson Fresh Meats	934	2	3.80%	949	1	3.55%
USD #253	991	1	4.04%	783	3	2.93%
Emporia State University	724	3	2.95%	791	2	2.96%
Newman Regional Health	440	6	1.79%	549	5	2.05%
Hostess Brands, LLC	557	5	2.27%	616	4	2.30%
Simmons Pet Food	627	4	2.55%	295	6	1.10%
Lyon County	271	7	1.10%	280	7	1.05%
City of Emporia, Kansas	247	8	1.01%	260	9	0.97%
Hopkins Manufacturing	232	9	94.00%	275	8	1.03%
Camso Manufacturing	170	10	69.00%	-		0.00%
Wal-mart Super Center				235	10	0.88%
Total	5,193		182.51%	5,033		18.82%

Data from Emporia Chamber of Commerce

**CITY OF EMPORIA, KANSAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	33	34	34	34	36	36	34	38	37	37
Public Safety										
Officers	47	47	49	49	44	44	45	41	40	43
Civilians	23	25	24	24	20	21	7	7	7	7
Fire										
Firefighters and										
Officers	49	49	49	49	49	49	49	47	51	51
Civilians	1	1	1	1	1	1	1	3	3	3
Highways and Streets										
Engineering	5	5	5	7	7	6	6	7	7	7
Maintenance	7	8	8	9	10	8	9	9	7	9
Sanitation	31	32	33	33	30	29	30	32	29	32
Culture and Recreation	20	20	21	22	18	19	19	19	22	21
Water	21	21	20	22	19	19	17	16	17	16
Sewer	13	13	13	13	12	8	8	8	8	8
Total	255	257	263	246	240	225	225	227	228	234

(1) Data received from the Human Resources Department

**CITY OF EMPORIA, KANSAS
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Physical arrests (1)	890	996	1,290	1,141	1,323	1,241	1,190	1,171	1,123	1120
Parking violations (1)	9,044	7,253	5,249	5,285	4,934	4,537	4,424	3,589	2,791	2940
Traffic violations (1)	3,010	2,309	2,237	3,231	4,308	3,842	4,162	2,072	2,641	2328
Fire										
Number of calls answered (2)	3,154	3,065	3,047	3,481	3,408	3,708	3,716	3,426	3,710	3904
Inspections (2)	1,338	1,287	1,272	1,157	1,224	1,097	755	958	878	907
Highways and Streets										
Street resurfacing (miles) (3)	3.60	8.56	3.08	3.77	4	2	3	6	4	11
Potholes repaired (4)	304	399	427	451	700	750	750	800	900	900
Sanitation										
Refuse collected (tons/day) (5)	81.46	80.00	79.78	78.73	85	76	78	72	84	88
Recyclables collected (tons/day) (5)	6.45	5.03	4.76	5.40	5	6	4	7	5	4
Water										
New connections (6)	36	16	27	25	19	23	28	29	21	25
Water main breaks (6)	35	49	47	52	34	25	41	50	69	55
Average daily consumption (thousands of gallons) (7)	6,292	6,334	5,524	6,464	5,458	5,656	5,230	5,443	5,671	6095
Wastewater										
Average daily treatment capacity (thousands of gallons) (8)	2,357	2,400	2,700	2,300	2,000	2,000	2,500	2,500	2,000	2500

- (1) Data received from the Human Resources Department
- (2) Data received from the fire department
- (3) Data received from the engineering department
- (4) Data received from the street department
- (5) Data received from the solid waste department
- (6) Data received from the public works department
- (7) Data recovered from the water department
- (8) Data received from the wastewater department

**CITY OF EMPORIA, KANSAS
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units (1)	23	23	30	30	28	22	22	25	25	25
Fire Stations	2	2	2	2	2	2	2	2	2	2
Sanitation										
Collection Trucks (2)	11	10	10	10	10	10	12	12	12	12
Highways and Streets										
Street (miles) (3)	168	168	168	168	168	168	168	169	169	169
Traffic signals (4)	78	80	81	81	89	101	101	101	105	105
Culture and Recreation										
Parks acreage (5)	325.16	325.16	325.16	325.16	325.16	325.16	325.16	325	325	325
Parks (5)	18	18	18	18	18	18	18	18	18	18
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	6	6	6	6	6	6	6	6	6	6
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Water main (miles) (3)	180.63	180.63	180.63	180.63	180.63	180.63	183.38	183	183	184
Fire hydrants (6)	920	908	911	912	906	910	913	913	913	913
Maximum daily capacity thousands of gallons) (7)	9,355	9,220	12,204	11,732	9,456	7,843	6,820	7,869	9,789	11783
Sewer										
Sanitary sewers (miles) (3)	139.10	139.10	139.10	139.98	139.98	141.55	143.59	144	144	144
Storm sewers (miles) (3)	67.50	67.50	67.69	67.69	67.69	67.69	67.69	73	73	73
Maximum daily treatment capacity (thousands of gallons) (8)	7,520	7,400	7,200	7,000	4,500	4,500	4,500	4,500	4,500	4600

