

# **CITY OF EMPORIA**

522 Mechanic  
Emporia, Kansas 66801

Comprehensive Annual Financial Report  
For the fiscal year ended December 31, 2002

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

CITY OF EMPORIA, KANSAS

Comprehensive Annual Financial Report  
For the fiscal year ended December 31, 2002

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**INTRODUCTORY SECTION**

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THE CITY OF  
**EMPORIA**

City Manager's Office/522 Mechanic/P.O. Box 928/Emporia, KS 66801-0928/620-343-4251

Julia Johnson, Mayor  
Dale K. Davis, Vice-Mayor  
Tom Myers, Commissioner  
Raymond A. Toso, Commissioner  
Francis G. Walters, Jr., Commissioner  
Steve Conmons, City Manager

Honorable Mayor and  
City Commissioners  
City of Emporia  
Emporia, Kansas

Honorable Mayor and City Commissioners:

I hereby transmit the Comprehensive Annual Financial Report of the City of Emporia, Kansas as of December 31, 2002 and for the year then ended. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. Management believes that the data, 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 operations 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.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are discussed by the Director of Administrative Services in his accompanying letter of transmittal, and within that framework, I believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Emporia for its comprehensive annual financial report for the year ended December 31, 2001. This was the seventeenth consecutive year the City has received this award.

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 reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The accompanying report consists of four parts:

1. Introductory section, including the Director of Administrative Services' letter of transmittal.
2. Financial section, including the financial statements and supplemental data of the City accompanied by our independent auditors' opinion.
3. Single audit section, designed to meet the requirements of the federal single audit act of 1984 and related OMB Circular A-133.
4. Statistical section, including a number of tables of unaudited data depicting the financial history of the City for the past ten years, information on overlapping governments, and demographic and other miscellaneous information.

Kansas Statutes Annotated 75-1122 requires an annual audit to be made of the books of account, 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 our auditor's opinion has been included in this report.

The remainder of this letter will review accomplishments of this organization and local economic events during the fiscal year

Honorable Mayor and  
City Commissioners

being evaluated. This letter will also include a future outlook section and a review of the property tax base for the community. Many of the topics are woven together. As one project or function leads to another, these accomplishments show a strong overall community commitment to continue to move forward for a better Emporia and a stronger economic region.

### SIGNIFICANT LOCAL ECONOMIC EVENTS

A review of past transmittal letters would indicate a pattern of significant growth activity which now spans the last five years. Prior to that time, our economic activity was stable and only through hindsight can we really see the substantial jump in activity we have enjoyed in more recent years. Building activity is a good indicator of growth and development in a community. Noted below is the gross value of building permits issued in the last 10 years. It clearly illustrates when we moved to a new level of activity for our community.

1993	\$14,372,318	1998	\$23,285,937
1994	\$22,774,763	1999	\$35,983,712
1995	\$13,805,187	2000	\$38,565,007
1996	\$15,229,107	2001	\$41,986,145
1997	\$14,839,473	2002	\$41,851,482

The year 2001 represented the largest building and construction activity in Emporia's history and 2002 ended only slightly under that record setting level. For four years in a row, prior to 2002, new record levels were established for our construction activity. The following provides specific information relating to our economic activity by category of building activity:

General Building Activity - Overall construction activity continued at some of the highest levels in Emporia's history. Noted below are the recent trends of building permit valuations. It continued to be a good year for growth and development in all sectors of the economy. Public and institutional activity is especially strong over the last few years with the new courthouse and new public school construction. The soft spot in looking at this chart is Multi-Family Dwellings. Every few years, a large multi-family apartment complex is constructed and causes other investment in this area to subside until community growth catches up with the additional development. This pattern will continue as we will see substantial investment in this area in 2003. The following chart reflects the new construction, building addition and alterations by category:

	<u>2000</u>	<u>2001</u>	<u>2002</u>
One and Two Family Dwellings	\$ 4,043,536	\$ 5,289,931	\$ 4,303,711
Multi-Family Dwellings	\$ 757,606	\$ 1,159,130	\$ 669,987
Commercial	\$ 5,756,781	\$ 4,246,711	\$ 1,656,823
Industrial	\$10,241,379	\$14,554,746	\$ 5,200,927
Accessory, Institutional, Public Use	<u>\$17,765,705</u>	<u>\$16,735,627</u>	<u>\$30,020,034</u>
	\$38,565,007	\$41,986,145	\$41,851,482

Commercial Development - About four years ago, we started to see stronger investment in our commercial sector. This trend of commercial activity continued through the 1999 construction season which had investment of over \$9 million. In 2000 and 2001, we observed a more modest investment. In 2002, we expected and confirmed weakness in this construction area and do not expect to see this change much in the coming year. Even if the national economy returns to healthier levels, our commercial activity tends to lag behind national trends.

Industrial Development - The city continues to show good continued building investment and steady employment within our industrial development community. Seven years ago Emporia became very aggressive in the attraction and development of new and expanding industrial activity. Over a million square feet of manufacturing and warehouse space has been added in our community and at least 600 new jobs have been created during that time period. The building activity has been more modest in this area than in previous years, but substantial investment has been made by our existing industrial community to modernize their operations with new equipment investments. IBP completed a \$35 million dollar expansion in 2002 of which a majority of the investment involved new equipment for the facility. Other existing industrial businesses are currently pursuing new equipment investment projects to keep up with increasing production demands and to modernize their operations to be competitive with changing product demand and

Honorable Mayor and  
City Commissioners

world competitors. The past building activity and new equipment investments are building our future tax base. Our industrial development program has been the center of our strong sustained growth in our local economy.

### DEPARTMENTAL SERVICE ACTIVITY EFFORTS

During the year, the City's departments and staff have worked on a number of notable projects which will improve the quality of life in the city. They are as follows:

Completion of Major Construction Projects - In 2002, our organization has seen the completion of a number of projects that involved multiple years of planning and construction. Projects like the Jones Aquatic Center, Downtown Streetscape Project and the Pedestrian Bridge at Prairie Street over I-35 represent large public construction activities. These projects required substantial coordination and special commitments due to the source of funding. All of the projects are supported by either grant funds and/or substantial private donations. Each of these projects are very visible and attractive public improvements that will be enjoyed by the community for decades to come.

Industrial Park III - This industrial park continues to be another center of much activity. As we reported last year, Norfolk Iron and Metal occupied their new 150,000 sq. feet of warehouse space. As a result of this new business and continued development within the park, the Kansas Department of Transportation awarded the City funds to improve adjacent roadway construction to the park. South Avenue, adjacent to Norfolk Iron and Metal, was improved in 2002. Another portion of South Avenue adjacent to the Industrial Park will be improved in 2003. As we continue to have new industrial development and expansion in the park, it continues to be a focal point for staff activity and community economic development.

Housing Development - A substantial amount of staff time continues to be spent working on issues relating to the housing situation in Emporia. Based on a Housing Study which was completed in 1999, the community has moved forward with the development of a local housing authority which is called the Emporia Community Housing Organization (ECHO). This new group started its activities in 2001, working with City and other interested parties, to improve the quality and quantity of the existing housing stock in our community. The business community and other interested citizens have pledged funds to the housing organization. In 2002, the City Commission established new policies to be effective in 2003 relating to standards for rental housing and budgeted funds in the 2003 budget to enforce those standards.

Utility Investment - Community growth and increasing standards for environmental quality have continued the need for Emporia to improve both the Water Treatment and the Wastewater Treatment capacities. Over the last few years, major projects were completed at both treatment facilities. In 2002, construction was substantially completed on our wastewater plant expansion which increases the processing capacity of the plant. Our industrial growth in the community made this expansion a necessity. The prior years of investment in the water treatment plant have resulted in the ability to produce a high quality water. This was confirmed when early in 2002 our water was judged by the Kansas Rural Water Association the best tasting water in the State and was ranked as one of the top five in the nation. Investing in the newest and best technology has allowed us to produce a superior product in sufficient quantities to meet a growing community and regional demand.

The preceding are only a sampling of City staff's activities during the year. The City's departments continue to strive to provide quality services to the citizens of Emporia and to make improvements whenever possible.

### FUTURE OUTLOOK

Emporia is very fortunate to have a very diversified economy. This diversity provides a cushion when a particular market area suffers from 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, yet it is insulated from the periodic downturns which plague the farm sector. Increased employment in this area is being created with additional production lines starting at the Menu Foods plant for the production of pet food and the completion of the \$35 million investment at IBP to improve their meat processing and shipping systems.

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City Commissioners

In the production of durable goods, our employment base is smaller, but has a broad market spectrum from the manufacturing of leveling vials to the rebuilding of large diesel engines. Employers in this sector project stable employment and the diversity in the types of goods produced has to be considered an asset. Caterpillar sold its Emporia facility to a Canadian company called Camoplast. Even though Camoplast isn't the large corporate entity like Caterpillar, the new ownership brings a much broader sales opportunity to the facility. Camoplast sold Caterpillar competitors the rubberized track which this facility manufactures. Under the new ownership, they can produce product for Caterpillar and many other equipment manufacturers that use this type of rubber track system. In the long run for the community, this new company has a greater growth potential than if it had remained under the Caterpillar ownership. We expect to be working with the Company in the future on new growth opportunities.

The City has also gained another new employer with the announcement of Ingenium Packaging starting construction of a 150,000 square ft. manufacturing facility in Emporia to produce a thin wall steel can for the food industry. This project represents a support industry to the food processing industry which is strong in our region. The company plans to start up the facility during the latter part of 2003 with an employment base of 73 people when they are in full operation. Projected total capital investment for this project is \$31,000,000.

Major service industries include a state university, technical college, regional medical center, transportation and lodging facilities. The University is working harder to maintain and build its enrollment. Technical training seems to increase in importance as employers express a need for specific trained skills in their production operations. It appears that both institutions will experience growth in the coming year. Transportation, particularly trucking, continues to be an important part of our economy. Our access to highway systems and our central geographical location within our state and nation continue to make this a promising area. Emporia has been able to improve its position as a medical center with the development of a new medical office building which has assisted in physician recruitment. The hospital is just completing construction of a major building expansion to improve all areas of hospital services. Increasing the availability of certain medical specialities are areas being pursued to create a stronger position as a regional medical provider. A new cancer treatment center is presently under construction within the medical complex. Even though the national travel industry has been in decline, our local lodging facilities continue to bring in a growing level of receipts. It is anticipated that our lodging facilities should maintain their current level of activities.

It is anticipated that the construction activity in 2003 will be down from the record setting pace we have experienced over the last few years. We have been very fortunate to maintain this accelerated level of activity for the last four to five years. Even with a slowdown of the national economy, we are still seeing modest construction activity in all sectors. In the past few years, we have had new companies locate in our community to help lead much of our economic activity. I would anticipate that our next growth activities will focus on expansion and development from our existing industry base. The capital investment will be focused more on equipment and less on new building construction, but the equipment investments could be substantial.

As mentioned earlier, we completed many large capital projects that will be viewed as improving the quality of life in our community. The Jones Aquatic Center and Downtown Streetscape represent over \$6 million in investment in our community. The future community investment will be focused more on protecting our existing assets like our infrastructure such as our streets and utility systems. Resources will also be devoted to our existing park system to protect and improve the recreational facilities we presently enjoy in the community.

Our community has shown steady growth in our property tax assessed valuation. Due to all the recent building activity, we should see our assessed valuation steadily rise. Tax abatement has been a factor in some of our expansion programs so some of the construction investment will not be reflected for a few years. Even with the temporary abatements of some of our industrial expansion, the broad based construction investments will still have a very positive effect in our valuation.

The biggest fiscal challenge we face in the near term is the loss of State shared revenue. Kansas, like many other states is experiencing severe fiscal problems. For Emporia, that means a loss of nearly \$750,000 from the end of 2002 through 2003. Today, we have made adjustments to our spending to immediately offset this reduction of revenue to avoid longer term fiscal strains. The long term future of any State shared revenue is in question and as a community will have to adjust our fiscal planning to compensate for this loss of income.

Honorable Mayor and  
City Commissioners

### GROWTH IN VALUATION

<u>ASSESSED YEAR</u>	<u>ASSESSED VALUATION</u>
1998	\$100,113,321
1999	\$101,337,375
2000	\$108,595,581
2001	\$113,034,253
2002	\$123,110,003
2003	\$129,317,285

Besides the property tax and the collection of utility charges, the one cent local sales tax has been a significant source of income for our community. Retail sales activities are very competitive. Large retail centers in metropolitan areas and the ever growing number of sales which are occurring through catalogs and the internet make it a challenge to have a growing tax base. Up until 2002, we had been fortunate to maintain a growing base of retail activity. The pressure of a poor performing national economy caught up to our community and we experienced a slight decline of sales tax receipts of 1.2%. Prior to last year, from 1997-2001 we experienced growth of 20.7% from this source of funds. It will still take improvement in our national economy before we return to that same pattern of growth from this source.

### SALES TAX HISTORY

1997	\$3,166,576
1998	\$3,533,338
1999	\$3,604,402
2000	\$3,706,938
2001	\$3,823,159
2002	\$3,779,417

Even with the pressure of a poor performing national economy, our employment activity is relatively stable and our industrial base is still striving to expand their business activities. Our community also has been very aggressive in attracting and expanding our industrial base. That commitment intensified in 1994 when voters approved that a portion of our local sales tax be used to increase employment opportunities for the community. That commitment of sales tax support continues until the sunset of that tax in 2014. This illustrates how strong of support our citizens have for future industrial expansion which will build new capital investment and a well compensated workforce.

### ACKNOWLEDGMENTS

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the accounting and internal audit departments. I should like to express my appreciation to all who assisted and contributed to its preparation. I should also like to thank the members of the City Commission for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Steve Commons, City Manager  
February 26, 2003



Honorable Mayor and  
City Commissioners  
City of Emporia  
Emporia, Kansas

Honorable Mayor and City Commissioners:

The Comprehensive Annual Financial Report of the City of Emporia, Kansas for the year ended December 31, 2002 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.

#### **GENERAL INFORMATION - CITY OF EMPORIA**

The City of Emporia lies 110 miles southwest of Kansas City and 85 miles northeast of Wichita on the eastern edge of the Flint Hills area of Kansas. Emporia has a population of 26,760 based on the 2000 census. There are 11.59 square miles of land in the City's corporate boundary, while the "planning and protected" area covers approximately 63 square miles.

The City of Emporia was incorporated in 1857 under the lawful jurisdiction of the State of Kansas. 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.

#### **ACCOUNTING SYSTEM AND BUDGETARY CONTROL**

City departments are required to submit their annual budget requests for the ensuing year to the Director of Administrative Services by May 1st. Such budget requests are reviewed by the City Manager and Commission and incorporated into the official budget required by applicable state statutes. The notification of budget hearing with proposed expenditures is published ten days prior to the public hearing. After the public hearing, the budget expenditures and related levies may be lowered but not raised. The adopted budget is certified to the County Clerk no later than August 25th.

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 an expenditure be authorized, that all expenditures be budgeted, and that the budget not exceed anticipated revenues including carry-forward balances. The adopted budget for any fund may be amended, using the same procedures as for adoption, if the increased expenditures are financed with non-tax revenues. All other budget amendments require the approval of the State Board of Tax Appeals.

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

### **THE REPORTING ENTITY AND ITS SERVICES**

This report includes all of the funds and account groups 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 70 percent of total revenues. The operations of the Emporia Public Library are reported as a discretely presented component unit in the City's financial statements.

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

### **INTERNAL CONTROL**

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

### **GENERAL GOVERNMENTAL FUNCTIONS**

#### **REVENUES AND OTHER FINANCING SOURCES**

Revenues for budgeted governmental functions (General Fund, Special Revenue Funds and Debt Service Fund) totaled \$18,786,963 in 2002, an increase of 12 percent from 2001. Taxes produced 53 percent of the budgeted fund revenue compared with 58 percent in 2001. Revenues have increased over the prior year. The amount of revenue from various sources and the increase [decrease] over last year are shown in the following information.

<u>Budgeted Funds</u>	2002		Increase [Decrease] Over 2001	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
Taxes	\$ 10,000,954	57.5	\$ 378,254	4.1
Special assessments	343,853	2.4	[53,493]	[18.8]
Intergovernmental	2,496,640	10.9	668,774	30.4
Licenses and fees	230,372	1.5	[22,081]	[9.2]
Charges for services	1,001,003	5.6	56,162	5.4
Fines and fees	904,089	4.1	209,167	31.6
Use of money and property	156,949	1.4	[83,768]	[25.1]
Transfers from other funds	3,411,687	15.8	758,219	35.6
Other	241,416	0.8	129,793	60.5
	<u>\$ 18,786,963</u>	<u>100.0</u>	<u>\$ 2,041,027</u>	<u>12.2</u>

The City's assessed valuation of \$131,254,200 represented an increase of 10 percent from the preceding year. Property tax collections were 86 percent of the current tax levy as compared to 89.6 percent for 2001. Delinquent tax collections this year were 1.6 percent of the current levy as compared to .97 percent in 2001. Total tax collections, both current and delinquent were 87.65 percent of the current levy which was 2.9 percent lower than the preceding year.

#### EXPENDITURES AND OTHER FINANCING USES

Expenditures for budgeted governmental functions (General Fund, Special Revenue Funds and Debt Service Fund) totaled \$18,526,472 in 2002, an increase of 12 percent from 2001. Increases [decreases] in levels of budgeted expenditures over the preceding year are shown in the following information.

<u>Budgeted Funds</u>	2002		Increase [Decrease] Over 2001	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent</u>
General government	\$ 3,007,017	14.6	\$ 675,244	29.0
Public safety	7,022,651	41.9	292,872	4.4
Public health	59,010	0.4	[4,590]	[7.2]
Public works	708,387	3.7	124,260	21.3
Culture and recreation	2,002,345	8.2	148,371	8.0
Community and industrial planning and development	1,254,285	8.1	[34,320]	[2.7]
Public transportation	88,711	0.5	4,504	5.3
Street lighting	174,716	1.1	6,278	3.7
Airport operations	327,488	2.3	[43,497]	[11.7]
Debt service	2,667,912	11.5	828,718	45.1
Transfers to other funds	1,213,950	7.7	[10,911]	[0.9]
	<u>\$ 18,526,472</u>	<u>100.0</u>	<u>\$ 1,986,929</u>	<u>12.0</u>

**DEBT ADMINISTRATION**

Net bonded debt per capita and the percentage of net debt to assessed value are useful indicators of the City's debt position to municipal management, citizens and investors in City bonds. Total outstanding general obligation tax supported and special assessment debt was \$29,955,000 on December 31, 2002. Debt statistics for the City of Emporia at December 31, 2002 were as follows:

	<u>Amounts</u>	<u>Percent of Total</u>	<u>Debt per Capita</u>
Direct City debt	\$ 29,955,000	38.6%	\$ 1,119
Overlapping debt	<u>47,726,541</u>	<u>61.4%</u>	<u>1,784</u>
	<u>\$ 77,681,541</u>	<u>100.0%</u>	<u>\$ 2,903</u>

Additional information about the City's debt can be found in the statistical section of this report. (Tables 8 - 10)

**ENTERPRISE OPERATIONS**

The City's enterprise operations are composed of four separate and distinct activities; the water utility; the sewer utility; solid waste disposal; and parking facilities. A substantial percentage of the City's 2002 construction activity pertains to the water and sewer utilities.

A summary of selected enterprise fund financial information is presented in the following tabulation:

	<u>Amount</u>
Gross operating revenue	\$ 9,218,510
Net loss	[1,614,604]
Revenue available for debt service (net income [loss] plus depreciation and amortization of bond issue costs)	139,847
2002 debt service	1,940,461
Coverage (income available for debt service divided by 2002 debt service)	0.07

**CASH MANAGEMENT**

Cash temporarily idle during the year was invested in time deposits ranging from 30 to 90 days in maturity and in U.S. Government obligations with variable maturities and in the Kansas Municipal Investment Pool. At December 31, 2002, the City's cash resources were divided between demand deposits and investments as follows: in demand deposits and cash on hand 12 percent; and in interest bearing investments 88 percent. The amount of interest received in 2002 from idle cash was \$120,529.

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

### **RISK MANAGEMENT**

The City performs limited risk management operations intended to maintain coverage at appropriate levels; manage claims; and monitor carrier performance. Additionally, the City periodically engages professional consultants to assist with the risk management function. The City operates its employees' health insurance and workers' compensation insurance as partially self-funded plans.

### **CAPITAL PROJECTS**

As provided by Kansas statutes, the City finances capital projects, for which the issuance of general obligation bonds has been authorized, with temporary notes. Proceeds of temporary notes issued are accounted for in Capital Project funds until improvements are completed. Completed and uncompleted sanitary sewer lines and water lines are capitalized in the Enterprise Funds. Completed projects for buildings, building improvements and land improvements including streets, sidewalks, and curbs and gutters are capitalized in the General Fixed Asset Account Group.

During 2002 capital improvement projects totaling \$15,968,629 were authorized by the City Commission. General fixed asset additions were placed in service with a cost of \$5,199,194. Additions to the Enterprise Funds costing \$7,662,148 were placed in service in 2002.

### **GENERAL FIXED ASSETS**

The general fixed assets of the City are those fixed assets in the performance of general governmental functions and excluded the fixed assets of the Enterprise funds. As of December 31, 2002, the general fixed assets of the City amounted to \$215,998,810. This amount represents the original cost of the assets and is considerably less than their present value. Depreciation of general fixed assets is not recognized in the City's accounting system.