(1) Data received from the Human Resources Department

(2) Data received from the fire department

(3) Data received from the engineering department

(4) Data received from the street department

(5) Data received from the solid waste department

(6) Data received from the public works department

(7) Data received from the water department

(8) Data received from the wastewater department

UNIFORM GUIDANCE SECTION



August 20, 2019

Honorable Mayor and City Commissioners
City of Emporia
Emporia, Kansas

**Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of a Financial Statement Performed in
Accordance with *Government Auditing Standards***

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Kansas Municipal Audit and Accounting Guide*, the summary statement of receipts, expenditures, and unencumbered cash of the City of Emporia, Kansas (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statement, which collectively comprise the County's basic financial statement and have issued our report thereon dated August 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, 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 opinion on the financial statement, 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statement 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

August 20, 2019
Honorable Mayor and City Commissioners
City of Emporia

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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Certified Public Accountants
Manhattan, Kansas



August 20, 2019

Honorable Mayor and City Commissioners
City of Emporia
Emporia, Kansas

**Independent Auditor's Report on Compliance for Each
Major Federal Program and Report on Internal Control Over
Compliance in Accordance with the Uniform Guidance**

We have audited the City's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs 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 requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

August 20, 2019
Honorable Mayor and City Commissioners
City of Emporia

Report on Internal Control Over Compliance

Management of the County 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 County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 correct, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in integral 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 the 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 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.

Certified Public Accountants
Manhattan, Kansas

CITY OF EMPORIA, KANSAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

	<u>Federal CFDA Number</u>	<u>Pass Thru Grantor's Number</u>	<u>Federal Award Expenditures</u>	<u>Subrecipient Expenditures</u>
U.S. Department of Housing & Urban Dev				
Passed through Kansas Housing Resources Corp				
Emergency Shelter Grant	14.231	NA	<u>\$ 60,368</u>	<u>\$ -</u>
Passed through Kansas Dept of Commerce				
Home Rehabilitation Grants	14.228	NA	<u>\$ 234,275</u>	<u></u>
Total U.S. Department of Housing & Urban Development				
U.S. Environmental Protection Agency				
Passed through the Kansas Dept of Health & Environment				
Clean Water State Revolving Fund Cluster (66.458, 66.482)				
Capitalization Grants for Clean Water State Revolving Funds	66.458	C20200201 *	<u>\$ 12,424,392</u>	<u>\$ -</u>
U.S. Department of Transportation				
Airport Improvement Grant	20.106	NA	\$ 179,100	
Passed through Kansas Dept of Transportation				
Highway Safety Cluster (20.600, 20.601, 20.602 20.609, 20.610, 20.611 - 20.612, 20.613, 20.616)				
State and Community Highway Safety	20.600	NA	964	-
Total U. S. Department of Transportation				
			<u>\$ 180,064</u>	<u></u>
Total Expenditures of Federal Awards			<u>\$ 12,899,099</u>	<u>\$ -</u>

* Major Program

CITY OF EMPORIA, KANSAS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City under programs of the federal government for the year ended December 31, 2018. This schedule is presented using the cash basis of accounting modified to include accounts payable. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Note B - Indirect Cost Rate

The City does not allocate indirect costs to its federal award programs. Accordingly, use of the 10% de minimis indirect cost rate provisioned by the Uniform Guidance Section 414, is not applicable.

Note C - Non-Cash Assistance, Insurance and Loans

The City did not receive or expend any federal awards in the form of non-cash assistance, insurance, loans or loan guarantees, including interest subsidies during the year ended December 31, 2018.

CITY OF EMPORIA, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:		Unmodified		
Type of auditors' report issued:		Unmodified		
Internal control over financial reporting:				
Material weaknesses identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	_____ <u>X</u> _____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <u>X</u> _____	No

Federal Awards

Internal controls over major programs:				
Material weaknesses identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiencies identified that are not considered to be material weaknesses?	_____	Yes	_____ <u>X</u> _____	None reported
Type of auditor's report issued on compliance for major programs:			Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)	_____	Yes	_____ <u>X</u> _____	No

Identification of major programs:

Name of Federal program or Cluster	CFDA Number
Capitalization Grants	66.458

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
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Auditee qualified as a low-risk auditee?	_____	Yes	_____ <u>X</u> _____	No
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Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.