### **INDEPENDENT AUDIT**

State law requires an annual audit of the books of account, financial records and transactions of all administrative departments of the City by independent Certified Public Accountants 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.

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Emporia for its comprehensive annual financial report for the year ended December 31, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Emporia, Kansas, has received a Certificate of Achievement for the last seventeen consecutive years (fiscal years 1985 - 2001). We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

**ACKNOWLEDGMENTS**

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

Respectfully submitted,



Larry Bucklinger  
Director of Administrative Services  
February 26, 2003

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Emporia,  
Kansas

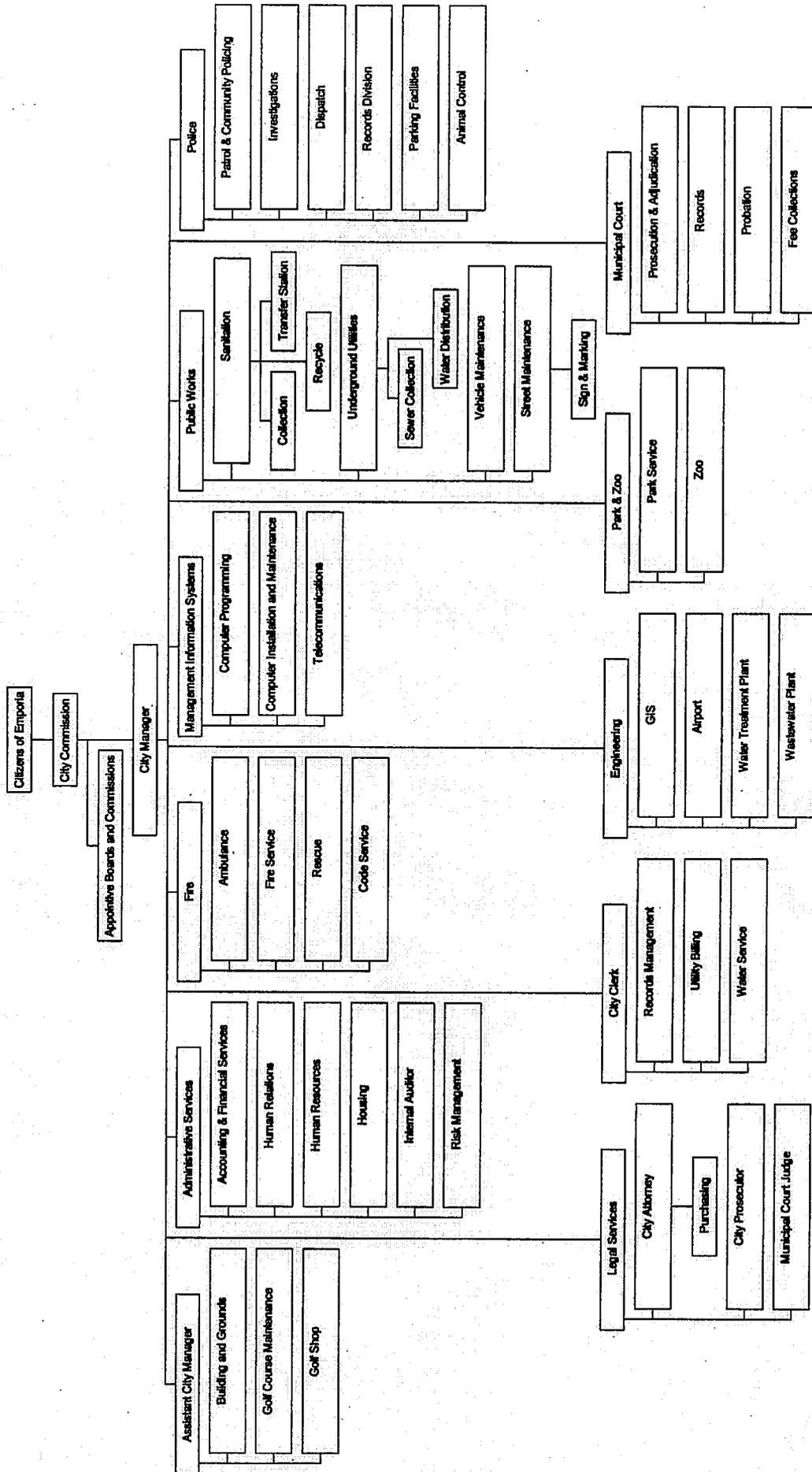
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2001

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



President

Executive Director



City of Emporia, Kansas

GOVERNING BODY  
2002

MAYOR	JULIE JOHNSON
VICE-MAYOR	DALE K. DAVIS
COMMISSIONER	TOM MYERS
COMMISSIONER	RAYMOND A. TOSO
COMMISSIONER	FRANCIS G. WALTERS, JR.

ADMINISTRATIVE OFFICIALS

CITY MANAGER	STEVE COMMONS
ASSISTANT CITY MANAGER	MARK McANARNEY
DIRECTOR OF ADMINISTRATIVE SERVICES	LARRY BUCKLINGER
CITY CLERK	SUSAN MENDOZA
CITY TREASURER	JANET HARROUFF
CITY ATTORNEY	BLAISE PLUMMER

DEPARTMENT HEADS

PUBLIC WORKS DIRECTOR	RON CHILDERS
CITY ENGINEER	KEITH BEATTY
FIRE CHIEF	JACK TAYLOR
POLICE CHIEF	MIKE HEFFRON
DATA PROCESSING MANAGER	CATHY HOUGH
DIRECTOR OF PARKS AND ZOO	DAVID P. TRAYLOR
DIRECTOR OF COURT SERVICES	PHIL MARTIN

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**FINANCIAL SECTION**

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**LOWENTHAL SINGLETON WEBB & WILSON**  
P R O F E S S I O N A L   A S S O C I A T I O N

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CERTIFIED PUBLIC ACCOUNTANTS

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Lawrence, Kansas 66044-2868  
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Fax: (785) 749-5061  
E-mail: lswwcpa@lswwcpa.com

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Patricia L. Webb, CPA  
Thomas G. Wilson, CPA

\_\_\_\_\_  
Kenneth R. Hite, CPA  
Mary A. LeGresley, CPA  
Audrey M. Odermann, CPA

\_\_\_\_\_  
Members of American Institute  
and Kansas Society of  
Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**  
**ON THE GENERAL PURPOSE FINANCIAL STATEMENTS**

Mayor and City Commissioners  
City of Emporia, Kansas

We have audited the accompanying general purpose financial statements of the City of Emporia, Kansas, (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the Emporia Public Library. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts for the Emporia Public Library included as a discretely presented component unit, is based solely upon the report of the other auditors.

We conducted our audit 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 "Kansas Municipal Audit Guide". Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Emporia, Kansas, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary and similar trust fund types for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards", we have also issued a report dated February 26, 2003, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of Emporia, Kansas. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore, we express no opinion thereon.

*Lowenthal, Singleton, Webb & Wilson*

Professional Association  
February 26, 2003

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**GENERAL PURPOSE FINANCIAL STATEMENTS**

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CITY OF EMPORIA, KANSAS  
COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS AND  
DISCRETELY PRESENTED COMPONENT UNITS  
December 31, 2002

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 282,356	\$ 961,432	\$ 24,843	\$ 2,599,292
Cash with fiscal agent	-	-	36,191	-
Investments	-	-	-	-
Receivables (net of allowance for uncollectibles)				
Accounts	208,720	546,322	-	-
Taxes	3,146,650	544,571	1,274,110	-
Notes	-	758,524	-	-
Interest	-	-	-	-
Due from other funds	425,228	34,276	-	734,266
Inventory and prepaid supplies	-	-	-	-
Fixed assets (net of accumulated depreciation where applicable)	-	-	-	-
Deferred charges	-	-	-	-
<b>OTHER DEBITS</b>				
Amount available in debt service funds	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
<b>Total assets and other debits</b>	<u>\$ 4,062,954</u>	<u>\$ 2,845,125</u>	<u>\$ 1,335,144</u>	<u>\$ 3,333,558</u>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total Primary Government (Memoran- dum Only)	Component Unit Emporia Public Library	Total Reporting Entity (Memoran- dum Only)
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long- Term Debt</u>			
\$ 1,219,074	\$ 110,652	\$ 548,482	\$ -	\$ -	\$ 5,746,131	\$ 328,447	\$ 6,074,578
-	-	-	-	-	36,191	-	36,191
-	1,398,611	-	-	-	1,398,611	-	1,398,611
1,034,849	-	425,228	-	-	2,215,119	-	2,215,119
-	-	-	-	-	4,965,331	-	4,965,331
-	-	339,853	-	-	1,098,377	-	1,098,377
-	-	570	-	-	570	-	570
403,988	-	-	-	-	1,597,758	-	1,597,758
206,895	-	-	-	-	206,895	-	206,895
43,026,606	-	-	215,998,810	-	259,025,416	688,568	259,713,984
377,593	-	-	-	-	377,593	-	377,593
-	-	-	-	24,843	24,843	-	24,843
-	-	-	-	24,207,264	24,207,264	12,165	24,219,429
<u>\$ 46,269,005</u>	<u>\$ 1,509,263</u>	<u>\$ 1,314,133</u>	<u>\$ 215,998,810</u>	<u>\$ 24,232,107</u>	<u>\$ 300,900,099</u>	<u>\$ 1,029,180</u>	<u>\$ 301,929,279</u>

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS  
COMBINED BALANCE SHEET  
ALL FUND TYPES, ACCOUNT GROUPS AND  
DISCRETELY PRESENTED COMPONENT UNITS  
December 31, 2002

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES				
Accounts payable	\$ 163,277	\$ 42,063	\$ -	\$ 346,429
Accrued liabilities	325,844	-	-	-
Accrued compensated absences	34,873	41,496	-	-
Retainage payable	-	-	-	119,967
Leases payable	-	-	-	-
Matured bonds and interest payable	-	-	36,191	-
Accrued interest payable	-	-	-	-
Current portion of long-term debt	-	-	-	-
Current portion of general obligation bonds	-	-	-	-
Due to other funds	-	34,276	-	734,266
Notes payable	-	-	-	-
Accrued landfill postclosure care costs	-	-	-	-
General obligation bonds payable	-	-	-	-
Deferred revenue	<u>3,146,650</u>	<u>544,571</u>	<u>1,274,110</u>	<u>-</u>
Total liabilities	<u>3,670,644</u>	<u>662,406</u>	<u>1,310,301</u>	<u>1,200,662</u>
EQUITY AND OTHER CREDITS				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings				
Unreserved	-	-	-	-
Fund balances				
Reserved for encumbrances	22,503	126,396	-	-
Reserved for economic development	-	-	-	-
Reserved for endowments	-	-	-	-
Unreserved				
Designated for debt service	-	-	24,843	-
Designated for employee benefits and capital outlay	-	-	-	-
Designated for industrial development	-	1,725,256	-	-
Undesignated	<u>369,807</u>	<u>331,067</u>	<u>-</u>	<u>2,132,896</u>
Total equity and other credits	<u>392,310</u>	<u>2,182,719</u>	<u>24,843</u>	<u>2,132,896</u>
Total liabilities, equity and other credits	<u>\$ 4,062,954</u>	<u>\$ 2,845,125</u>	<u>\$ 1,335,144</u>	<u>\$ 3,333,558</u>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total Primary Government (Memoran- dum Only)	Component Unit Emporia Public Library	Total Reporting Entity (Memoran- dum Only)
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long- Term Debt</u>			
\$ 617,249	\$ 6,929	\$ 23,157	\$ -	\$ -	\$ 1,199,104	\$ 1,115	\$ 1,200,219
55,650	483,325	-	-	-	864,819	-	864,819
226,389	-	-	-	474,905	777,663	12,165	789,828
323,072	-	-	-	-	443,039	-	443,039
-	-	-	-	142,472	142,472	-	142,472
-	-	-	-	-	36,191	-	36,191
83,512	-	-	-	-	83,512	-	83,512
-	-	-	-	1,214,029	1,214,029	-	1,214,029
1,095,761	-	-	-	-	1,095,761	-	1,095,761
403,988	-	425,228	-	-	1,597,758	-	1,597,758
13,338,218	-	-	-	-	13,338,218	-	13,338,218
242,383	-	-	-	-	242,383	-	242,383
6,429,509	-	-	-	22,400,701	28,830,210	-	28,830,210
-	-	-	-	-	4,965,331	-	4,965,331
<u>22,815,731</u>	<u>490,254</u>	<u>448,385</u>	<u>-</u>	<u>24,232,107</u>	<u>54,830,490</u>	<u>13,280</u>	<u>54,843,770</u>
-	-	-	215,998,810	-	215,998,810	688,568	216,687,378
14,007,202	-	-	-	-	14,007,202	-	14,007,202
9,446,072	1,019,009	-	-	-	10,465,081	-	10,465,081
-	-	-	-	-	148,899	26,182	175,081
-	-	863,078	-	-	863,078	-	863,078
-	-	-	-	-	-	141,223	141,223
-	-	-	-	-	24,843	-	24,843
-	-	-	-	-	-	58,200	58,200
-	-	-	-	-	1,725,256	-	1,725,256
-	-	2,670	-	-	2,836,440	101,727	2,938,167
<u>23,453,274</u>	<u>1,019,009</u>	<u>865,748</u>	<u>215,998,810</u>	<u>-</u>	<u>246,069,609</u>	<u>1,015,900</u>	<u>247,085,509</u>
<u>\$ 46,269,005</u>	<u>\$ 1,509,263</u>	<u>\$ 1,314,133</u>	<u>\$ 215,998,810</u>	<u>\$ 24,232,107</u>	<u>\$ 300,900,099</u>	<u>\$ 1,029,180</u>	<u>\$ 301,929,279</u>

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS  
AND DISCRETELY PRESENTED COMPONENT UNITS  
For the fiscal year ended December 31, 2002

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Revenues</b>				
Taxes	\$ 7,735,236	\$ 840,542	\$ 1,425,176	\$ -
Special assessments	-	-	343,853	-
Intergovernmental	480,030	1,516,610	500,000	938,617
Licenses and permits	230,372	-	-	-
Charges for services	1,001,003	-	-	-
Fines and fees	904,089	-	-	-
Use of money and property	82,594	63,464	10,891	50,448
Reimbursements	2,091	-	-	-
Contributions	-	3,600	-	1,177,264
Miscellaneous revenues	217,740	9,357	8,628	-
Total revenues	<u>10,653,155</u>	<u>2,433,573</u>	<u>2,288,548</u>	<u>2,166,329</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	1,135,428	463,797	-	-
Law enforcement	3,771,105	61,373	-	-
Court services	400,213	-	-	-
Fire and ambulance	2,789,960	-	-	-
Highways and streets	971,814	642,416	-	-
Health and environment	-	59,010	-	-
Culture and recreation	1,428,445	-	-	-
Building maintenance	737,577	-	-	-
Planning and development	401,410	852,875	-	-
Airport operations	327,488	-	-	-
Capital outlay	-	27,799	-	7,546,662
<b>Debt service</b>				
Principal	-	21,342	1,519,540	-
Interest and other charges	-	3,600	1,123,430	44,226
Total expenditures	<u>11,963,440</u>	<u>2,132,212</u>	<u>2,642,970</u>	<u>7,590,888</u>
Excess [deficiency] of revenues over [under] expenditures	<u>\$ [1,310,285]</u>	<u>\$ 301,361</u>	<u>\$ [354,422]</u>	<u>\$ [5,424,559]</u>

<u>Fiduciary Fund Types</u>	<u>Total Primary Government (Memoran- dum Only)</u>	<u>Component Unit Emporia Public Library</u>	<u>Total Reporting Entity (Memoran- dum Only)</u>
\$ -	\$ 10,000,954	\$ -	\$ 10,000,954
-	343,853	-	343,853
-	3,435,257	134,457	3,569,714
-	230,372	-	230,372
-	1,001,003	8,344	1,009,347
-	904,089	-	904,089
37	207,434	3,249	210,683
-	2,091	-	2,091
780	1,181,644	75,051	1,256,695
-	235,725	13,609	249,334
<u>817</u>	<u>17,542,422</u>	<u>234,710</u>	<u>17,777,132</u>
32	1,599,257	-	1,599,257
-	3,832,478	-	3,832,478
-	400,213	-	400,213
-	2,789,960	-	2,789,960
-	1,614,230	-	1,614,230
-	59,010	-	59,010
-	1,428,445	765,313	2,193,758
-	737,577	-	737,577
-	1,254,285	-	1,254,285
-	327,488	-	327,488
-	7,574,461	-	7,574,461
-	1,540,882	-	1,540,882
-	1,171,256	-	1,171,256
<u>32</u>	<u>24,329,542</u>	<u>765,313</u>	<u>25,094,855</u>
\$ 785	\$ [6,787,120]	\$ [530,603]	\$ [7,317,723]

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUNDS  
AND DISCRETELY PRESENTED COMPONENT UNITS  
For the fiscal year ended December 31, 2002

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Other financing sources [uses]</b>				
Operating transfers in	\$ 2,514,623	\$ 765,419	\$ 131,645	\$ 758,282
Operating transfers out	[876,075]	[337,875]	-	[693,406]
Operating transfers in - component unit	-	-	-	-
Operating transfers out - primary government	-	[573,900]	-	-
Bond proceeds	-	-	-	3,725,346
Total other financing sources [uses]	<u>1,638,548</u>	<u>[146,356]</u>	<u>131,645</u>	<u>3,790,222</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	328,263	155,005	[222,777]	[1,634,337]
Fund balances, January 1	<u>64,047</u>	<u>2,027,714</u>	<u>247,620</u>	<u>3,767,233</u>
Fund balances, December 31	<u>\$ 392,310</u>	<u>\$ 2,182,719</u>	<u>\$ 24,843</u>	<u>\$ 2,132,896</u>

<u>Fiduciary Fund Types</u>	<u>Total Primary Government (Memoran- dum Only)</u>	<u>Component Unit Emporia Public Library</u>	<u>Total Reporting Entity (Memoran- dum Only)</u>
\$ -	\$ 4,169,969	\$ 11,244	\$ 4,181,213
-	[1,907,356]	[3,630]	[1,910,986]
-	-	573,900	573,900
-	[573,900]	-	[573,900]
-	<u>3,725,346</u>	<u>-</u>	<u>3,725,346</u>
-	<u>5,414,059</u>	<u>581,514</u>	<u>5,995,573</u>
785	[1,373,061]	50,911	[1,322,150]
<u>1,885</u>	<u>6,108,499</u>	<u>135,198</u>	<u>6,243,697</u>
<u>\$ 2,670</u>	<u>\$ 4,735,438</u>	<u>\$ 186,109</u>	<u>\$ 4,921,547</u>

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ACTUAL AND BUDGET - GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
For the fiscal year ended December 31, 2002

	General Fund		
	Actual	Budget	Variance Positive [Negative]
<b>Revenues</b>			
Taxes	\$ 7,735,236	\$ 8,117,200	\$ [381,964]
Special assessments	-	-	-
Intergovernmental	480,030	594,753	[114,723]
Licenses and permits	230,372	190,580	39,792
Charges for services	1,001,003	1,206,400	[205,397]
Fines and fees	904,089	695,450	208,639
Use of money and property	82,594	134,500	[51,906]
Reimbursements	2,091	60,300	[58,209]
Donations	-	-	-
Miscellaneous revenues	217,740	1,230,750	[1,013,010]
<b>Total revenues</b>	<u>10,653,155</u>	<u>12,229,933</u>	<u>[1,576,778]</u>
<b>Expenditures</b>			
<b>Current</b>			
General government	1,149,193	683,360	[465,833]
Public safety	6,940,093	7,248,950	308,857
Highway and streets	973,345	767,217	[206,128]
Culture and recreation	1,421,656	1,570,471	148,815
Building maintenance	738,353	781,354	43,001
Planning and development	312,699	134,617	[178,082]
Airport operations	327,145	397,635	70,490
Appropriations	88,711	88,430	[281]
Capital outlay	-	-	-
<b>Debt service</b>			
Principal	-	-	-
Interest and other charges	-	-	-
<b>Total expenditures</b>	<u>11,951,195</u>	<u>11,672,034</u>	<u>[279,161]</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,298,040]</u>	<u>557,899</u>	<u>[1,855,939]</u>
<b>Other financing sources [uses]</b>			
Operating transfers in	2,514,623	-	2,514,623
Operating transfers out	[876,075]	[1,012,500]	136,425
Operating transfers out - component unit	-	-	-
<b>Total other financing sources [uses]</b>	<u>1,638,548</u>	<u>[1,012,500]</u>	<u>2,651,048</u>

Budgeted Special Revenue Funds			Debt Service Fund		
<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
\$ 569,874	\$ 558,465	\$ 11,409	\$ 1,425,176	\$ 1,397,535	\$ 27,641
-	-	-	343,853	192,313	151,540
1,558,058	1,230,252	327,806	500,000	-	500,000
-	-	-	-	-	-
-	-	-	-	-	-
26,033	42,786	[16,753]	10,891	35,000	[24,109]
-	-	-	-	-	-
1,600	1,400	200	-	-	-
9,357	7,000	2,357	8,628	5,000	3,628
<u>2,164,922</u>	<u>1,839,903</u>	<u>325,019</u>	<u>2,288,548</u>	<u>1,629,848</u>	<u>658,700</u>
78,439	116,000	37,561	-	-	-
3,564	11,450	7,886	-	-	-
677,111	633,078	[44,033]	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
681,370	1,131,044	449,674	-	-	-
-	-	-	-	-	-
321,010	321,853	843	-	-	-
80,366	216,000	135,634	-	-	-
21,342	-	[21,342]	1,519,540	1,306,040	213,500
3,600	-	[3,600]	1,123,430	1,091,168	32,262
<u>1,866,802</u>	<u>2,429,425</u>	<u>562,623</u>	<u>2,642,970</u>	<u>2,397,208</u>	<u>[245,762]</u>
298,120	[589,522]	887,642	[354,422]	[767,360]	412,938
755,885	725,862	30,023	131,645	510,238	[378,593]
[306,799]	[142,000]	[164,799]	-	-	-
[573,900]	[573,900]	-	-	-	-
<u>[124,814]</u>	<u>9,962</u>	<u>[134,776]</u>	<u>131,645</u>	<u>510,238</u>	<u>[378,593]</u>

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ACTUAL AND BUDGET - GENERAL, SPECIAL REVENUE AND DEBT SERVICE FUNDS  
For the fiscal year ended December 31, 2002

	General Fund		
	<u>Actual</u>	<u>Budget</u>	Variance Positive <u>[Negative]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	\$ 340,508	\$ [454,601]	\$ 795,109
Unreserved fund balances, January 1	<u>64,047</u>	<u>454,601</u>	<u>[390,554]</u>
Unreserved fund balances, December 31	404,555	\$ -	\$ <u>404,555</u>
Current year encumbrances	22,503		
Prior year encumbrances	[34,748]		
Non-budgeted funds	<u>-</u>		
Fund balances, December 31	<u>\$ 392,310</u>		

Budgeted Special Revenue Funds			Debt Service Fund		
<u>Actual</u>	<u>Budget</u>	Variance Positive <u>[Negative]</u>	<u>Actual</u>	<u>Budget</u>	Variance Positive <u>[Negative]</u>
\$ 173,306	\$ [579,560]	\$ 752,866	\$ [222,777]	\$ [257,122]	\$ 34,345
<u>1,712,586</u>	<u>1,712,586</u>	<u>-</u>	<u>247,620</u>	<u>247,620</u>	<u>-</u>
1,885,892	<u>\$ 1,133,026</u>	<u>\$ 752,866</u>	24,843	<u>\$ [9,502]</u>	<u>\$ 34,345</u>
24,301			-		
[25,285]			-		
<u>297,811</u>			<u>-</u>		
<u>\$ 2,182,719</u>			<u>\$ 24,843</u>		

The accompanying notes are an integral part of this statement.

## CITY OF EMPORIA, KANSAS

COMBINED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN RETAINED EARNINGS / FUND BALANCES  
 ALL PROPRIETARY FUND TYPES, SIMILAR TRUST FUNDS AND  
 DISCRETELY PRESENTED COMPONENT UNITS  
 For the fiscal year ended December 31, 2002

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
<b>Operating revenues</b>		
Charges for services	\$ 9,204,627	\$ 1,182,374
Use of money and property	-	-
Miscellaneous	<u>13,883</u>	<u>14,715</u>
Total operating revenues	<u>9,218,510</u>	<u>1,197,089</u>
<b>Operating expenses</b>		
Personal services	1,933,606	-
Contractual services	3,166,914	1,550,132
Commodities	1,324,810	-
Depreciation	1,720,815	-
Other	<u>84,014</u>	<u>-</u>
Total operating expenses	<u>8,230,159</u>	<u>1,550,132</u>
Operating income [loss]	<u>988,351</u>	<u>[353,043]</u>
<b>Nonoperating revenues [expenses]</b>		
Interest income	355,766	25,517
Rental income	2,116	-
Interest expense	[631,620]	-
Amortization of bond issue costs	[33,636]	-
Gain on disposal of assets	<u>[32,968]</u>	<u>-</u>
Total nonoperating revenues [expenses]	<u>[340,342]</u>	<u>25,517</u>
Income [loss] before operating transfers	<u>648,009</u>	<u>[327,526]</u>
Operating transfers		
Operating transfers in	375,417	-
Operating transfers out	<u>[2,638,030]</u>	<u>-</u>
Total operating transfers	<u>[2,262,613]</u>	<u>-</u>
Net income [loss]	<u>[1,614,604]</u>	<u>[327,526]</u>
Retained earnings / fund balances, January 1	10,887,922	1,346,535
Prior period adjustment	<u>172,754</u>	<u>-</u>
Retained earnings / fund balances, restated January 1	<u>11,060,676</u>	<u>1,346,535</u>
Retained earnings / fund balances, December 31	<u>\$ 9,446,072</u>	<u>\$ 1,019,009</u>

Fiduciary Fund Type	Total Primary Government (Memoran- dum Only)	Component Unit Emporia Public Library	Total Reporting Entity (Memoran- dum Only)
\$ -	\$ 10,387,001	\$ -	\$ 10,387,001
24,389	24,389	6,463	30,852
-	28,598	-	28,598
<u>24,389</u>	<u>10,439,988</u>	<u>6,463</u>	<u>10,446,451</u>
-	1,933,606	-	1,933,606
383	4,717,429	-	4,717,429
-	1,324,810	-	1,324,810
-	1,720,815	-	1,720,815
-	84,014	-	84,014
<u>383</u>	<u>9,780,674</u>	<u>-</u>	<u>9,780,674</u>
<u>24,006</u>	<u>659,314</u>	<u>6,463</u>	<u>665,777</u>
-	381,283	-	381,283
-	2,116	-	2,116
-	[631,620]	-	[631,620]
-	[33,636]	-	[33,636]
-	[32,968]	-	[32,968]
<u>-</u>	<u>[314,825]</u>	<u>-</u>	<u>[314,825]</u>
<u>24,006</u>	<u>344,489</u>	<u>6,463</u>	<u>350,952</u>
-	375,417	3,630	379,047
<u>-</u>	<u>[2,638,030]</u>	<u>[11,244]</u>	<u>[2,649,274]</u>
<u>-</u>	<u>[2,262,613]</u>	<u>[7,614]</u>	<u>[2,270,227]</u>
<u>24,006</u>	<u>[1,918,124]</u>	<u>[1,151]</u>	<u>[1,919,275]</u>
839,072	13,073,529	142,374	13,215,903
-	172,754	-	172,754
<u>839,072</u>	<u>13,246,283</u>	<u>142,374</u>	<u>13,388,657</u>
<u>\$ 863,078</u>	<u>\$ 11,328,159</u>	<u>\$ 141,223</u>	<u>\$ 11,469,382</u>

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES, SIMILAR TRUST FUNDS AND  
DISCRETELY PRESENTED COMPONENT UNITS  
For the fiscal year ended December 31, 2002

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
<b>Cash flows from operating activities</b>		
Cash received from customers and users	\$ 9,278,105	\$ 1,182,374
Cash paid to employees for services	[2,008,385]	-
Cash paid to other suppliers of goods or services	[4,012,311]	[1,459,510]
Principal received on loans	-	-
Principal advanced on new loans	-	-
Other operating receipts	13,883	14,715
Net cash provided by [used in] operating activities	<u>3,271,292</u>	<u>[262,421]</u>
<b>Cash flows from noncapital financing activities</b>		
Transfers from other funds	375,417	-
Transfers [to] other funds	[2,638,030]	-
Net cash provided by [used in] noncapital financing activities	<u>[2,262,613]</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>		
Purchase and construction of fixed assets	[7,662,148]	-
Proceeds from issuance of debt	6,455,099	-
Principal payments - bonds	[1,286,060]	-
Interest paid	[654,401]	-
Proceeds from sale of salvage	156,739	-
Net cash provided by [used in] capital and related financing activities	<u>[2,990,771]</u>	<u>-</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	-	1,674,210
Purchase of investments	-	[1,398,611]
Interest received	355,766	25,517
Rents received	2,116	-
Net cash provided by [used in] investing activities	<u>357,882</u>	<u>301,116</u>
Net increase [decrease] in cash and cash equivalents	[1,624,210]	38,695
Cash and cash equivalents, January 1	<u>2,843,284</u>	<u>71,957</u>
Cash and cash equivalents, December 31	<u>\$ 1,219,074</u>	<u>\$ 110,652</u>

Fiduciary Fund Type	Total Primary Government (Memoran- dum Only)	Component Unit Emporia Public Library	Total Reporting Entity (Memoran- dum Only)
\$ -	\$ 10,460,479	\$ -	\$ 10,460,479
-	[2,008,385]	-	[2,008,385]
[383]	[5,472,204]	-	[5,472,204]
127,608	127,608	-	127,608
[241,395]	[241,395]	-	[241,395]
-	28,598	-	28,598
<u>[114,170]</u>	<u>2,894,701</u>	<u>-</u>	<u>2,894,701</u>
-	375,417	3,630	379,047
-	[2,638,030]	[11,244]	[2,649,274]
-	[2,262,613]	[7,614]	[2,270,227]
-	[7,662,148]	-	[7,662,148]
-	6,455,099	-	6,455,099
-	[1,286,060]	-	[1,286,060]
-	[654,401]	-	[654,401]
-	156,739	-	156,739
-	[2,990,771]	-	[2,990,771]
-	1,674,210	-	1,674,210
-	[1,398,611]	-	[1,398,611]
24,852	406,135	6,463	412,598
-	2,116	-	2,116
<u>24,852</u>	<u>683,850</u>	<u>6,463</u>	<u>690,313</u>
[89,318]	[1,674,833]	[1,151]	[1,675,984]
611,973	3,527,214	142,374	3,669,588
<u>\$ 522,655</u>	<u>\$ 1,852,381</u>	<u>\$ 141,223</u>	<u>\$ 1,993,604</u>

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES, SIMILAR TRUST FUNDS AND  
DISCRETELY PRESENTED COMPONENT UNITS  
For the fiscal year ended December 31, 2002

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
<b>Reconciliation of operating [loss] income to net cash provided by [used in] operating activities</b>		
Operating income [loss]	\$ 988,351	\$ [353,043]
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities		
Depreciation expense	1,720,815	-
Interest income reported in operations	-	-
[Decrease] in unpaid claims	-	85,380
[Increase] decrease in accounts/notes receivable	73,478	5,242
[Increase] decrease in inventory	12,783	-
[Increase] decrease in due from other funds	[403,988]	-
Increase [decrease] in due to other funds	403,988	-
Increase [decrease] in accounts payable	239,113	-
Increase [decrease] in retainage payable	323,072	-
Increase [decrease] in accrued liabilities	[72,459]	-
Increase [decrease] in accrued compensated absences	[2,319]	-
Increase [decrease] in accrued landfill closure and postclosure care costs	[11,542]	-
Net cash provided by [used in] operating activities	<u>\$ 3,271,292</u>	<u>\$ [262,421]</u>

<u>Fiduciary Fund Type</u>	<u>Total Primary Government (Memoran- dum Only)</u>	<u>Component Unit Emporia Public Library</u>	<u>Total Reporting Entity (Memoran- dum Only)</u>
\$ 24,006	\$ 659,314	\$ 6,463	\$ 665,777
-	1,720,815	-	1,720,815
[24,389]	[24,389]	[6,463]	[30,852]
-	85,380	-	85,380
[113,787]	[35,067]	-	[35,067]
-	12,783	-	12,783
-	[403,988]	-	[403,988]
-	403,988	-	403,988
-	239,113	-	239,113
-	323,072	-	323,072
-	[72,459]	-	[72,459]
-	[2,319]	-	[2,319]
-	[11,542]	-	[11,542]
<u>\$ [114,170]</u>	<u>\$ 2,894,701</u>	<u>\$ -</u>	<u>\$ 2,894,701</u>

The accompanying notes are an integral part of this statement.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

**Discretely Presented Component Unit**

**Emporia Public Library** - The Emporia Public Library (Library) serves the citizens within the City's jurisdiction. The City appoints the entire governing body of the Library. Because the Library is not a separate taxing entity, the City levies tax for the Library's operations. The City appropriated \$573,900 to the Library in 2002. Complete financial statements may be obtained at the Emporia Public Library, 110 E. 6th Avenue, Emporia, Kansas.

**Jointly Governed Organization**

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

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the City are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The City has the following fund types and account groups:

**Governmental Funds** are used to account for the City's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the City and are recognized as revenue at that time.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation - Continued**

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant moneys are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

**Governmental funds** included the following fund types:

The **general fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **special revenue funds** account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

The **debt service fund** accounts for the servicing of the general long-term debt not being financed by proprietary or nonexpendable trust funds of the City.

The **capital projects funds** account for the acquisition of fixed assets or the construction of major capital projects not being financed by the proprietary or nonexpendable trust funds of the City.

**Proprietary funds** are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: FASB Statements and Interpretations, APB Opinions and ARBs. Proprietary funds include the following fund types:

The **enterprise funds** are used to account for those operations that are financed and operated in a manner similar to private business or where the commission has decided that the determination of revenues earned, costs incurred and / or net income is necessary for management accountability.

The **internal service funds** account for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

**Fiduciary funds** account for assets held by the City in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the City under the terms of a formal trust agreement.

The **expendable trust funds** are accounted for in essentially the same manner as the governmental funds, using the same measurement focus and basis of accounting. Expendable trust funds account for assets of which the principal and interest may be spent.

The **nonexpendable trust funds** are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting. Nonexpendable trust funds account for assets of which the principal may not be spent.

The **agency funds** are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation - Continued**

**Account groups.** The **general fixed assets account group** is used to account for fixed assets of the City. The **general long-term debt account group** is used to account for general long-term debt and certain other liabilities of the City.

**C. Assets, Liabilities and Equity**

**1. Pooled Cash and Investments**

The City maintains a cash and investment pool that is available for use by all funds managed by the City (except for investments of the employees' health insurance trust and workers' compensation fund). Each fund type's portion of this pool is displayed on the combined balance sheet. 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.

**2. 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".

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

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

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the City. Accruals of uncollected current year property taxes are offset by deferred revenue and are identical to the adopted budget for 2003. 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.

**3. 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.

CITY OF EMPORIA, KANSAS  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Assets, Liabilities and Equity - Continued**

**4. Prepaid Items**

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

**5. Restricted Assets**

Certain monies in the Economic Development non-expendable trust fund are restricted for re-use in the City's revolving loan program.

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

**6. Fixed Assets**

Fixed assets used in governmental fund types of the City are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets.

Infrastructure general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value to the government) are capitalized.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not included in the general fixed assets account group.

Property, plant and equipment in the proprietary funds of the government are recorded at cost. Property, plant and equipment donated to the proprietary fund type operations are recorded at their estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Property, plant and equipment are depreciated in the proprietary and similar trust funds of the government using the straight line method over the following estimated useful lives:

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

**7. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave. Vacation pay is accrued when incurred in 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. Amounts not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Assets, Liabilities and Equity - Continued**

**8. Temporary Notes**

Upon authorization for the issuance of general obligation bonds for certain improvements, Kansas law permits the temporary financing of such improvements by the issuance of temporary notes. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance of such temporary notes. Temporary notes outstanding are retired from the proceeds of the sale of general obligation bonds. \$1,185,000 of temporary notes were outstanding at December 31, 2002.

**9. Long-Term Obligations**

The City reports long-term debt of governmental funds at face value in the general long-term debt account group. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the general long-term debt account group. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types, 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. Issuance costs are reported as deferred charges.

**10. Fund Equity**

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary fund's contributed capital represents equity acquired through capital grants and capital contributions from developers, customers or other funds.

**11. Interfund Transactions**

Quasi-external transactions (i.e. - transactions that would be treated as revenues or expenses if they involved organizations external to the government unit, such as internal service fund billings to departments) are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund are expenditures or expenses in the reimbursing fund and reductions of expenditures or expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as operating transfers.

**12. 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, 2002 represents what it would cost to perform all post-closure care in 2002. The actual costs may be higher due to inflation, changes in technology or changes in regulations. The City intends to fund these costs internally.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Assets, Liabilities and Equity - Continued**

**13. Memorandum Only - Total Columns**

Total columns on the general purpose financial statements are captioned as "memorandum only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

**14. Comparative Data / Reclassifications**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

- a) Preparation of the budget for the succeeding calendar year on or before August 1st of each year.
- b) Publication in a local newspaper of the proposed budget and the notice of public hearing on the budget on or before August 5th.
- c) Public hearing on or before August 15th of each year, but at least ten days after publication of the notice of hearing.
- d) Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. The budget for the following fund was amended in 2002: Special Park and Recreation.

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

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the City for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All encumbered appropriations (legal budget expenditures authority) lapse at year end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special revenue funds: Zoo Maintenance, Emergency Housing, Housing CDBG Grant, Housing Study RDA, Housing Cost Analysis Program, Emergency Shelter, Housing CDBG Repayment, Telephone Tax-911, Law Enforcement Block Grant, AHP Homebuyer Rehab, Menu Building, Home Owners Rehab, DARE Crime

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued**

**A. Budgetary Information - Continued**

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

**B. Compliance with Kansas Statutes**

The following funds had deficit fund equity at December 31, 2002: Housing CDBG Repayment - \$3,236, Law Enforcement Block Grant - \$25,496, AHP Homebuyer Rehab - \$924, Home Rehab - \$28,489, 5<sup>th</sup> Avenue Relief Main - \$348,524, Family Aquatic Center - \$275,396, Main Street Streetscape Projects - \$357,793, Prairie Pedestrian Bridge - \$105,748 and Construction Projects - \$13,530.

The deficits in the special revenue funds will be recovered from grant reimbursements for qualifying expenditures. The other deficits are from capital projects currently financed from other projects pending receipt of bond proceeds and/or grant moneys.

Actual exceeded budgeted expenditures in the General Fund by \$142,736, Special Alcohol Program Fund by \$2,157, Debt Service Fund by \$245,762, Solid Waste Disposal Fund by \$68,601 and the Sewer Utility Fund by \$74,175 which is prohibited by KSA 79-2935.

**III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

**Deposits** - At year end, the carrying amount of the City's cash was \$852,603 including \$4,845 cash on hand and the bank balance was \$1,079,379. The difference between the carrying amount and the bank balance is outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$102,411 was covered by federal deposit insurance and the remaining \$976,968 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. The Kansas State Treasurer's Fiscal Agency Department held an unsecured and uncollateralized deposit of \$36,191.

**Investments** - Kansas statutes authorize the City to invest in US Treasury bills and notes, repurchase agreements, Kansas Municipal Investment Pool, and certain other types of federal and Kansas municipal obligations. All investments must be insured, registered, or held by the City or its agent in the City's name. The City's investments are categorized to give an indication of the level of risk assumed by the City at year-end.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the City or its agent in the City's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the City's name.

Of the three risk categories, the investments classified in Risk Category 1 have the least risk to the municipality. The investments of the Kansas Municipal Investment Pool are held in the name of the state in the state's account at the Federal Reserve. These investments are reported to the City at fair value on a monthly basis. State statutes established the Pooled Money Investment Board to oversee the activities of the pool.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

A. Deposits and Investments - Continued

At December 31, 2002, the City had invested \$3,395,072 in the Kansas Municipal Investment Pool. The City's investment in the Kansas Municipal Investment Pool is not subject to categorization as to risk. 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 categories of the City's investments are as follows:

	Category			Carrying Amount/ Fair Value
	1	2	3	
U.S. Government Agencies	\$ -	\$ 2,897,067	\$ -	\$ 2,897,067
Kansas Municipal Investment Pool				3,395,072
Total				<u>\$ 6,292,139</u>

A reconciliation of cash and cash equivalents and investments as shown on the combined Balance Sheet for the primary government follows:

Carrying amount of deposits and cash on hand	\$ 852,603
Carrying amount of cash held by fiscal agent	36,191
Carrying amount of investments	<u>6,292,139</u>
Total	<u>\$ 7,180,933</u>
Cash and cash equivalents	\$ 5,746,131
Cash held by fiscal agent	36,191
Investments	<u>1,398,611</u>
Total	<u>\$ 7,180,933</u>

**Component Unit.** At year-end, the carrying amount of the Library's cash, including certificates of deposit and cash on hand, was \$328,447, the bank balance was \$412,968. The difference between the carrying amount and the bank balance was outstanding checks, deposits in transit and cash on hand. Of the bank balance, \$224,770 was covered by federal depository insurance and the remaining \$188,198 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the Library's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the Library, the pledging bank, and the independent third-party bank holding the pledged securities.

B. Receivables

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

	General	Special Revenue	Debt Service	Enterprise	Fiduciary	Total
Receivables:						
Accounts	\$ 246,157	\$ 546,322	\$ -	\$ 1,070,394	\$ 425,228	\$ 2,288,101
Taxes	3,146,650	544,571	1,274,110	-	-	4,965,331
Notes	-	758,524	-	-	339,853	1,098,377
Interest	-	-	-	-	570	570
Gross receivables	<u>3,392,807</u>	<u>1,849,417</u>	<u>1,274,110</u>	<u>1,070,394</u>	<u>765,651</u>	<u>8,352,379</u>
Less: allowance for uncollectibles	<u>37,437</u>	<u>-</u>	<u>-</u>	<u>35,545</u>	<u>-</u>	<u>72,982</u>
Total	<u>\$ 3,355,370</u>	<u>\$ 1,849,417</u>	<u>\$ 1,274,110</u>	<u>\$ 1,034,849</u>	<u>\$ 765,651</u>	<u>\$ 8,279,397</u>

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

C. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2002, is as follows:

<u>Fund Types</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 425,228	\$
Special Revenue:		
Housing Cost Analysis Program	34,276	
Housing CDBG Repayment		3,621
Law Enforcement Block Grant		4,370
AHP Homebuyer Rehab		924
Home Rehab		25,361
Capital Projects:		
Main Street Streetscape Projects		35,585
Family Aquatic Center		275,396
Construction Projects		13,363
Prairie Pedestrian Bridge		61,398
5th Avenue Relief Main Candlewood Drive	734,266	348,524
Enterprise:		
Water Utility	403,988	
Sewer Utility		403,988
Fiduciary:		
Municipal Court		425,228
	<u>\$ 1,597,758</u>	<u>\$ 1,597,758</u>

D. Fixed Assets

The following is a summary of the changes in the general fixed assets account group during the current year.

	Balance January 1, <u>2002</u>	Prior Period <u>Adjustment</u>	Balance January 1, <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2002</u>
Land	\$ 1,406,643	\$ 6	\$ 1,406,649	\$ -	\$ -	\$ 1,406,649
Buildings and improvements	9,944,774	[156,037]	9,788,737	1,578,233	31,226	11,335,744
Improvements other than buildings	5,002,848	188,541,980	193,544,828	2,676,166	74,637	196,146,357
Machinery and equipment	7,131,647	[942,878]	6,188,769	1,001,888	80,597	7,110,060
Total	<u>\$ 23,485,912</u>	<u>\$ 187,443,071</u>	<u>\$ 210,928,983</u>	<u>\$ 5,256,287</u>	<u>\$ 186,460</u>	<u>\$ 215,998,810</u>

The prior period adjustment of the general fixed asset account group includes the addition of the City's infrastructure as well as the removal of all assets under the new \$5,000 capitalization threshold.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

D. Fixed Assets - Continued

The following is a summary of proprietary fund-type fixed assets at December 31, 2002:

	Enterprise <u>Funds</u>
Land	\$ 452,376
Buildings and equipment	55,975,945
Construction in progress	<u>7,057,743</u>
	63,486,064
Less accumulated depreciation	<u>[20,459,458]</u>
Net fixed assets	<u>\$ 43,026,606</u>

E. Capital Leases

The City has entered into lease agreements as lessee for financing the acquisition of machinery and equipment. These lease agreements qualify as capital leases for accounting purposes (titles transfer at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

The following lists the cost of items leased under capital leases as of December 31, 2002:

	Enterprise Fund Fixed <u>Assets</u>	General Fixed <u>Assets</u>
Machinery and equipment	<u>\$ 24,556</u>	<u>\$ 296,772</u>

Minimum future lease payments under capital leases as of December 31, 2002 are:

	General Long- <u>Term Debt</u>
2003	\$ 60,403
2004	60,403
2005	<u>33,903</u>
Total minimum lease payments	154,709
Less amount representing interest	<u>12,237</u>
Present value of future minimum lease payments	<u>\$ 142,472</u>

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. General Long-Term Debt

During the year ended December 31, 2002, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance January 1, <u>2002</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31, <u>2002</u>
General obligations bonds and notes	\$ 21,204,265	\$ 7,004,980	\$ 4,594,515	\$ 23,614,730
Capital leases	193,579	-	51,107	142,472
Compensated absences	418,350	56,555	-	474,905
	<u>\$ 21,816,194</u>	<u>\$ 7,061,535</u>	<u>\$ 4,645,622</u>	<u>\$ 24,232,107</u>

**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:

	Original <u>Issue</u>	Interest <u>Rate</u>	Bonds <u>Outstanding</u>
<b><u>General government</u></b>			
1996-A internal improvements	\$ 2,750,000	4.60-6.50%	\$ 150,000
1996-B internal improvements	312,500	4.45-6.20%	141,250
1997-A internal improvements	2,050,000	4.25-6.00%	1,300,000
1998 refunding and improvements	3,375,000	3.875-4.75%	2,863,500
1999 internal improvements	1,770,000	5.25-5.75%	1,615,000
2000 internal improvements	4,375,000	4.55-6.00%	4,375,000
2001-A internal improvements	6,190,000	3.75-5.60%	6,165,000
2002 refunding	3,019,980	3.00-4.30%	3,019,980
2002 temporary note	1,185,000	3.00%	1,185,000
2002- B refunding	2,800,000	3.00-3.50%	2,800,000
<b><u>Proprietary activities</u></b>			
1994-A refunding	1,915,000	4.15%	665,000
1996-B internal improvements	937,500	4.45-6.20%	5,256,500
1998 refunding and improvements	6,195,000	3.875-4.75%	423,750
2002 refunding	1,180,020	3.00-4.30%	1,180,020
Total general obligation bonds			<u>\$ 31,140,000</u>

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. General Long-Term Debt - Continued

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

<u>Year</u>	<u>Enterprise Funds</u>	<u>General Long-Term Debt Account Group</u>	<u>Interest Due</u>	<u>Total</u>
2003	\$ 1,095,761	\$ 1,214,029	\$ 1,376,297	\$ 3,686,087
2004	837,650	2,517,350	1,241,794	4,596,794
2005	581,159	1,518,841	1,085,896	3,185,896
2006	615,686	1,624,314	999,810	3,239,810
2007	512,840	1,687,160	912,236	3,112,236
2008-2012	2,661,709	9,003,291	3,110,814	14,775,814
2013-2017	1,220,465	6,049,745	723,449	7,993,659
	<u>\$ 7,525,270</u>	<u>\$ 23,614,730</u>	<u>\$ 9,450,296</u>	<u>\$ 40,590,296</u>

**Defeased bonds.** During 2002, the City issued \$2,800,000 in general obligation refunding and improvement bonds with interest ranging from 3.0 to 3.5% to advance refund \$2,100,000 of 1996-A General Obligation Bonds with interest rates ranging from 4.6 to 6.5%. The net proceeds were used to establish an escrow account invested in U.S. Government Securities to pay partial portions of the outstanding principal of the 1996 General Obligation Bonds maturing November 1, 2003 and thereafter and the interest due on the refunding general obligation bonds through the same date. As a result, the 1996-A bonds were considered to be defeased and the liability for the defeased bonds has been removed from the City's financial statements. The transaction resulted in an economic gain of \$122,446 and a reduction of \$137,122 in future debt payments.

During 2002, the City also issued \$4,200,000 in general obligation refunding and improvement bonds with interest ranging from 3.0 to 4.3% to advance refund \$975,000 of 1993-A General Obligation Bonds with interest rates of 4.44% and \$1,180,000 of 1993-B General Obligation Bonds with interest rates of 4.73%. The net proceeds were used to establish an escrow account invested in U.S. Government Securities to pay the outstanding principal of the 1993-A and the 1993-B General Obligation Bonds and the interest due on the refunding general obligation bonds. As a result, the 1993-A and the 1993-B bonds were considered to be defeased and the liability for the defeased bonds has been removed from the City's financial statements. The transaction resulted in an economic gain of \$101,827 and a reduction of \$100,335 in future debt payments.

In prior years, the City had defeased certain outstanding debt obligations by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the City's financial statements. At December 31, 2002, the following outstanding bonds are considered defeased:

1993-A general obligation bonds	\$ 925,000
1993-B general obligation bonds	1,180,000
1978 sewer system refunding revenue bonds	1,360,000
1989 water system revenue bonds	1,165,000
1990 sewer system revenue bonds	1,080,000
1994-A water system revenue bonds	4,975,000
1994-B general obligation bonds	1,225,000
1996-A general obligation bonds	2,100,000
Total	<u>\$ 14,010,000</u>

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. General 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. At December 31, 2002, total outstanding conduit debt was \$22,803,349.

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

Year Ending <u>December 31,</u>	Water Utility <u>Fund</u>
2003	\$ 336,422
2004	336,422
2005	336,422
2006	336,422
2007	336,422
2008-2012	1,682,110
2013-2017	1,682,110
2018-2021	<u>1,011,790</u>
Total Principal and interest	6,058,120
Less: Interest	<u>1,792,137</u>
Total	<u>\$ 4,265,983</u>

Payments began on September 1, 2001, on a 3.19% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund wastewater treatment plant expansion. The current amount of debt service for this loan is \$2,617,136. Payments will begin on March 1, 2004, on a 3.10% interest rate loan agreement with the Kansas Department of Health and Environment (KDHE) to fund the second phase of the wastewater treatment plant expansion. The current amount of debt service for this loan is \$6,455,099. However annual projected debt service requirements, once all draws have been taken, for these loans, which mature March 1, 2021 and September 1, 2023, respectively, are as follows:

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

F. General Long-Term Debt - Continued

Year Ending December 31,	Wastewater Treatment Plant Expansion Phase I	Wastewater Treatment Plant Expansion Phase II	Total Sewer Utility Fund
2003	\$ 369,684	\$ -	\$ 369,684
2004	369,684	537,292	906,976
2005	369,684	537,292	906,976
2006	369,684	537,292	906,976
2007	369,684	537,292	906,976
2008-2012	1,848,420	2,686,460	4,534,880
2013-2017	1,848,420	2,686,460	4,534,880
2018-2022	1,293,894	2,686,460	3,980,354
2023	-	537,292	537,292
Total Principal and interest	6,839,154	10,745,840	17,584,994
Less: Interest	1,703,337	2,781,940	4,485,277
Total	<u>\$ 5,135,817</u>	<u>\$ 7,963,900</u>	<u>\$ 13,099,717</u>

The following is a reconciliation of the Sewer Utility Fund notes payable and the annual projected debt service requirements.

Annual Projected Debt Service Principal	
Wastewater Treatment Plant Phase I	\$ 5,135,817
Wastewater Treatment Plant Phase II	7,963,900
Total Annual Projected Debt Service Principal	13,099,717
Undrawn Note Proceeds	[4,027,482]
Sewer Utility Fund Note Payable - Schedule 13	<u>\$ 9,072,235</u>

G. Reconciliation of Transfers

A reconciliation of interfund transfers follows:

	To	From
General	\$ 2,514,623	\$ 876,075
Special Revenue	765,419	337,875
Debt Service	131,645	-
Capital Projects	758,282	693,406
Enterprise	375,417	2,638,030
Special Revenue	-	573,900
Component Unit	573,900	-
	<u>\$ 5,119,286</u>	<u>\$ 5,119,286</u>

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS - Continued

H. Contributed Capital

No changes occurred in proprietary fund contributed capital in 2002.

I. Restatement

In 2002, the City conducted a complete inventory of the fixed assets. During this inventory, it was discovered that several items were improperly excluded from the enterprise fund's fixed assets. Accordingly, the beginning retained earnings balance for the enterprise funds was restated, the effects of which are as follows:

Beginning Retained Earnings, as previously stated	\$ 10,887,922
Prior period adjustment	<u>172,754</u>
Beginning Retained Earnings, restated	<u>\$ 11,060,676</u>

IV. OTHER INFORMATION

A. Defined Benefit Pension Plan

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

**Funding policy** - KSA 74-4919 established the KPERs member-employee contribution rate at 4% of covered salary. KSA 74-4975 establishes the KP&F member-employee contribution rate at 7% of covered salary. The employer collects and remits member-employee contributions according to the provision of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERs and KP&F are funded on an actuarial reserve basis. State law sets a limitation on annual increases in the employer contribution rates. The KPERs employer rate established for calendar year 2002 was 3.52% from January 1 to June 30, 2002 and 2.92% from July 1 to December 31, 2002. The City employer contributions to KPERs for the years ending December 31, 2002, 2001, and 2000 were \$129,628, \$123,175, and \$117,236, respectively, equal to the required contributions for each year. The KP&F employer rate established for fiscal years beginning in 2002 is 6.79%. Employers participating in KP&F also make contributions to amortize the liability for past service costs, if any, which are determined separately for each participating employer. The City's contributions to KP&F for the years ended December 31, 2002, 2001, and 2000 were \$426,012, \$407,709, and \$412,521, respectively, equal to the required contributions for each year.

B. Deferred Compensation Plan

The City offers its employees a deferred compensation plan ("Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the Plan are transferred to a third-party custodial trust.

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

IV. OTHER INFORMATION - Continued

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

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

**D. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settlements of claims have not exceeded available coverage for the years ended December 31, 2002, 2001, or 2000.

**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. These interfund premiums are used to reduce the amount of claims expenditure reported in the Worker's Compensation Fund. As of December 31, 2002, such interfund premiums did not exceed reimbursable expenditures.

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:

	<u>2002</u>	<u>2001</u>
Unpaid claims, January 1	\$ 369,584	\$ 369,693
Incurred claims (including IBNRs)	92,316	102,769
Claim payments	<u>[93,952]</u>	<u>[102,878]</u>
Unpaid claims, December 31	<u>\$ 367,948</u>	<u>\$ 369,584</u>

**Employee Health Care.** Similarly, the City has established a program to pay medical claims of covered current and former City employees and additional health insurance premiums. Liabilities are reported when it is probable that claims have been incurred and the amount of the liability can be reasonably estimated. Claim liabilities are calculated by the plan administrator and are expected to be liquidated with expendable available financial resources.

	<u>2002</u>	<u>2001</u>
Unpaid claims, January 1	\$ 28,361	\$ 77,850
Incurred claims (including IBNRs)	1,028,977	702,671
Claim payments	<u>[941,961]</u>	<u>[752,160]</u>
Unpaid claims, December 31	<u>\$ 115,377</u>	<u>\$ 28,361</u>

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2002

IV. OTHER INFORMATION - Continued

E. Contingent Liabilities

The City receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the City at December 31, 2002.

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

F. Segment Information - Enterprise Funds

The City maintains four enterprise funds which are intended to be self-supporting through user fees charged for services to the public. Financial segment information as of and for the year ended December 31, 2002 is presented below:

	Solid Waste <u>Disposal</u>	Sewer <u>Utility</u>	Parking <u>Facilities</u>	Water <u>Utility</u>	<u>Totals</u>
Operating revenues	\$ 2,353,408	\$ 2,569,436	\$ 32,746	\$ 4,262,920	\$ 9,218,510
Depreciation expense	195,002	696,256	14,288	815,269	1,720,815
Operating income [loss]	78,887	63,730	[17,028]	862,762	988,351
Operating transfers [net]	[494,973]	[702,000]	-	[1,065,640]	[2,262,613]
Net income [loss]	[354,363]	[745,283]	[17,028]	[497,930]	[1,614,604]
Property, plant and equipment additions [net]	382,093	6,998,542	-	281,513	7,662,148
Net working capital	595,238	[980,684]	828	236,908	[147,710]
Total assets	2,917,333	21,772,550	517,572	21,061,550	46,269,005
Bonds and notes payable	-	9,737,235	-	11,126,253	20,863,488
Total equity	2,510,564	10,822,379	515,382	9,604,949	23,453,274

E. Cash Flow Reconciliation

	Fiduciary Fund <u>Type</u>	Component <u>Unit</u> Emporia <u>Public Library</u>
Cash and cash equivalents, Statement 1	\$ 548,482	\$ 328,447
Less: Governmental Fund Types and Expendable Trust Fund cash and cash equivalents	<u>[25,827]</u>	<u>[187,224]</u>
Cash and cash equivalents, Statement 5	<u>\$ 522,655</u>	<u>\$ 141,223</u>

CITY OF EMPORIA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2002

**IV. OTHER INFORMATION - Continued**

**H. New Governmental Accounting Standards**

The Governmental Accounting Standards Board (GASB) has issued the following statements:

Statement No. 34 - "Basic Financial Statements - And Management's Discussion and Analysis - For State and Local Governments" which establishes a new financial reporting model for state and local governments.

Statement No. 37 - "Basic Financial Statements - And Management's Discussion and Analysis - For State and Local Governments: Omnibus" which changes the reporting of escheat property to coincide with Statement No. 34, clarifies provisions of Statement No. 34 which are not sufficiently clear, and modifies provisions of Statement No. 34 which have unintended consequences.

Statement No. 38 - "Certain Financial Statement Note Disclosures" which modifies, establishes, and rescinds certain financial statement disclosure requirements.

Statements 34, 37, 38 will become effective for the period beginning January 1, 2003. Management has not yet completed their assessment of these statements, however, they will have a material effect on the overall financial statement for the City.

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CITY OF EMPORIA, KANSAS

GENERAL FUND

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.

CITY OF EMPORIA, KANSAS

GENERAL FUND

COMPARATIVE BALANCE SHEET  
December 31, 2002 and 2001

<b>ASSETS</b>	<b><u>2002</u></b>	<b><u>2001</u></b>
Cash and cash equivalents	\$ 282,356	\$ 117,704
Receivables		
Accounts	208,720	190,565
Taxes	3,146,650	2,684,064
Due from other funds	<u>425,228</u>	<u>263,539</u>
 Total assets	 <u>\$ 4,062,954</u>	 <u>\$ 3,255,872</u>
 <b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Accounts payable	\$ 163,277	\$ 154,782
Accrued liabilities	325,844	314,753
Accrued compensated absences	34,873	38,226
Deferred revenue	<u>3,146,650</u>	<u>2,684,064</u>
 Total liabilities	 <u>3,670,644</u>	 <u>3,191,825</u>
<b>Fund balances</b>		
Reserved for encumbrances	22,503	34,748
Unreserved		
Undesignated	<u>369,807</u>	<u>29,299</u>
 Total fund balances	 <u>392,310</u>	 <u>64,047</u>
 Total liabilities and fund balances	 <u>\$ 4,062,954</u>	 <u>\$ 3,255,872</u>

## CITY OF EMPORIA, KANSAS

GENERAL FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 For the fiscal years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>Revenues</b>		
Taxes	\$ 7,735,236	\$ 7,512,348
Intergovernmental	480,030	532,630
Licenses and permits	230,372	252,453
Charges for services	1,001,003	944,841
Fines and fees	904,089	694,922
Use of money and property	82,594	74,913
Reimbursements	2,091	937
Miscellaneous	<u>217,740</u>	<u>81,236</u>
 Total revenues	 <u>10,653,155</u>	 <u>10,094,280</u>
<b>Expenditures</b>		
General government	1,135,428	540,565
Law enforcement	3,771,105	3,483,951
Court services	400,213	440,708
Fire and ambulance	2,789,960	2,723,903
Highway and streets	971,814	755,464
Culture and recreation	1,428,445	1,308,654
Building maintenance	737,577	688,741
Planning and development	401,410	385,592
Airport operations	<u>327,488</u>	<u>370,985</u>
 Total expenditures	 <u>11,963,440</u>	 <u>10,698,563</u>
 Excess [deficiency] of revenues over [under] expenditures	 <u>[1,310,285]</u>	 <u>[604,283]</u>
<b>Other financing sources [uses]</b>		
Operating transfers in	2,514,623	1,603,257
Operating transfers out	<u>[876,075]</u>	<u>[1,005,412]</u>
 Total other financing sources [uses]	 <u>1,638,548</u>	 <u>597,845</u>
 Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	 328,263	 [6,438]
 Fund balances, January 1	 <u>64,047</u>	 <u>70,485</u>
 Fund balances, December 31	 <u>\$ 392,310</u>	 <u>\$ 64,047</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

GENERAL FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	Actual	Budget	Variance Positive [Negative]	Actual	Budget	Variance Positive [Negative]
<b>Revenues</b>						
Taxes	\$7,735,236	\$8,117,200	\$ [381,964]	\$7,512,348	\$7,698,565	\$ [186,217]
Intergovernmental	480,030	594,753	[114,723]	532,630	530,440	2,190
Licenses and permits	230,372	190,580	39,792	252,453	187,400	65,053
Charges for services	1,001,003	1,206,400	[205,397]	944,841	1,262,500	[317,659]
Fines and fees	904,089	695,450	208,639	694,922	647,100	47,822
Use of money and property	82,594	134,500	[51,906]	74,913	172,808	[97,895]
Reimbursements	2,091	60,300	[58,209]	937	59,900	[58,963]
Miscellaneous	217,740	1,230,750	[1,013,010]	81,236	1,224,700	[1,143,464]
<b>Total revenues</b>	<b>10,653,155</b>	<b>12,229,933</b>	<b>[1,576,778]</b>	<b>10,094,280</b>	<b>11,783,413</b>	<b>[1,689,133]</b>
<b>Expenditures</b>						
<b>Current</b>						
General government	1,149,193	683,360	[465,833]	538,468	728,075	189,607
<b>Public safety</b>						
Law enforcement	3,655,886	3,862,515	206,629	3,425,606	3,782,948	357,342
Animal control	94,600	159,129	64,529	80,024	116,558	36,534
Court services	400,213	444,563	44,350	440,708	438,242	[2,466]
Fire and ambulance						
Fire	1,939,301	2,105,275	165,974	1,881,314	2,048,122	166,808
Ambulance	850,093	677,468	[172,625]	842,205	664,416	[177,789]
<b>Total fire and ambulance</b>	<b>2,789,394</b>	<b>2,782,743</b>	<b>[6,651]</b>	<b>2,723,519</b>	<b>2,712,538</b>	<b>[10,981]</b>
<b>Total public safety</b>	<b>6,940,093</b>	<b>7,248,950</b>	<b>308,857</b>	<b>6,669,857</b>	<b>7,050,286</b>	<b>380,429</b>
<b>Highways and streets</b>						
Streets						
Maintenance	778,199	575,000	[203,199]	571,576	562,600	[8,976]
Snow removal	9,474	13,000	3,526	12,551	10,000	[2,551]
<b>Total streets</b>	<b>787,673</b>	<b>588,000</b>	<b>[199,673]</b>	<b>584,127</b>	<b>572,600</b>	<b>[11,527]</b>
Maintenance						
Maintenance shop	10,956	1,217	[9,739]	3,342	548	[2,794]
Street lighting	174,716	178,000	3,284	168,438	179,000	10,562
<b>Total maintenance</b>	<b>185,672</b>	<b>179,217</b>	<b>[6,455]</b>	<b>171,780</b>	<b>179,548</b>	<b>7,768</b>
<b>Total highways and streets</b>	<b>973,345</b>	<b>767,217</b>	<b>[206,128]</b>	<b>755,907</b>	<b>752,148</b>	<b>[3,759]</b>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS  
GENERAL FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	Actual	Budget	Variance Positive [Negative]	Actual	Budget	Variance Positive [Negative]
<b>Expenditures - continued</b>						
<b>Current-continued</b>						
<b>Culture and recreation</b>						
Park	\$ 603,268	\$ 632,109	\$ 28,841	\$ 570,616	\$ 662,525	\$ 91,909
Lake Kahola	185	200	15	185	1,000	815
Swimming Pool/Peter Pan Park	84,560	90,000	5,440	35,384	35,550	166
Golf course	360,715	430,246	69,531	365,314	385,775	20,461
Golf shop	169,684	181,614	11,930	157,808	196,975	39,167
Zoo	<u>203,244</u>	<u>236,302</u>	<u>33,058</u>	<u>182,363</u>	<u>220,725</u>	<u>38,362</u>
<b>Total culture and recreation</b>	<u>1,421,656</u>	<u>1,570,471</u>	<u>148,815</u>	<u>1,311,670</u>	<u>1,502,550</u>	<u>190,880</u>
<b>Building maintenance</b>						
Engineering	237,247	185,364	[51,883]	115,294	183,119	67,825
Civic building	450,623	542,082	91,459	523,909	555,503	31,594
Library maintenance	<u>50,483</u>	<u>53,908</u>	<u>3,425</u>	<u>50,709</u>	<u>46,610</u>	<u>[4,099]</u>
<b>Total building maintenance</b>	<u>738,353</u>	<u>781,354</u>	<u>43,001</u>	<u>689,912</u>	<u>785,232</u>	<u>95,320</u>
<b>Planning and development</b>	<u>312,699</u>	<u>134,617</u>	<u>[178,082]</u>	<u>299,584</u>	<u>128,864</u>	<u>[170,720]</u>
<b>Airport operations</b>	<u>327,145</u>	<u>397,635</u>	<u>70,490</u>	<u>369,234</u>	<u>404,407</u>	<u>35,173</u>
<b>Appropriations</b>	<u>88,711</u>	<u>88,430</u>	<u>[281]</u>	<u>87,229</u>	<u>52,250</u>	<u>[34,979]</u>
<b>Total expenditures</b>	<u>11,951,195</u>	<u>11,672,034</u>	<u>[279,161]</u>	<u>10,721,861</u>	<u>11,403,812</u>	<u>681,951</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[1,298,040]</u>	<u>557,899</u>	<u>[1,855,939]</u>	<u>[627,581]</u>	<u>379,601</u>	<u>[1,007,182]</u>
<b>Other financing sources [uses]</b>						
Operating transfer in	2,514,623	-	2,514,623	1,603,257	-	1,603,257
Operating transfer out	<u>[876,075]</u>	<u>[1,012,500]</u>	<u>136,425</u>	<u>[1,005,412]</u>	<u>[940,000]</u>	<u>[65,412]</u>
<b>Total other financing sources [uses]</b>	<u>1,638,548</u>	<u>[1,012,500]</u>	<u>2,651,048</u>	<u>597,845</u>	<u>[940,000]</u>	<u>1,537,845</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	340,508	[454,601]	795,109	[29,736]	[560,399]	530,663
Unreserved fund balance, January 1	<u>64,047</u>	<u>454,601</u>	<u>[390,554]</u>	<u>70,485</u>	<u>560,399</u>	<u>[489,914]</u>
Unreserved fund balances, December 31	404,555	\$ -	\$ 404,555	40,749	\$ -	\$ 40,749
Current year encumbrances	22,503			34,748		
Prior year encumbrances	<u>[34,748]</u>			<u>[11,450]</u>		
Fund balance, December 31	<u>\$ 392,310</u>			<u>\$ 64,047</u>		

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

SPECIAL REVENUE FUNDS

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

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

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

**Convention and Tourism Promotion Fund** - To account for the promotion of convention and tourism. Financing is provided by a 2% 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.

**Industrial Development Sales Tax Fund** - To account for the investment earnings from and expenditures of funds generated by a portion of the City's retail sales tax. Receipts of retail sales taxes are deposited in the General Fund, and the portion related to this activity is then transferred to this fund.

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

**Special Park and Recreation Fund** - To account for the costs of enhancing the areas 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.

**Zoo Maintenance Fund** -To account for donations and related expenditures for upkeep of the city's zoo.

**Emergency Housing Fund** -To account for rehabilitation housing expenditures for low to moderate income level home owners when other financial sources cannot be utilized.

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

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

**Housing Cost Analysis Program Fund** -To account for the collection and analysis of the costs associated with the construction of residential homes. The program also provides additional funds for qualified persons to purchase homes.

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

**Housing CDBG Repayment Fund** -To account for loan repayment funds to be utilized to rehabilitate houses for low to moderate income level home owners.

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

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

**AHP Homebuyer Rehab Fund** -To account for funds used in the AHP program.

**Menu Building Fund** -To account for the loan repayments for the CDBG program which funded the Menu Foods Midwest Corporation Project.

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

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

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

CITY OF EMPORIA, KANSAS  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2002  
(With comparative totals for December 31, 2001)

<b>ASSETS</b>	<u>Library</u>	<u>Library Employee Benefits</u>	<u>Convention and Tourism Promotion</u>	<u>Industrial</u>	<u>Industrial Development Sales Tax</u>
Cash and cash equivalents	\$ 318	\$ 619	\$ 55,649	\$ 111,579	\$ 382,719
Receivables					
Accounts	-	-	-	-	473,349
Taxes	516,236	27,305	-	1,030	-
Notes	-	-	-	-	758,524
Due from other funds	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 516,554</u>	<u>\$ 27,924</u>	<u>\$ 55,649</u>	<u>\$ 112,609</u>	<u>\$ 1,614,592</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 8	\$ 907
Accrued liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	516,236	27,305	-	1,030	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>516,236</u>	<u>27,305</u>	<u>-</u>	<u>1,038</u>	<u>907</u>
<b>Fund balances</b>					
Reserved for encumbrances	-	-	-	-	-
Unreserved					
Designated					
For industrial development	-	-	-	111,571	1,613,685
Undesignated [deficit]	318	619	55,649	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances [deficit]	<u>318</u>	<u>619</u>	<u>55,649</u>	<u>111,571</u>	<u>1,613,685</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 516,554</u>	<u>\$ 27,924</u>	<u>\$ 55,649</u>	<u>\$ 112,609</u>	<u>\$ 1,614,592</u>

<u>Special Alcohol Program</u>	<u>Special Park and Recreation</u>	<u>Special Street</u>	<u>Drug Money Forfeiture</u>	<u>Zoo Maintenance</u>	<u>Emergency Housing</u>
\$ 17,091	\$ 6,283	\$ 94,293	\$ 37,574	\$ 48,681	\$ 1,724
-	-	2,449	-	-	2,639
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 17,091</u>	<u>\$ 6,283</u>	<u>\$ 96,742</u>	<u>\$ 37,574</u>	<u>\$ 48,681</u>	<u>\$ 4,363</u>
\$ 4,918	\$ 2,200	\$ 5,512	\$ 680	\$ -	\$ -
-	-	41,314	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,918</u>	<u>2,200</u>	<u>46,826</u>	<u>680</u>	<u>-</u>	<u>-</u>
-	-	24,301	-	70,000	-
-	-	-	-	-	-
<u>12,173</u>	<u>4,083</u>	<u>25,615</u>	<u>36,894</u>	<u>[21,319]</u>	<u>4,363</u>
<u>12,173</u>	<u>4,083</u>	<u>49,916</u>	<u>36,894</u>	<u>48,681</u>	<u>4,363</u>
<u>\$ 17,091</u>	<u>\$ 6,283</u>	<u>\$ 96,742</u>	<u>\$ 37,574</u>	<u>\$ 48,681</u>	<u>\$ 4,363</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS  
  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2002  
(With comparative totals for December 31, 2001)

<b>ASSETS</b>	<u>Housing CDBG Grant</u>	<u>Housing Study RDA</u>	<u>Housing Cost Analysis Program</u>	<u>Emergency Shelter</u>	<u>Housing CDBG Repayment</u>
Cash and cash equivalents	\$ 11,239	\$ 1,694	\$ 51,370	\$ -	\$ -
Receivables					
Accounts	30,495	-	-	-	1,764
Taxes	-	-	-	-	-
Notes	-	-	-	-	-
Due from other funds	-	-	34,276	-	-
	<u>41,734</u>	<u>1,694</u>	<u>85,646</u>	<u>-</u>	<u>1,764</u>
Total assets	<u>\$ 41,734</u>	<u>\$ 1,694</u>	<u>\$ 85,646</u>	<u>\$ -</u>	<u>\$ 1,764</u>
 <b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 1,379
Accrued compensated absences	-	-	-	-	-
Due to other funds	-	-	-	-	3,621
Deferred revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
 <b>Fund balances</b>					
Reserved for encumbrances	-	-	-	-	4,025
Unreserved					
Designated					
For industrial development	-	-	-	-	-
Undesignated [deficit]	41,734	1,694	85,646	-	[7,261]
	<u>41,734</u>	<u>1,694</u>	<u>85,646</u>	<u>-</u>	<u>[3,236]</u>
Total fund balances [deficit]	<u>41,734</u>	<u>1,694</u>	<u>85,646</u>	<u>-</u>	<u>[3,236]</u>
Total liabilities and fund balances	<u>\$ 41,734</u>	<u>\$ 1,694</u>	<u>\$ 85,646</u>	<u>\$ -</u>	<u>\$ 1,764</u>

Telephone Tax-911	Law Enforcement Block Grant	AHP Homebuyer Rehab	Menu Building	Home Owners Rehab	DARE Crime Prevention	Home Rehab	Totals	
							2002	2001
\$ 115,856	\$ -	\$ -	\$ -	\$ 21,812	\$ 2,931	\$ -	\$ 961,432	\$ 1,116,012
-	-	-	-	33,239	-	2,387	546,322	568,575
-	-	-	-	-	-	-	544,571	498,211
-	-	-	-	-	-	-	758,524	398,878
-	-	-	-	-	-	-	34,276	32,970
<u>\$ 115,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,051</u>	<u>\$ 2,931</u>	<u>\$ 2,387</u>	<u>\$ 2,845,125</u>	<u>\$ 2,614,646</u>
\$ -	\$ 20,944	\$ -	\$ -	\$ -	\$ -	\$ 5,515	\$ 42,063	\$ 18,326
-	182	-	-	-	-	-	41,496	37,425
-	4,370	924	-	-	-	25,361	34,276	32,970
-	-	-	-	-	-	-	544,571	498,211
-	25,496	924	-	-	-	30,876	662,406	586,932
-	28,070	-	-	-	-	-	126,396	25,285
-	-	-	-	-	-	-	1,725,256	1,575,651
<u>115,856</u>	<u>[53,566]</u>	<u>[924]</u>	<u>-</u>	<u>55,051</u>	<u>2,931</u>	<u>[28,489]</u>	<u>331,067</u>	<u>426,778</u>
<u>115,856</u>	<u>[25,496]</u>	<u>[924]</u>	<u>-</u>	<u>55,051</u>	<u>2,931</u>	<u>[28,489]</u>	<u>2,182,719</u>	<u>2,027,714</u>
<u>\$ 115,856</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,051</u>	<u>\$ 2,931</u>	<u>\$ 2,387</u>	<u>\$ 2,845,125</u>	<u>\$ 2,614,646</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

For the fiscal year ended December 31, 2002

(With comparative totals for the fiscal year ended December 31, 2001)

	<u>Library</u>	<u>Library Employee Benefits</u>	<u>Convention and Tourism Promotion</u>	<u>Industrial</u>	<u>Industrial Development Sales Tax</u>
<b>Revenues</b>					
Taxes	\$ 543,620	\$ 25,080	\$ 270,668	\$ 1,174	\$ -
Intergovernmental	-	-	-	-	249,455
Use of money and property	-	-	425	1,981	21,142
Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>543,620</u>	<u>25,080</u>	<u>271,093</u>	<u>3,155</u>	<u>270,597</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	-	-	262,000	-	-
Law enforcement	-	-	-	-	-
Highways and streets	-	-	-	-	-
Health and environment	-	-	-	-	-
Planning and development	-	-	-	6,660	674,710
Capital outlay	-	-	-	-	-
<b>Debt service</b>					
Principal	-	-	-	-	21,342
Interest and other charges	-	-	-	-	3,600
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>262,000</u>	<u>6,660</u>	<u>699,652</u>
Excess [deficiency] of revenue over [under] expenditures	<u>543,620</u>	<u>25,080</u>	<u>9,093</u>	<u>[3,505]</u>	<u>[429,055]</u>
<b>Other financing sources [uses]</b>					
Operating transfers in	-	-	-	-	665,885
Operating transfers out	-	-	-	-	[83,720]
Operating transfers out - component unit	<u>[548,900]</u>	<u>[25,000]</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources [uses]</b>	<u>[548,900]</u>	<u>[25,000]</u>	<u>-</u>	<u>-</u>	<u>582,165</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[5,280]</u>	<u>80</u>	<u>9,093</u>	<u>[3,505]</u>	<u>153,110</u>
Fund balances [deficit], January 1	<u>5,598</u>	<u>539</u>	<u>46,556</u>	<u>115,076</u>	<u>1,460,575</u>
Fund balances [deficit], December 31	<u>\$ 318</u>	<u>\$ 619</u>	<u>\$ 55,649</u>	<u>\$ 111,571</u>	<u>\$ 1,613,685</u>

<u>Special Alcohol Program</u>	<u>Special Park and Recreation</u>	<u>Special Street</u>	<u>Drug Money Forfeiture</u>	<u>Zoo Maintenance</u>	<u>Emergency Housing</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
71,179	71,279	883,670	11,807	-	-
4	-	1,828	653	849	640
-	1,600	-	-	-	-
-	-	3,464	5,893	-	-
<u>71,183</u>	<u>72,879</u>	<u>888,962</u>	<u>18,353</u>	<u>849</u>	<u>640</u>
-	158,805	-	-	-	1,282
-	-	-	11,444	-	-
-	-	642,416	-	-	-
59,010	-	-	-	-	-
-	-	-	-	-	-
-	-	27,799	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>59,010</u>	<u>158,805</u>	<u>670,215</u>	<u>11,444</u>	<u>-</u>	<u>1,282</u>
<u>12,173</u>	<u>[85,926]</u>	<u>218,747</u>	<u>6,909</u>	<u>849</u>	<u>[642]</u>
-	90,000	-	-	-	-
-	-	[216,636]	[6,443]	-	-
-	-	-	-	-	-
-	90,000	[216,636]	[6,443]	-	-
12,173	4,074	2,111	466	849	[642]
-	9	47,805	36,428	47,832	5,005
<u>\$ 12,173</u>	<u>\$ 4,083</u>	<u>\$ 49,916</u>	<u>\$ 36,894</u>	<u>\$ 48,681</u>	<u>\$ 4,363</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
For the fiscal year ended December 31, 2002  
(With comparative totals for the fiscal year ended December 31, 2001)

	Housing CDBG Grant	Housing Study RDA	Housing Cost Analysis Program	Emergency Shelter	Housing CDBG Repayment
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	21,646
Use of money and property	578	-	-	4,999	9,747
Donations	-	-	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<u>578</u>	<u>-</u>	<u>-</u>	<u>4,999</u>	<u>31,393</u>
<b>Expenditures</b>					
<b>Current</b>					
General government	-	-	20,000	4,999	-
Law enforcement	-	-	-	-	-
Highways and streets	-	-	-	-	-
Health and environment	-	-	-	-	-
Planning and development	506	-	-	-	35,070
Capital outlay	-	-	-	-	-
<b>Debt service</b>					
Principal	-	-	-	-	-
Interest and other charges	-	-	-	-	-
<b>Total expenditures</b>	<u>506</u>	<u>-</u>	<u>20,000</u>	<u>4,999</u>	<u>35,070</u>
Excess [deficiency] of revenues over [under] expenditures	<u>72</u>	<u>-</u>	<u>[20,000]</u>	<u>-</u>	<u>[3,677]</u>
<b>Other financing sources [uses]</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	[250]	-
Operating transfers out - component unit	-	-	-	-	-
<b>Total other financing sources [uses]</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>[250]</u>	<u>-</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>72</u>	<u>-</u>	<u>[20,000]</u>	<u>[250]</u>	<u>[3,677]</u>
Fund balances [deficit], January 1	<u>41,662</u>	<u>1,694</u>	<u>105,646</u>	<u>250</u>	<u>441</u>
Fund balances [deficit], December 31	<u>\$ 41,734</u>	<u>\$ 1,694</u>	<u>\$ 85,646</u>	<u>\$ -</u>	<u>\$ [3,236]</u>

Telephone <u>Tax-911</u>	Law	AHP	Menu <u>Building</u>	Home	DARE	Home	Totals	
	Enforcement <u>Block Grant</u>	Homebuyer <u>Rehab</u>		Owners <u>Rehab</u>	Crime <u>Prevention</u>		Rehab	<u>2002</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 840,542	\$ 784,840
59,195	45,388	1,711	-	1,215	-	100,065	1,516,610	1,295,236
1,665	-	-	15,413	1,003	-	2,537	63,464	136,363
-	-	-	-	-	2,000	-	3,600	13,280
-	-	-	-	-	-	-	9,357	7,565
<u>60,860</u>	<u>45,388</u>	<u>1,711</u>	<u>15,413</u>	<u>2,218</u>	<u>2,000</u>	<u>102,602</u>	<u>2,433,573</u>	<u>2,237,284</u>
16,711	-	-	-	-	-	-	463,797	363,251
-	48,191	-	-	-	1,738	-	61,373	81,217
-	-	-	-	-	-	-	642,416	672,708
-	-	-	-	-	-	-	59,010	63,600
-	-	1,711	-	3,127	-	131,091	852,875	903,013
-	-	-	-	-	-	-	27,799	147,816
-	-	-	-	-	-	-	21,342	9,791
-	-	-	-	-	-	-	3,600	1,297
<u>16,711</u>	<u>48,191</u>	<u>1,711</u>	<u>-</u>	<u>3,127</u>	<u>1,738</u>	<u>131,091</u>	<u>2,132,212</u>	<u>2,242,693</u>
<u>44,149</u>	<u>[2,803]</u>	<u>-</u>	<u>15,413</u>	<u>[909]</u>	<u>262</u>	<u>[28,489]</u>	<u>301,361</u>	<u>[5,409]</u>
-	9,534	-	-	-	-	-	765,419	836,305
-	-	-	[30,826]	-	-	-	[337,875]	[219,449]
-	-	-	-	-	-	-	[573,900]	[545,320]
-	9,534	-	[30,826]	-	-	-	[146,356]	71,536
44,149	6,731	-	[15,413]	[909]	262	[28,489]	155,005	66,127
<u>71,707</u>	<u>[32,227]</u>	<u>[924]</u>	<u>15,413</u>	<u>55,960</u>	<u>2,669</u>	<u>-</u>	<u>2,027,714</u>	<u>1,961,587</u>
<u>\$ 115,856</u>	<u>\$ [25,496]</u>	<u>\$ [924]</u>	<u>\$ -</u>	<u>\$ 55,051</u>	<u>\$ 2,931</u>	<u>\$ [28,489]</u>	<u>\$ 2,182,719</u>	<u>\$ 2,027,714</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

LIBRARY SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	Actual	Budget	Variance Positive [Negative]	Actual	Budget	Variance Positive [Negative]
<b>Revenues</b>						
Taxes	\$ 543,620	\$ 532,524	\$ 11,096	\$ 510,224	\$ 517,372	\$ [7,148]
Total revenues	<u>543,620</u>	<u>532,524</u>	<u>11,096</u>	<u>510,224</u>	<u>517,372</u>	<u>[7,148]</u>
<b>Expenditures</b>						
Transfer to component unit	<u>548,900</u>	<u>548,900</u>	<u>-</u>	<u>517,320</u>	<u>517,320</u>	<u>-</u>
Excess [deficiency] of revenues over [under] expenditures	[5,280]	[16,376]	11,096	[7,096]	52	[7,148]
Unreserved fund balance, January 1	<u>5,598</u>	<u>5,598</u>	<u>-</u>	<u>12,694</u>	<u>12,694</u>	<u>-</u>
Unreserved fund balance, December 31	<u>\$ 318</u>	<u>\$ [10,778]</u>	<u>\$ 11,096</u>	<u>\$ 5,598</u>	<u>\$ 12,746</u>	<u>\$ [7,148]</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

LIBRARY EMPLOYEE BENEFITS SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	Actual	Budget	Variance Positive [Negative]	Actual	Budget	Variance Positive [Negative]
<b>Revenues</b>						
Taxes	\$ 25,080	\$ 24,741	\$ 339	\$ 26,833	\$ 27,499	\$ [666]
<b>Expenditures</b>						
Transfer to component unit	25,000	25,000	-	28,000	28,000	-
Excess [deficiency] of revenues over [under] expenditures	80	[259]	339	[1,167]	[501]	[666]
Unreserved fund balance, January 1	539	539	-	1,706	1,706	-
Unreserved fund balance, December 31	\$ 619	\$ 280	\$ 339	\$ 539	\$ 1,205	\$ [666]

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

CONVENTION AND TOURISM PROMOTION SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	<u>Actual</u>	<u>Budget</u>	Variance Positive <u>[Negative]</u>	<u>Actual</u>	<u>Budget</u>	Variance Positive <u>[Negative]</u>
<b>Revenues</b>						
Intergovernmental	\$ 270,668	\$ 232,000	\$ 38,668	\$ 246,623	\$ 226,000	\$ 20,623
Use of money and property	<u>425</u>	<u>1,665</u>	<u>[1,240]</u>	<u>2,097</u>	<u>1,005</u>	<u>1,092</u>
Total revenues	<u>271,093</u>	<u>233,665</u>	<u>37,428</u>	<u>248,720</u>	<u>227,005</u>	<u>21,715</u>
<b>Expenditures</b>						
<b>Current</b>						
General government						
Appropriation	<u>262,000</u>	<u>265,000</u>	<u>3,000</u>	<u>236,000</u>	<u>256,960</u>	<u>20,960</u>
Excess [deficiency] of revenues over [under] expenditures	9,093	[31,335]	40,428	12,720	[29,955]	42,675
Unreserved fund balance, January 1	<u>46,556</u>	<u>46,556</u>	<u>-</u>	<u>33,836</u>	<u>33,836</u>	<u>-</u>
Unreserved fund balances, December 31	<u>\$ 55,649</u>	<u>\$ 15,221</u>	<u>\$ 40,428</u>	<u>\$ 46,556</u>	<u>\$ 3,881</u>	<u>\$ 42,675</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS  
INDUSTRIAL SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
<b>Revenues</b>						
Taxes	\$ 1,174	\$ 1,200	\$ [26]	\$ 1,160	\$ 1,226	\$ [66]
Use of money and property	<u>1,981</u>	<u>6,106</u>	<u>[4,125]</u>	<u>5,470</u>	<u>5,032</u>	<u>438</u>
Total revenues	<u>3,155</u>	<u>7,306</u>	<u>[4,151]</u>	<u>6,630</u>	<u>6,258</u>	<u>372</u>
<b>Expenditures</b>						
<b>Current</b>						
Planning and development						
Contractual services	<u>6,660</u>	<u>124,000</u>	<u>117,340</u>	<u>7,414</u>	<u>102,800</u>	<u>95,386</u>
Excess [deficiency] of revenues over [under] expenditures	[3,505]	[116,694]	113,189	[784]	[96,542]	95,758
Unreserved fund balance, January 1	<u>115,076</u>	<u>115,076</u>	-	<u>115,860</u>	<u>115,860</u>	-
Unreserved fund balance, December 31	<u>\$ 111,571</u>	<u>\$ [1,618]</u>	<u>\$ 113,189</u>	<u>\$ 115,076</u>	<u>\$ 19,318</u>	<u>\$ 95,758</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

INDUSTRIAL DEVELOPMENT SALES TAX SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	Actual	Budget	Variance Positive [Negative]	Actual	Budget	Variance Positive [Negative]
<b>Revenues</b>						
Intergovernmental	\$ 249,455	-	\$ 249,455	\$ -	\$ -	\$ -
Use of money and property	<u>21,142</u>	<u>25,000</u>	<u>[3,858]</u>	<u>50,892</u>	<u>50,000</u>	<u>892</u>
Total revenues	<u>270,597</u>	<u>25,000</u>	<u>245,597</u>	<u>50,892</u>	<u>50,000</u>	<u>892</u>
<b>Expenditures</b>						
<b>Current</b>						
Planning and development						
Contractual services	674,710	1,007,044	332,334	739,940	1,338,867	598,927
Debt service						
Principal	21,342	-	[21,342]	9,791	-	[9,791]
Interest	<u>3,600</u>	<u>-</u>	<u>[3,600]</u>	<u>1,297</u>	<u>-</u>	<u>[1,297]</u>
Total expenditures	<u>699,652</u>	<u>1,007,044</u>	<u>307,392</u>	<u>751,028</u>	<u>1,338,867</u>	<u>587,839</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[429,055]</u>	<u>[982,044]</u>	<u>552,989</u>	<u>[700,136]</u>	<u>[1,288,867]</u>	<u>588,731</u>
<b>Other financing sources [uses]</b>						
Operating transfers in	665,885	635,862	30,023	826,742	640,000	186,742
Operating transfers out	<u>[83,720]</u>	<u>-</u>	<u>[83,720]</u>	<u>[44,208]</u>	<u>[98,528]</u>	<u>54,320</u>
Total other financing sources [uses]	<u>582,165</u>	<u>635,862</u>	<u>[53,697]</u>	<u>782,534</u>	<u>541,472</u>	<u>241,062</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	153,110	[346,182]	499,292	82,398	[747,395]	829,793
Unreserved fund balance, January 1	<u>1,460,575</u>	<u>1,460,575</u>	<u>-</u>	<u>1,379,071</u>	<u>1,379,071</u>	<u>-</u>
Unreserved fund balance, December 31	1,613,685	<u>\$ 1,114,393</u>	<u>\$ 499,292</u>	1,461,469	<u>\$ 631,676</u>	<u>\$ 829,793</u>
Prior year encumbrances	-			<u>[894]</u>		
Fund balance, December 31	<u>\$ 1,613,685</u>			<u>\$ 1,460,575</u>		

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

SPECIAL ALCOHOL PROGRAM SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	Actual	Budget	Variance Positive [Negative]	Actual	Budget	Variance Positive [Negative]
<b>Revenues</b>						
Intergovernmental	\$ 71,179	\$ 56,853	\$ 14,326	\$ 58,736	\$ 64,781	\$ [6,045]
Use of money and property	<u>4</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>71,183</u>	<u>56,853</u>	<u>14,330</u>	<u>58,736</u>	<u>64,781</u>	<u>[6,045]</u>
<b>Expenditures</b>						
<b>Current</b>						
Health and environment Appropriation	<u>59,010</u>	<u>56,853</u>	<u>[2,157]</u>	<u>63,600</u>	<u>65,470</u>	<u>1,870</u>
Excess [deficiency] of revenues over [under] expenditures	12,173	-	12,173	[4,864]	[689]	[4,175]
<b>Other financing sources [uses]</b>						
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,864</u>	<u>-</u>	<u>4,864</u>
Excess [deficiency] of revenues and other sources over [under] expenditures [uses]	12,173	-	12,173	-	[689]	689
Unreserved fund balance, January 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved fund balance, December 31	<u>\$ 12,173</u>	<u>\$ -</u>	<u>\$ 12,173</u>	<u>\$ -</u>	<u>\$ [689]</u>	<u>\$ 689</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

SPECIAL PARK AND RECREATION SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	Actual	Budget	Variance Positive [Negative]	Actual	Budget	Variance Positive [Negative]
<b>Revenues</b>						
Intergovernmental	\$ 71,279	\$ 71,279	\$ -	\$ 59,063	\$ 64,781	\$ [5,718]
Use of money and property	-	-	-	729	700	29
Donations	1,600	1,400	200	8,500	1,000	7,500
<b>Total revenues</b>	<u>72,879</u>	<u>72,679</u>	<u>200</u>	<u>68,292</u>	<u>66,481</u>	<u>1,811</u>
<b>Expenditures</b>						
<b>Current</b>						
<b>General government</b>						
Contractual	45,015	25,830	[19,185]	53,750	62,000	8,250
Commodities	84,000	90,170	6,170	5,935	4,000	[1,935]
Capital outlay	29,790	44,000	14,210	17,740	18,000	260
<b>Total expenditures</b>	<u>158,805</u>	<u>160,000</u>	<u>1,195</u>	<u>77,425</u>	<u>84,000</u>	<u>6,575</u>
Excess [deficiency] of revenues over [under] expenditures	[85,926]	[87,321]	1,395	[9,133]	[17,519]	8,386
<b>Other financing sources [uses]</b>						
Operating transfers in	90,000	90,000	-	-	-	-
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	4,074	2,679	1,395	[9,133]	[17,519]	8,386
Unreserved fund balance, January 1	9	9	-	30,105	30,105	-
Unreserved fund balances, December 31	4,083	\$ 2,688	\$ 1,395	20,972	\$ 12,586	\$ 8,386
Prior year encumbrances	-			[20,963]		
Fund balance, December 31	<u>\$ 4,083</u>			<u>\$ 9</u>		

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS  
SPECIAL STREET SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	Actual	Budget	Variance Positive [Negative]	Actual	Budget	Variance Positive [Negative]
<b>Revenues</b>						
Intergovernmental	\$ 883,670	\$ 870,120	\$ 13,550	\$ 863,685	\$ 886,010	\$ [22,325]
Use of money and property	1,828	9,654	[7,826]	12,022	8,840	3,182
Miscellaneous	<u>3,464</u>	<u>7,000</u>	<u>[3,536]</u>	<u>7,565</u>	<u>7,000</u>	<u>565</u>
<b>Total revenues</b>	<u>888,962</u>	<u>886,774</u>	<u>2,188</u>	<u>883,272</u>	<u>901,850</u>	<u>[18,578]</u>
<b>Expenditures</b>						
<b>Current</b>						
<b>Highways and streets</b>						
Personal services	465,774	376,265	[89,509]	427,122	388,498	[38,624]
Contractual services	46,200	147,713	101,513	164,442	234,400	69,958
Commodities	114,136	77,900	[36,236]	96,044	124,200	28,156
Other charges	425	31,200	30,775	2,505	42,950	40,445
Capital outlay	<u>50,576</u>	<u>172,000</u>	<u>121,424</u>	<u>147,816</u>	<u>185,000</u>	<u>37,184</u>
<b>Total expenditures</b>	<u>677,111</u>	<u>805,078</u>	<u>127,967</u>	<u>837,929</u>	<u>975,048</u>	<u>137,119</u>
Excess [deficiency] of revenues over [under] expenditures	<u>211,851</u>	<u>81,696</u>	<u>130,155</u>	<u>45,343</u>	<u>[73,198]</u>	<u>118,541</u>
<b>Other financing sources [uses]</b>						
Operating transfer out	<u>[216,636]</u>	<u>[142,000]</u>	<u>[74,636]</u>	<u>[127,257]</u>	-	<u>[127,257]</u>
<b>Total other financing sources [uses]</b>	<u>[216,636]</u>	<u>[142,000]</u>	<u>[74,636]</u>	<u>[127,257]</u>	-	<u>[127,257]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[4,785]	[60,304]	55,519	[81,914]	[73,198]	[8,716]
Unreserved fund balance, January 1	<u>47,805</u>	<u>47,805</u>	-	<u>112,314</u>	<u>112,314</u>	-
Unreserved fund balances, December 31	43,020	\$ [12,499]	\$ 55,519	30,400	\$ 39,116	\$ [8,716]
Current year encumbrances	24,301			17,405		
Prior year encumbrances	<u>[17,405]</u>			-		
<b>Fund balance, December 31</b>	<u>\$ 49,916</u>			<u>\$ 47,805</u>		

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

DRUG MONEY FORFEITURE SPECIAL REVENUE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	Actual	Budget	Variance Positive [Negative]	Actual	Budget	Variance Positive [Negative]
<b>Revenues</b>						
Intergovernmental	\$ 11,807	\$ -	\$ 11,807	\$ 25,964	\$ -	\$ 25,964
Use of money and property	653	361	292	709	262	447
Miscellaneous	5,893	-	5,893	-	-	-
Total revenues	18,353	361	17,992	26,673	262	26,411
<b>Expenditures</b>						
<b>Current</b>						
<b>Law enforcement</b>						
Commodities	3,564	11,450	7,886	7,988	10,580	2,592
Excess [deficiency] of revenues over [under] expenditures	14,789	[11,089]	25,878	18,685	[10,318]	29,003
<b>Other financing sources [uses]</b>						
Operating transfer out	[6,443]	-	[6,443]	[1,425]	-	[1,425]
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	8,346	[11,089]	19,435	17,260	[10,318]	27,578
Unreserved fund balance, January 1	36,428	36,428	-	11,288	11,288	-
Unreserved fund balances, December 31	44,774	\$ 25,339	\$ 19,435	28,548	\$ 970	\$ 27,578
Current year encumbrances	-			7,880		
Prior year encumbrances	[7,880]			-		
Fund balance, December 31	\$ 36,894			\$ 36,428		

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

DEBT SERVICE FUND

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

CITY OF EMPORIA, KANSAS  
 DEBT SERVICE FUND  
 COMPARATIVE BALANCE SHEET  
 December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 24,843	\$ 247,620
Cash with fiscal agent	36,191	-
Receivables		
Taxes	<u>1,274,110</u>	<u>1,235,295</u>
Total assets	<u>\$ 1,335,144</u>	<u>\$ 1,482,915</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities</b>		
Matured bonds and interest payable	\$ 36,191	\$ -
Deferred revenues	<u>1,274,110</u>	<u>1,235,295</u>
Total liabilities	1,310,301	1,235,295
<b>Fund balances</b>		
Unreserved		
Designated for debt service	<u>24,843</u>	<u>247,620</u>
Total liabilities and fund balances	<u>\$ 1,335,144</u>	<u>\$ 1,482,915</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF EMPORIA, KANSAS

DEBT SERVICE FUND  
 COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 For the fiscal years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>Revenues</b>		
Taxes	\$ 1,425,176	\$ 1,325,512
Special assessments	343,853	397,346
Intergovernmental	500,000	-
Use of money and property	10,891	29,441
Miscellaneous revenues	<u>8,628</u>	<u>8,605</u>
Total revenues	<u>2,288,548</u>	<u>1,760,904</u>
<b>Expenditures</b>		
<b>Debt service</b>		
Principal	1,519,540	1,277,485
Interest and other charges	<u>1,123,430</u>	<u>550,621</u>
Total expenditures	<u>2,642,970</u>	<u>1,828,106</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[354,422]</u>	<u>[67,202]</u>
<b>Other financing sources [uses]</b>		
Operating transfers in	<u>131,645</u>	<u>213,906</u>
Total other financing sources [uses]	<u>131,645</u>	<u>213,906</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[222,777]	146,704
Fund balances, January 1	<u>247,620</u>	<u>100,916</u>
Fund balances, December 31	<u>\$ 24,843</u>	<u>\$ 247,620</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF EMPORIA, KANSAS

DEBT SERVICE FUND  
 COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - ACTUAL AND BUDGET  
 For the fiscal years ended December 31, 2002 and 2001

	2002			2001		
	Actual	Budget	Variance Positive [Negative]	Actual	Budget	Variance Positive [Negative]
<b>Revenues</b>						
Taxes	\$1,425,176	\$1,397,535	\$ 27,641	\$1,325,512	\$1,359,794	\$ [34,282]
Special assessments	343,853	192,313	151,540	397,346	159,798	237,548
Intergovernmental	500,000	-	500,000	-	-	-
Use of money and property	10,891	35,000	[24,109]	29,441	20,298	9,143
Miscellaneous revenues	8,628	5,000	3,628	8,605	5,000	3,605
Total revenues	<u>2,288,548</u>	<u>1,629,848</u>	<u>658,700</u>	<u>1,760,904</u>	<u>1,544,890</u>	<u>216,014</u>
<b>Expenditures</b>						
<b>Debt service</b>						
Principal	1,519,540	1,306,040	[213,500]	1,277,485	1,327,960	50,475
Interest	1,123,334	1,091,068	[32,266]	550,567	644,014	93,447
Commission and postage	96	100	4	54	100	46
Total expenditures	<u>2,642,970</u>	<u>2,397,208</u>	<u>[245,762]</u>	<u>1,828,106</u>	<u>1,972,074</u>	<u>143,968</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[354,422]</u>	<u>[767,360]</u>	<u>412,938</u>	<u>[67,202]</u>	<u>[427,184]</u>	<u>359,982</u>
<b>Other financing sources [uses]</b>						
Operating transfer in	<u>131,645</u>	<u>510,238</u>	<u>[378,593]</u>	<u>213,906</u>	<u>389,269</u>	<u>[175,363]</u>
Total other financing sources [uses]	<u>131,645</u>	<u>510,238</u>	<u>[378,593]</u>	<u>213,906</u>	<u>389,269</u>	<u>[175,363]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[222,777]</u>	<u>[257,122]</u>	<u>34,345</u>	<u>146,704</u>	<u>[37,915]</u>	<u>184,619</u>
Unreserved fund balance, January 1	<u>247,620</u>	<u>247,620</u>	<u>-</u>	<u>100,916</u>	<u>100,916</u>	<u>-</u>
Unreserved fund balances, December 31	<u>\$ 24,843</u>	<u>\$ [9,502]</u>	<u>\$ 34,345</u>	<u>\$ 247,620</u>	<u>\$ 63,001</u>	<u>\$ 184,619</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

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.

**KLINK Projects** -To account for resurfacing projects financed through the State KLINK program. The State participates in funding up to 50% of eligible items.

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

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

**5<sup>th</sup> Avenue Relief Main** - To account for the improvement of the sanitary sewer from 5th Avenue to the Cottonwood River. Financing is to be provided through CDBG money.

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

**Americus Rd US50 to 18th** - To account for the improvement of an existing road. To be financed with grant money and the issuance of general obligation bonds.

**Family Aquatic Center** - To account for costs of a new swimming pool complex.

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

**Main Street Streetscape Project** - To account for improvements to enhance downtown Emporia. Financing is to be provided through the issuance of general obligation bonds.

**Animal Shelter** - To account for the costs that have been incurred to construct a new animal shelter.

**Library Bond Project** - To account for improvements to the Emporia Public Library funded through the issuance of general obligation bonds.

**Prairie Pedestrian Bridge** - To account for the cost of the construction of a pedestrian bridge over I35. A KDOT grant will pay for 50% of the cost and general obligation bonds will be issued for the remainder.

**Stormwater Improvement Project** - To account for the costs for the stormwater improvements in various areas throughout the city.

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

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

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

**Candlewood Drive** - To account for the costs of development within a new subdivision.

**Police Equipment** - To account for the costs of purchasing police equipment.

CITY OF EMPORIA, KANSAS  
CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEETS  
December 31, 2002  
(With comparative totals for December 31, 2001)

	<u>KLINK Projects</u>	<u>Internal Improvements</u>	<u>Ball Diamonds</u>	<u>5th Avenue Relief Main</u>	<u>Park Improvement Project</u>
<b>ASSETS</b>					
Cash and investments	\$ 269,496	\$ 30,000	\$ 32,371	\$ -	\$ 72,533
Due from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 269,496</u>	<u>\$ 30,000</u>	<u>\$ 32,371</u>	<u>\$ -</u>	<u>\$ 72,533</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,085
Retainage payable	-	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>348,524</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>348,524</u>	<u>4,085</u>
<b>Fund balances</b>					
Unreserved					
Undesignated [deficit]	<u>269,496</u>	<u>30,000</u>	<u>32,371</u>	<u>[348,524]</u>	<u>68,448</u>
Total fund balances [deficit]	<u>269,496</u>	<u>30,000</u>	<u>32,371</u>	<u>[348,524]</u>	<u>68,448</u>
Total liabilities and fund balances	<u>\$ 269,496</u>	<u>\$ 30,000</u>	<u>\$ 32,371</u>	<u>\$ -</u>	<u>\$ 72,533</u>

Americus Rd US50 to 18th	Family Aquatic Center	Civic Auditorium Improvement	Main Street Streetscape Projects	Animal Shelter	Library Bond Project
\$ 397,130	\$ -	\$ 312,811	\$ -	\$ 247,851	\$ 93,243
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 397,130</u>	<u>\$ -</u>	<u>\$ 312,811</u>	<u>\$ -</u>	<u>\$ 247,851</u>	<u>\$ 93,243</u>
\$ 400	\$ -	\$ 55,020	\$ 276,303	\$ 2,186	\$ 2,722
-	-	2,525	45,905	27,995	-
<u>-</u>	<u>275,396</u>	<u>-</u>	<u>35,585</u>	<u>-</u>	<u>-</u>
<u>400</u>	<u>275,396</u>	<u>57,545</u>	<u>357,793</u>	<u>30,181</u>	<u>2,722</u>
<u>396,730</u>	<u>[275,396]</u>	<u>255,266</u>	<u>[357,793]</u>	<u>217,670</u>	<u>90,521</u>
<u>396,730</u>	<u>[275,396]</u>	<u>255,266</u>	<u>[357,793]</u>	<u>217,670</u>	<u>90,521</u>
<u>\$ 397,130</u>	<u>\$ -</u>	<u>\$ 312,811</u>	<u>\$ -</u>	<u>\$ 247,851</u>	<u>\$ 93,243</u>

CITY OF EMPORIA, KANSAS  
  
CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEETS  
December 31, 2002  
(With comparative totals for December 31, 2001)

	Prairie Pedestrian Bridge	Stormwater Improvement Project	Traffic Signals	Paving Projects
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ 8,004	\$ 348,683
Due from other funds	-	-	-	-
Total assets	\$ -	\$ -	\$ 8,004	\$ 348,683
 <b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 808	\$ -	\$ -	\$ 2,607
Retainage payable	43,542	-	-	-
Due to other funds	61,398	-	-	-
Total liabilities	105,748	-	-	2,607
<b>Fund balances</b>				
Unreserved				
Undesignated [deficit]	[105,748]	-	8,004	346,076
Total fund balances [deficit]	[105,748]	-	8,004	346,076
Total liabilities and fund balances	\$ -	\$ -	\$ 8,004	\$ 348,683

Construction Projects	Candlewood Drive	Police Equipment	Totals	
			2002	2001
\$ -	\$ 190,809	\$ 596,361	\$ 2,599,292	\$ 4,679,823
-	734,266	-	734,266	482,056
<u>\$ -</u>	<u>\$ 925,075</u>	<u>\$ 596,361</u>	<u>\$ 3,333,558</u>	<u>\$ 5,161,879</u>
\$ 167	\$ 2,131	\$ -	\$ 346,429	\$ 676,469
-	-	-	119,967	236,121
<u>13,363</u>	<u>-</u>	<u>-</u>	<u>734,266</u>	<u>482,056</u>
<u>13,530</u>	<u>2,131</u>	<u>-</u>	<u>1,200,662</u>	<u>1,394,646</u>
<u>[13,530]</u>	<u>922,944</u>	<u>596,361</u>	<u>2,132,896</u>	<u>3,767,233</u>
<u>[13,530]</u>	<u>922,944</u>	<u>596,361</u>	<u>2,132,896</u>	<u>3,767,233</u>
<u>\$ -</u>	<u>\$ 925,075</u>	<u>\$ 596,361</u>	<u>\$ 3,333,558</u>	<u>\$ 5,161,879</u>

CITY OF EMPORIA, KANSAS

CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES

For the fiscal year ended December 31, 2002

(With comparative totals for the fiscal year ended December 31, 2001)

	KLINK Projects	Internal Improvements	Ball Diamonds	5th Avenue Relief Main	Park Improvement Project
<b>Revenues</b>					
Intergovernmental	\$ 77,658	\$ -	\$ -	\$ 150,000	\$ -
Use of money and property	-	-	-	-	883
Contributions	-	30,000	115,000	-	-
<b>Total revenues</b>	<u>77,658</u>	<u>30,000</u>	<u>115,000</u>	<u>150,000</u>	<u>883</u>
<b>Expenditures</b>					
<b>Capital outlay</b>					
Contract costs	11,654	-	88,702	477,984	75,015
Miscellaneous	-	-	2,103	10,235	-
<b>Debt service</b>					
Interest expense	-	-	-	-	-
Bond Issuance costs	3,005	-	-	-	1,610
<b>Total expenditures</b>	<u>14,659</u>	<u>-</u>	<u>90,805</u>	<u>488,219</u>	<u>76,625</u>
Excess [deficiency] of revenues over [under] expenditures	<u>62,999</u>	<u>30,000</u>	<u>24,195</u>	<u>[338,219]</u>	<u>[75,742]</u>
<b>Other financing sources [uses]</b>					
Operating transfers in	86,436	-	-	-	64,547
Operating transfers out	-	-	-	-	[93,909]
Proceeds from sale of bonds	280,000	-	-	-	150,000
<b>Total other financing sources [uses]</b>	<u>366,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,638</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	429,435	30,000	24,195	[338,219]	44,896
Fund balances [deficit], January 1	<u>[159,939]</u>	<u>-</u>	<u>8,176</u>	<u>[10,305]</u>	<u>23,552</u>
Fund balances [deficit], December 31	<u>\$ 269,496</u>	<u>\$ 30,000</u>	<u>\$ 32,371</u>	<u>\$ [348,524]</u>	<u>\$ 68,448</u>

Americus Rd US50 to 18th	Family Aquatic Center	Civic Auditorium Improvement	Main Street Streetscape Projects	Animal Shelter	Library Bond Project
\$ -	\$ -	\$ -	\$ 635,959	\$ -	\$ -
7,775	3,202	4,662	8,397	8,335	1,980
-	1,007,264	25,000	-	-	-
<u>7,775</u>	<u>1,010,466</u>	<u>29,662</u>	<u>644,356</u>	<u>8,335</u>	<u>1,980</u>
64,147	1,700,690	494,538	2,239,288	332,846	45,062
59	-	172,343	206	-	-
-	-	-	-	-	-
-	-	6,313	1,073	-	-
<u>64,206</u>	<u>1,700,690</u>	<u>673,194</u>	<u>2,240,567</u>	<u>332,846</u>	<u>45,062</u>
<u>[56,431]</u>	<u>[690,224]</u>	<u>[643,532]</u>	<u>[1,596,211]</u>	<u>[324,511]</u>	<u>[43,082]</u>
-	100,000	40,728	-	-	-
-	-	-	-	-	-
-	-	588,193	100,000	-	-
<u>-</u>	<u>100,000</u>	<u>628,921</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
[56,431]	[590,224]	[14,611]	[1,496,211]	[324,511]	[43,082]
<u>453,161</u>	<u>314,828</u>	<u>269,877</u>	<u>1,138,418</u>	<u>542,181</u>	<u>133,603</u>
<u>\$ 396,730</u>	<u>\$ [275,396]</u>	<u>\$ 255,266</u>	<u>\$ [357,793]</u>	<u>\$ 217,670</u>	<u>\$ 90,521</u>

See independent auditor's report on the general purpose financial statements

CITY OF EMPORIA, KANSAS

CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
For the fiscal year ended December 31, 2002  
(With comparative totals for the fiscal year ended December 31, 2001)

	Prairie Pedestrian Bridge	Stormwater Improvement Project	Traffic Signals	Paving Projects
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	676	885	675	7,113
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>676</u>	<u>885</u>	<u>675</u>	<u>7,113</u>
<b>Expenditures</b>				
<b>Capital outlay</b>				
Contract costs	665,291	82,472	52,261	668,348
Miscellaneous	5	5	20	92
<b>Debt service</b>				
Interest expense	-	-	-	-
Bond Issuance costs	<u>7,506</u>	<u>-</u>	<u>-</u>	<u>8,700</u>
<b>Total expenditures</b>	<u>672,802</u>	<u>82,477</u>	<u>52,281</u>	<u>677,140</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[672,126]</u>	<u>[81,592]</u>	<u>[51,606]</u>	<u>[670,027]</u>
<b>Other financing sources [uses]</b>				
Operating transfers in	-	-	-	-
Operating transfers out	-	[23,733]	-	-
Proceeds from sale of bonds	<u>282,687</u>	<u>-</u>	<u>-</u>	<u>446,833</u>
<b>Total other financing sources [uses]</b>	<u>282,687</u>	<u>[23,733]</u>	<u>-</u>	<u>446,833</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[389,439]</u>	<u>[105,325]</u>	<u>[51,606]</u>	<u>[223,194]</u>
Fund balances [deficit], January 1	<u>283,691</u>	<u>105,325</u>	<u>59,610</u>	<u>569,270</u>
Fund balances [deficit], December 31	<u>\$ [105,748]</u>	<u>\$ -</u>	<u>\$ 8,004</u>	<u>\$ 346,076</u>

Construction Projects	Candlewood Drive	Police Equipment	Totals	
			2002	2001
\$ 75,000	\$ -	\$ -	\$ 938,617	\$ 197,945
503	2,561	2,801	50,448	140,915
-	-	-	1,177,264	72,499
<u>75,503</u>	<u>2,561</u>	<u>2,801</u>	<u>2,166,329</u>	<u>411,359</u>
113,577	248,391	-	7,360,266	5,562,798
437	891	-	186,396	272,755
-	-	-	-	58,498
<u>2,458</u>	<u>7,121</u>	<u>6,440</u>	<u>44,226</u>	<u>32,916</u>
<u>116,472</u>	<u>256,403</u>	<u>6,440</u>	<u>7,590,888</u>	<u>5,926,967</u>
<u>[40,969]</u>	<u>[253,842]</u>	<u>[3,639]</u>	<u>[5,424,559]</u>	<u>[5,515,608]</u>
162,618	303,953	-	758,282	792,550
[271,811]	[303,953]	-	[693,406]	[560,646]
<u>92,562</u>	<u>1,185,071</u>	<u>600,000</u>	<u>3,725,346</u>	<u>6,450,000</u>
<u>[16,631]</u>	<u>1,185,071</u>	<u>600,000</u>	<u>3,790,222</u>	<u>6,681,904</u>
[57,600]	931,229	596,361	[1,634,337]	1,166,296
<u>44,070</u>	<u>[8,285]</u>	<u>-</u>	<u>3,767,233</u>	<u>2,600,937</u>
<u>\$ [13,530]</u>	<u>\$ 922,944</u>	<u>\$ 596,361</u>	<u>\$ 2,132,896</u>	<u>\$ 3,767,233</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF EMPORIA, KANSAS

CAPITAL PROJECT FUNDS  
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 AUTHORIZED AND ACTUAL - FROM INCEPTION  
 For the year ended December 31, 2002

	<u>Project Authorization</u>	<u>Revenues and other sources</u>	<u>Expenditures and other uses</u>	<u>Fund Balances [Deficits] December 31, 2002</u>
KLINK Projects	\$ 982,864	\$ 1,003,513	\$ 734,017	\$ 269,496
Internal Improvements	412,121	461,486	431,486	30,000
Ball Diamonds	140,000	255,312	222,941	32,371
5th Avenue Relief Main	438,892	150,000	498,524	[348,524]
Park Improvement Project	279,754	419,989	351,541	68,448
Americus Rd US 50 to 18th	25,261	519,983	123,253	396,730
Family Aquatic Center	4,587,245	4,335,393	4,610,789	[275,396]
Civic Auditorium Improvement	1,003,469	1,542,515	1,287,249	255,266
Main Street Streetscape Projects	2,416,483	2,447,647	2,805,440	[357,793]
Animal Shelter	399,500	697,293	479,623	217,670
Library Bond Project	130,823	207,043	116,522	90,521
Prairie Pedestrian Bridge	1,256,341	661,801	767,549	[105,748]
Stormwater Improvement Project	388,692	478,646	478,646	-
Traffic Signals	365,664	396,780	388,776	8,004
Paving Projects	1,944,519	1,815,545	1,469,469	346,076
Construction Projects	891,140	730,051	743,581	[13,530]
Candlewood Drive	305,861	1,790,303	867,359	922,944
Police Equipment	-	602,801	6,440	596,361
	<u>                  </u>	<u>                  </u>	<u>                  </u>	<u>                  </u>
Totals	<u>\$ 15,968,629</u>	<u>\$ 18,516,101</u>	<u>\$ 16,383,205</u>	<u>\$ 2,132,896</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF EMPORIA, KANSAS

### ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

**Solid Waste Disposal Fund** - Monies for this fund are 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** - To account for all sewer operations including administration, maintenance, financing and related debt service and billing collection. All operations are financed by means of customer user fees which are established by the governing body.

**Parking Facilities Fund** - To account for the financing, operation and maintenance of City-owned parking lots.

**Water Utility Fund** - 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.

CITY OF EMPORIA, KANSAS  
 ENTERPRISE FUNDS  
 COMBINING BALANCE SHEET  
 December 31, 2002  
 (With comparative totals for December 31, 2001)

<b>ASSETS</b>	<u>Solid Waste Disposal</u>	<u>Sewer Utility</u>	<u>Parking Facilities</u>
Cash and cash equivalents	\$ 491,115	\$ -	\$ 2,162
Receivables (net of allowance for uncollectibles)	268,509	298,264	856
Inventories	-	-	-
Due from other funds	-	-	-
Utility plant			
Land	102,625	4,702	244,851
Building and equipment	3,198,334	24,737,813	404,445
Construction in progress	-	7,043,274	-
Accumulated depreciation	[1,143,250]	[10,311,503]	[134,742]
Deferred charges	-	-	-
Total assets	<u>\$ 2,917,333</u>	<u>\$ 21,772,550</u>	<u>\$ 517,572</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 80,299	\$ 420,109	\$ 2,190
Retainage payable	-	323,072	-
Accrued liabilities	19,746	11,455	-
Accrued compensated absences	64,341	52,809	-
Accrued interest payable	-	1,503	-
Due to other funds	-	403,988	-
Current portion of general obligation bonds payable	-	470,000	-
Accrued landfill post-closure care liabilities	242,383	-	-
Notes payable	-	9,072,235	-
General obligation bonds payable	-	195,000	-
Total liabilities	<u>406,769</u>	<u>10,950,171</u>	<u>2,190</u>
<b>Equity</b>			
Contributed capital	<u>1,451,592</u>	<u>11,531,017</u>	<u>192,183</u>
<b>Retained Earnings</b>			
Unreserved	<u>1,058,972</u>	<u>[708,638]</u>	<u>323,199</u>
Total retained earnings	<u>1,058,972</u>	<u>[708,638]</u>	<u>323,199</u>
Total equity	<u>2,510,564</u>	<u>10,822,379</u>	<u>515,382</u>
Total liabilities and equity	<u>\$ 2,917,333</u>	<u>\$ 21,772,550</u>	<u>\$ 517,572</u>

Water Utility	Totals	
	<u>2002</u>	<u>2001</u>
\$ 725,797	\$ 1,219,074	\$ 2,843,284
467,220	1,034,849	1,108,327
206,895	206,895	219,678
403,988	403,988	-
100,198	452,376	318,379
27,635,353	55,975,945	55,444,855
14,469	7,057,743	225,533
[8,869,963]	[20,459,458]	[18,886,543]
<u>377,593</u>	<u>377,593</u>	<u>411,519</u>
<u>\$ 21,061,550</u>	<u>\$ 46,269,005</u>	<u>\$ 41,685,032</u>
\$ 114,651	\$ 617,249	\$ 378,135
-	323,072	-
24,449	55,650	128,109
109,239	226,389	228,708
82,009	83,512	106,582
-	403,988	-
625,761	1,095,761	805,345
-	242,383	253,925
4,265,983	13,338,218	7,363,719
<u>6,234,509</u>	<u>6,429,509</u>	<u>7,525,385</u>
<u>11,456,601</u>	<u>22,815,731</u>	<u>16,789,908</u>
<u>832,410</u>	<u>14,007,202</u>	<u>14,007,202</u>
<u>8,772,539</u>	<u>9,446,072</u>	<u>10,887,922</u>
<u>8,772,539</u>	<u>9,446,072</u>	<u>10,887,922</u>
<u>9,604,949</u>	<u>23,453,274</u>	<u>24,895,124</u>
<u>\$ 21,061,550</u>	<u>\$ 46,269,005</u>	<u>\$ 41,685,032</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF EMPORIA, KANSAS

ENTERPRISE FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN RETAINED EARNINGS  
 For the fiscal year ended December 31, 2002  
 (With comparative totals for the fiscal year ended December 31, 2001)

	Solid Waste Disposal	Sewer Utility
<b>Operating revenues</b>		
Charges for services	\$ 2,353,210	\$ 2,563,877
Miscellaneous	<u>198</u>	<u>5,559</u>
<b>Total operating revenues</b>	<u>2,353,408</u>	<u>2,569,436</u>
<b>Operating expenses</b>		
Personal services	765,244	537,109
Contractual services	996,945	933,492
Commodities	263,766	325,553
Depreciation	195,002	696,256
Other	<u>53,564</u>	<u>13,296</u>
<b>Total operating expenses</b>	<u>2,274,521</u>	<u>2,505,706</u>
Operating income [loss]	<u>78,887</u>	<u>63,730</u>
<b>Nonoperating revenues [expenses]</b>		
Interest income	15,067	29,991
Rental income	2,116	-
Interest expense	[289]	[138,958]
Amortization of bond issue costs	-	-
Gain [loss] on disposal of assets	<u>44,829</u>	<u>1,954</u>
<b>Total nonoperating revenues [expenses]</b>	<u>61,723</u>	<u>[107,013]</u>
Income [loss] before operating transfers	<u>140,610</u>	<u>[43,283]</u>
Transfers from [to] other funds and account groups		
Operating transfers in	217,500	37,765
Operating transfers out	<u>[712,473]</u>	<u>[739,765]</u>
<b>Total transfers</b>	<u>[494,973]</u>	<u>[702,000]</u>
Net income [loss]	<u>[354,363]</u>	<u>[745,283]</u>
Retained earnings, January 1	1,413,335	36,645
Prior period adjustment	<u>-</u>	<u>-</u>
Retained earnings, restated January 1	<u>1,413,335</u>	<u>36,645</u>
Retained earnings, December 31	<u>\$ 1,058,972</u>	<u>\$ [708,638]</u>

Parking Facilities	Water Utility	Totals	
		2002	2001
\$ 32,746	\$ 4,254,794	\$ 9,204,627	\$ 9,094,707
-	8,126	13,883	18,858
<u>32,746</u>	<u>4,262,920</u>	<u>9,218,510</u>	<u>9,113,565</u>
4,700	626,553	1,933,606	2,332,667
29,127	1,207,350	3,166,914	3,053,487
186	735,305	1,324,810	1,373,700
14,288	815,269	1,720,815	1,592,132
1,473	15,681	84,014	202,230
<u>49,774</u>	<u>3,400,158</u>	<u>8,230,159</u>	<u>8,554,216</u>
<u>[17,028]</u>	<u>862,762</u>	<u>988,351</u>	<u>559,349</u>
-	310,708	355,766	397,669
-	-	2,116	2,451
-	[492,373]	[631,620]	[618,838]
-	[33,636]	[33,636]	[46,303]
-	[79,751]	(32,968)	132,878
<u>-</u>	<u>[295,052]</u>	<u>[340,342]</u>	<u>[132,143]</u>
<u>[17,028]</u>	<u>567,710</u>	<u>648,009</u>	<u>427,206</u>
-	120,152	375,417	3,085,462
<u>-</u>	<u>[1,185,792]</u>	<u>[2,638,030]</u>	<u>[4,745,973]</u>
<u>-</u>	<u>[1,065,640]</u>	<u>[2,262,613]</u>	<u>[1,660,511]</u>
<u>[17,028]</u>	<u>[497,930]</u>	<u>[1,614,604]</u>	<u>[1,233,305]</u>
167,473	9,270,469	10,887,922	12,121,227
172,754	-	172,754	-
<u>340,227</u>	<u>9,270,469</u>	<u>11,060,676</u>	<u>12,121,227</u>
<u>\$ 323,199</u>	<u>\$ 8,772,539</u>	<u>\$ 9,446,072</u>	<u>\$ 10,887,922</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

ENTERPRISE FUNDS  
COMBINING STATEMENT OF CASH FLOWS

For the fiscal year ended December 31, 2002

(With comparative total for the fiscal year ended December 31, 2001)

	Solid Waste Disposal	Sewer Utility
<b>Cash flows from operating activities</b>		
Cash received from customers and users	\$ 2,375,800	\$ 2,609,313
Cash payments to employees for services	[797,432]	[590,772]
Cash payments to other suppliers of goods or services	[1,308,696]	[300,044]
Other operating receipts	<u>198</u>	<u>5,559</u>
Net cash provided by [used in] operating activities	<u>269,870</u>	<u>1,724,056</u>
<b>Cash flows from noncapital financing activities</b>		
Transfers from other funds	217,500	37,765
Transfers [to] other funds	<u>[712,473]</u>	<u>[739,765]</u>
Net cash provided by [used in] noncapital financing activities	<u>[494,973]</u>	<u>[702,000]</u>
<b>Cash flows from capital and related financing activities</b>		
Purchase and construction of fixed assets	[382,093]	[6,998,542]
Proceeds from issuance of debt	-	6,455,099
Principal payments - capital leases	-	-
Principal payments - bonds and notes	-	[568,731]
Interest paid	[289]	[148,430]
Proceeds from sale of salvage	<u>118,974</u>	<u>37,765</u>
Net cash provided by [used in] capital and related financing activities	<u>[263,408]</u>	<u>[1,222,839]</u>
<b>Cash flows from investing activities</b>		
Interest received	15,067	29,991
Rents received	<u>2,116</u>	<u>-</u>
Net cash provided by [used in] investing activities	<u>17,183</u>	<u>29,991</u>
Net increase [decrease] in cash and cash equivalents	[471,328]	[170,792]
Cash and cash equivalents, January 1	<u>962,443</u>	<u>170,792</u>
Cash and cash equivalents, December 31	<u>\$ 491,115</u>	<u>\$ -</u>

Parking Facilities	Water Utility	Totals	
		2002	2001
\$ 32,748	\$ 4,260,244	\$ 9,278,105	\$ 9,069,842
[4,838]	[615,343]	[2,008,385]	[2,187,067]
[29,142]	[2,374,429]	[4,012,311]	[4,435,351]
<u>-</u>	<u>8,126</u>	<u>13,883</u>	<u>18,858</u>
<u>[1,232]</u>	<u>1,278,598</u>	<u>3,271,292</u>	<u>2,466,282</u>
-	120,152	375,417	3,085,462
<u>-</u>	<u>[1,185,792]</u>	<u>[2,638,030]</u>	<u>3,085,462</u>
<u>-</u>	<u>[1,065,640]</u>	<u>[2,262,613]</u>	<u>6,170,924</u>
-	[281,513]	[7,662,148]	[1,372,479]
-	-	6,455,099	421,346
-	-	-	[2,026]
-	[717,329]	[1,286,060]	[1,049,026]
-	[505,682]	[654,401]	[728,916]
<u>-</u>	<u>-</u>	<u>156,739</u>	<u>141,634</u>
<u>-</u>	<u>[1,504,524]</u>	<u>[2,990,771]</u>	<u>[2,589,467]</u>
-	310,708	355,766	397,669
<u>-</u>	<u>-</u>	<u>2,116</u>	<u>2,451</u>
<u>-</u>	<u>310,708</u>	<u>357,882</u>	<u>400,120</u>
[1,232]	[980,858]	[1,624,210]	[1,383,576]
<u>3,394</u>	<u>1,706,655</u>	<u>2,843,284</u>	<u>4,226,860</u>
<u>\$ 2,162</u>	<u>\$ 725,797</u>	<u>\$ 1,219,074</u>	<u>\$ 2,843,284</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the fiscal year ended December 31, 2002

(With comparative totals for the fiscal year ended December 31, 2001)

	Solid Waste <u>Disposal</u>	Sewer <u>Utility</u>
<b>Reconciliation of operating income [loss] to net cash provided by [used in] operating activities</b>		
Operating income [loss]	\$ 78,887	\$ 63,730
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities		
Depreciation expense	195,002	696,256
[Increase] decrease in accounts receivable	22,590	45,436
[Increase] decrease in inventory	-	-
[Increase] decrease in due from other funds	-	-
Increase [decrease] in due to other funds	-	403,988
Increase [decrease] in accounts payable	17,121	245,237
Increase [decrease] in retainage payable	-	323,072
Increase [decrease] in accrued liabilities	[11,543]	[51,564]
Increase [decrease] in accrued compensated absences	[20,645]	[2,099]
Increase [decrease] in landfill closure and postclosure care costs	<u>[11,542]</u>	<u>-</u>
 Net cash provided by [used in] operating activities	 <u>\$ 269,870</u>	 <u>\$ 1,724,056</u>

<u>Parking Facilities</u>	<u>Water Utility</u>	<u>Totals</u>	
		<u>2002</u>	<u>2001</u>
\$ [17,028]	\$ 862,762	\$ 988,351	\$ 559,349
14,288	815,269	1,720,815	1,592,132
2	5,450	73,478	[24,865]
-	12,783	12,783	7,135
-	[403,988]	[403,988]	-
-	-	403,988	-
1,643	[24,888]	239,113	153,798
-	-	323,072	-
[137]	[9,215]	[72,459]	30,480
-	20,425	[2,319]	159,795
-	-	[11,542]	[11,542]
<u>\$ [1,232]</u>	<u>\$ 1,278,598</u>	<u>\$ 3,271,292</u>	<u>\$ 2,466,282</u>

CITY OF EMPORIA, KANSAS

SOLID WASTE DISPOSAL ENTERPRISE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal year ended December 31, 2002

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
<b>Revenues</b>			
Charges for services	\$ 2,353,210	\$ 2,639,000	\$ [285,790]
Use of money and property	17,183	50,000	[32,817]
Reimbursements	-	12,000	[12,000]
Miscellaneous	<u>198</u>	<u>3,000</u>	<u>[2,802]</u>
Total revenues	<u>2,370,591</u>	<u>2,704,000</u>	<u>[333,409]</u>
<b>Expenditures</b>			
Personal services	765,244	1,179,966	414,722
Contractual services	986,753	1,215,550	228,797
Commodities	117,226	199,650	82,424
Capital outlay	761,706	397,000	[364,706]
Debt service	289	41,188	40,899
Miscellaneous	<u>53,564</u>	<u>295,300</u>	<u>241,736</u>
Total expenditures	<u>2,684,782</u>	<u>3,328,654</u>	<u>643,872</u>
Excess [deficiency] of revenues over [under] expenditures	<u>[314,191]</u>	<u>[624,654]</u>	<u>310,463</u>
<b>Other financing sources [uses]</b>			
Operating transfer in	217,500	-	217,500
Operating transfer out	[712,473]	-	[712,473]
Sale of salvage	<u>44,829</u>	<u>-</u>	<u>44,829</u>
Total other financing sources [uses]	<u>[450,144]</u>	<u>-</u>	<u>[450,144]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[764,335]</u>	<u>[624,654]</u>	<u>[139,681]</u>
Unreserved fund balances, January 1	<u>1,039,025</u>	<u>1,465,943</u>	<u>[426,918]</u>
Unreserved fund balances, December 31	<u>\$ 274,690</u>	<u>\$ 841,289</u>	<u>\$ [566,599]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	\$ [764,335]		
Reconciliation to net income - GAAP basis:			
Depreciation	[195,002]		
Prior year encumbrances	[28,502]		
Current year encumbrances	251,383		
Fixed asset transactions	<u>382,093</u>		
Net income [loss] - GAAP basis	<u>\$ [354,363]</u>		

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

SEWER UTILITY ENTERPRISE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal year ended December 31, 2002

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
<b>Revenues</b>			
Charges for services	\$ 2,563,877	\$ 2,730,000	\$ [166,123]
Use of money and property	29,991	50,000	[20,009]
Miscellaneous	<u>5,559</u>	<u>4,000</u>	<u>1,559</u>
Total revenues	<u>2,599,427</u>	<u>2,784,000</u>	<u>[184,573]</u>
<b>Expenditures</b>			
Personal services	537,109	668,581	131,472
Contractual services	893,486	1,078,450	184,964
Commodities	127,265	135,950	8,685
Capital outlay	229,253	283,000	53,747
Debt service	468,959	137,427	[331,532]
Miscellaneous	<u>13,296</u>	<u>631,550</u>	<u>618,254</u>
Total expenditures	<u>2,269,368</u>	<u>2,934,958</u>	<u>665,590</u>
Excess [deficiency] of revenues over [under] expenditures	<u>330,059</u>	<u>[150,958]</u>	<u>481,017</u>
<b>Other financing sources [uses]</b>			
Sale of salvage	1,954	-	1,954
Operating transfer in	37,765	-	37,765
Operating transfer out	<u>[739,765]</u>	<u>-</u>	<u>[739,765]</u>
Total other financing sources	<u>[700,046]</u>	<u>-</u>	<u>[700,046]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	<u>[369,987]</u>	<u>[150,958]</u>	<u>[219,029]</u>
Unreserved fund balances, January 1	<u>132,971</u>	<u>132,971</u>	<u>-</u>
Unreserved fund balances, December 31	<u>\$ [237,016]</u>	<u>\$ [17,987]</u>	<u>\$ [219,029]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	\$ [369,987]		
Reconciliation to net income - GAAP basis:			
Debt principal payments	330,000		
Depreciation	[696,256]		
Prior year encumbrances	[192,640]		
Current year encumbrances	17,267		
Fixed asset transactions	<u>166,333</u>		
Net income [loss] - GAAP basis	<u>\$ [745,283]</u>		

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

PARKING FACILITIES ENTERPRISE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal year ended December 31, 2002

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
<b>Revenues</b>			
Charges for services	\$ 32,746	\$ 20,200	\$ 12,546
Total revenues	<u>32,746</u>	<u>20,200</u>	<u>12,546</u>
<b>Expenditures</b>			
Personal services	4,700	4,845	145
Contractual services	29,127	34,930	5,803
Commodities	186	5,250	5,064
Miscellaneous	<u>1,473</u>	<u>350</u>	<u>[1,123]</u>
Total expenditures	35,486	45,375	9,889
Excess [deficiency] of revenues over [under] expenditures	<u>[2,740]</u>	<u>[25,175]</u>	<u>22,435</u>
Unreserved fund balances, January 1	3,569	3,569	-
Prior period adjustment	<u>172,754</u>	<u>172,754</u>	<u>-</u>
Unreserved fund balances, restated January 1	<u>176,323</u>	<u>176,323</u>	<u>-</u>
Unreserved fund balances, December 31	<u>\$ 173,583</u>	<u>\$ 151,148</u>	<u>\$ 22,435</u>
Excess [deficiency] of revenues over [under] expenditures	\$ [2,740]		
Reconciliation to net income - GAAP basis:			
Depreciation	<u>[14,288]</u>		
Net income [loss] - GAAP basis	<u>\$ [17,028]</u>		

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

WATER UTILITY ENTERPRISE FUND  
COMPARATIVE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ACTUAL AND BUDGET  
For the fiscal year ended December 31, 2002

	<u>Actual</u>	<u>Budget</u>	Variance Positive [Negative]
<b>Revenues</b>			
Charges for services	\$ 4,254,794	\$ 4,212,000	\$ 42,794
Use of money and property	310,709	85,000	225,709
Reimbursements	-	10,000	[10,000]
Miscellaneous	<u>8,126</u>	<u>5,000</u>	<u>3,126</u>
Total revenues	<u>4,573,629</u>	<u>4,312,000</u>	<u>261,629</u>
<b>Expenditures</b>			
Personal services	626,553	895,019	268,466
Contractual services	1,207,350	1,609,950	402,600
Commodities	435,861	425,000	[10,861]
Capital outlay	602,792	631,500	28,708
Debt service	967,834	549,053	[418,781]
Miscellaneous	<u>15,681</u>	<u>1,044,000</u>	<u>1,028,319</u>
Total expenditures	<u>3,856,071</u>	<u>5,154,522</u>	<u>1,298,451</u>
Excess [deficiency] of revenues over [under] expenditures	717,558	[842,522]	1,560,080
<b>Other financing sources [uses]</b>			
Operating transfers in	120,152	-	120,152
Operating transfers [out]	[1,185,792]	-	[1,185,792]
Sale of salvage	<u>[79,751]</u>	<u>-</u>	<u>[79,751]</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	[427,833]	[842,522]	414,689
Unreserved fund balances, January 1	<u>1,798,721</u>	<u>1,798,721</u>	<u>-</u>
Unreserved fund balances, December 31	<u>\$ 1,370,888</u>	<u>\$ 956,199</u>	<u>\$ 414,689</u>
Excess [deficiency] of revenues and other sources over [under] expenditures and other [uses]	\$ [427,833]		
Reconciliation to net income - GAAP basis:			
Debt principal payments	475,460		
Bond discount amortization	[33,636]		
Depreciation	[815,269]		
Prior year encumbrances	[42,707]		
Current year encumbrances	64,542		
Fixed asset transactions	<u>281,513</u>		
Net income [loss] - GAAP basis	<u>\$ [497,930]</u>		

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

INTERNAL SERVICE FUNDS

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 participants and additional health insurance premiums.

CITY OF EMPORIA, KANSAS  
INTERNAL SERVICE FUNDS  
COMBINING BALANCE SHEET  
December 31, 2002  
(With comparative totals for December 31, 2001)

	Workers' <u>Compensation</u>	Employee Health <u>Care</u>	<u>Totals</u>	
			<u>2002</u>	<u>2001</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,416	\$ 97,236	\$ 110,652	\$ 71,957
Investments	<u>999,008</u>	<u>399,603</u>	<u>1,398,611</u>	<u>1,674,210</u>
Total assets	<u>\$ 1,012,424</u>	<u>\$ 496,839</u>	<u>\$ 1,509,263</u>	<u>\$ 1,746,167</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Accounts payable	\$ 6,929	\$ -	\$ 6,929	\$ 1,687
Unpaid claims	<u>367,948</u>	<u>115,377</u>	<u>483,325</u>	<u>397,945</u>
Total liabilities	374,877	115,377	490,254	399,632
<b>Equity</b>				
Retained earnings Unreserved	<u>637,547</u>	<u>381,462</u>	<u>1,019,009</u>	<u>1,346,535</u>
Total liabilities and equity	<u>\$ 1,012,424</u>	<u>\$ 496,839</u>	<u>\$ 1,509,263</u>	<u>\$ 1,746,167</u>

See independent auditor's report on the general purpose financial statements.

## CITY OF EMPORIA, KANSAS

## INTERNAL SERVICE FUNDS

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

Year ended December 31, 2002

(With comparative totals for year ended December 31, 2001)

	Workers' Compensation	Employee Health Care	Totals	
			2002	2001
<b>Operating revenues</b>				
Charges for services	\$ 150,940	\$ 1,031,434	\$ 1,182,374	\$ 921,183
Miscellaneous	<u>1,679</u>	<u>13,036</u>	<u>14,715</u>	<u>26,805</u>
Total operating revenues	<u>152,619</u>	<u>1,044,470</u>	<u>1,197,089</u>	<u>947,988</u>
<b>Operating expenses</b>				
Cost of services	<u>199,573</u>	<u>1,350,559</u>	<u>1,550,132</u>	<u>1,182,546</u>
Total operating expenses	<u>199,573</u>	<u>1,350,559</u>	<u>1,550,132</u>	<u>1,182,546</u>
Operating income [loss]	[46,954]	[306,089]	[353,043]	[234,558]
<b>Nonoperating revenues [expenses]</b>				
Interest income	<u>17,107</u>	<u>8,410</u>	<u>25,517</u>	<u>75,879</u>
Net income [loss]	[29,847]	[297,679]	[327,526]	[158,679]
Retained earnings, January 1	<u>667,394</u>	<u>679,141</u>	<u>1,346,535</u>	<u>1,505,214</u>
Retained earnings, December 31	<u>\$ 637,547</u>	<u>\$ 381,462</u>	<u>\$ 1,019,009</u>	<u>\$ 1,346,535</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
Year ended December 31, 2002  
(With comparative totals for year ended December 31, 2001)

	Workers' Compensation	Employee Health Care	Totals	
			2002	2001
<b>Cash flows from operating activities</b>				
Cash received from participants	\$ 150,940	\$ 1,031,434	\$ 1,182,374	\$ 930,263
Cash paid to suppliers	[195,967]	[1,263,543]	[1,459,510]	[1,230,457]
Other operating receipts	1,679	13,036	14,715	26,805
Net cash provided by [used for] operating activities	[43,348]	[219,073]	[262,421]	[273,389]
<b>Cash flows from investing activities</b>				
Proceeds from sale of investments	999,732	674,478	1,674,210	1,781,167
Purchase of investments	[999,008]	[399,603]	[1,398,611]	[1,674,210]
Interest received	17,107	8,410	25,517	75,879
Net cash provided by [used for] investing activities	17,831	283,285	301,116	182,836
Net increase [decrease] in cash and cash equivalents	[25,517]	64,212	38,695	[90,553]
Cash and cash equivalents, January 1	38,933	33,024	71,957	162,510
Cash and cash equivalents, December 31	\$ 13,416	\$ 97,236	\$ 110,652	\$ 71,957
<b>Reconciliation of operating income [loss] to net cash provided by [used for] operating activities</b>				
Operating income [loss]	\$ [46,954]	\$ [306,089]	\$ [353,043]	\$ [234,558]
Adjustments to reconcile operating income [loss] to net cash provided by [used for] operating activities				
Changes in assets and liabilities				
Increase [decrease] in claims payable	[1,636]	87,016	85,380	[49,598]
Increase [decrease] in accounts payable	5,242	-	5,242	1,687
[Increase] decrease in accounts receivable	-	-	-	9,080
Net cash provided by [used for] operating activities	\$ [43,348]	\$ [219,073]	\$ [262,421]	\$ [273,389]

See independent auditor's report on the general purpose financial statements.

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CITY OF EMPORIA, KANSAS

TRUST AND AGENCY FUNDS

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 Expendable Trust Fund** - To account for monies provided by private donors to finance planting of trees.

**Fremont Park Expendable 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 Expendable Trust Fund** - To account for monies provided by private donors to finance improvements to the Las Casitas Park.

**Economic Development Nonexpendable 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. The fund was created with money generated by a Chamber of Commerce fund drive and money repaid to the City for state and federal grants.

**Municipal Court Agency Fund** - To account for the collection and payment of court fines and fees.

**Fire Insurance Proceeds** - 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

EXPENDABLE TRUST, NON-EXPENDABLE TRUST AND AGENCY FUNDS  
COMBINING BALANCE SHEET

December 31, 2002

(With comparative totals for December 31, 2001)

	Expendable Trust Funds		
	<u>Tree</u>	<u>Fremont Park</u>	<u>Las Casitas Park</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,044	\$ 10	\$ 616
Receivables (net of allowance for uncollectibles)			
Accounts	-	-	-
Interest	-	-	-
Notes	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 2,044</u>	<u>\$ 10</u>	<u>\$ 616</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Due to general fund	\$ -	\$ -	\$ -
Accounts payable	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	-
<b>Fund balances</b>			
Reserved for economic development	-	-	-
Unreserved			
Undesignated	2,044	10	616
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 2,044</u>	<u>\$ 10</u>	<u>\$ 616</u>

Non-Expendable Trust Fund	Agency Funds		Totals	
	Municipal Court	Fire Insurance Proceeds	2002	2001
\$ 522,655	\$ -	\$ 23,157	\$ 548,482	\$ 636,904
-	425,228	-	425,228	263,539
570	-	-	570	1,033
<u>339,853</u>	<u>-</u>	<u>-</u>	<u>339,853</u>	<u>226,066</u>
<u>\$ 863,078</u>	<u>\$ 425,228</u>	<u>\$ 23,157</u>	<u>\$ 1,314,133</u>	<u>\$ 1,127,542</u>
\$ -	\$ 425,228	\$ -	\$ 425,228	\$ 263,539
-	-	23,157	23,157	23,046
-	425,228	23,157	448,385	286,585
863,078	-	-	863,078	839,072
-	-	-	2,670	1,885
<u>\$ 863,078</u>	<u>\$ 425,228</u>	<u>\$ 23,157</u>	<u>\$ 1,314,133</u>	<u>\$ 1,127,542</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

EXPENDABLE TRUST FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 Year ended December 31, 2002  
 (With comparative totals for year ended December 31, 2001)

	Tree	Fremont Park	Las Casitas Park	Totals	
				2002	2001
<b>Revenues</b>					
Contributions and grants	\$ 780	\$ -	\$ -	\$ 780	\$ 600
Use of money and property	<u>26</u>	<u>-</u>	<u>11</u>	<u>37</u>	<u>67</u>
Total revenues	806	-	11	817	667
<b>Expenditures</b>					
General government	<u>32</u>	<u>-</u>	<u>-</u>	<u>32</u>	<u>56</u>
Excess [deficiency] of revenues over [under] expenditures	774	-	11	785	611
Fund balances, January 1	<u>1,270</u>	<u>10</u>	<u>605</u>	<u>1,885</u>	<u>1,274</u>
Fund balances, December 31	<u>\$2,044</u>	<u>\$ 10</u>	<u>\$ 616</u>	<u>\$ 2,670</u>	<u>\$ 1,885</u>

CITY OF EMPORIA, KANSAS  
 NONEXPENDABLE TRUST FUNDS  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES  
 Year ended December 31, 2002  
 (With comparative totals for year ended December 31, 2001)

	Economic Development	Totals	
		2002	2001
<b>Operating revenues</b>			
Interest Income	\$ 24,389	\$ 24,389	\$ 43,053
Total operating revenues	<u>24,389</u>	<u>24,389</u>	<u>43,053</u>
<b>Operating expenses</b>	<u>383</u>	<u>383</u>	<u>36,597</u>
Operating income [loss]	<u>24,006</u>	<u>24,006</u>	<u>43,053</u>
Fund balances, January 1	<u>839,072</u>	<u>839,072</u>	<u>796,019</u>
Fund balances, December 31	<u>\$ 863,078</u>	<u>\$ 863,078</u>	<u>\$ 839,072</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS

NONEXPENDABLE TRUST FUNDS  
COMBINING STATEMENT OF CASH FLOWS

Year ended December 31, 2002

(With comparative totals for year ended December 31, 2001)

	Economic Development	Totals	
		2002	2001
<b>Cash flows from operating activities</b>			
Principal received on loans	\$ 127,608	\$ 127,608	\$ 124,798
Paid to suppliers	[383]	[383]	-
Principal advanced on new loans	[241,395]	[241,395]	-
Net cash provided by [used in] operating activities	[114,170]	[114,170]	124,798
<b>Cash flows from investing activities</b>			
Interest received	24,852	24,852	43,053
Net increase [decrease] in cash and cash equivalents	[89,318]	[89,318]	167,851
Cash and cash equivalents, January 1	611,973	611,973	444,122
Cash and cash equivalents, December 31	\$ 522,655	\$ 522,655	\$ 611,973
<b>Reconciliation of operating income [loss] to net cash provided by [used in] operating activities</b>			
Operating income [loss]	\$ 24,006	\$ 24,006	\$ 43,053
Adjustments to reconcile operating income [loss] to net cash provided by [used in] operating activities			
Interest income reported in operations	[24,389]	[24,389]	[43,053]
[Increase] decrease in receivables	[113,787]	[113,787]	124,798
Net cash provided by [used in] operating activities	\$ [114,170]	\$ [114,170]	\$ 124,798

See independent auditor's report on the general purpose financial statements.

## CITY OF EMPORIA, KANSAS

AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
For the fiscal year ended December 31, 2002

	Balance January 1, <u>2002</u>	<u>Additions</u>	<u>Deductions</u>	Balance December 31, <u>2002</u>
<hr/> <b>Municipal Court</b> <hr/>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 263,539	\$ 263,539	\$ -
Receivables (net of allowance for uncollectibles)	<u>263,539</u>	<u>425,228</u>	<u>263,539</u>	<u>425,228</u>
Total assets	<u>\$ 263,539</u>	<u>\$ 688,767</u>	<u>\$ 527,078</u>	<u>\$ 425,228</u>
<b>LIABILITIES</b>				
Due to General Fund	<u>\$ 263,539</u>	<u>\$ 688,767</u>	<u>\$ 527,078</u>	<u>\$ 425,228</u>
<hr/> <b>Fire Insurance Proceeds</b> <hr/>				
<b>ASSETS</b>				
Cash and cash equivalents	<u>\$ 23,046</u>	<u>\$ 111</u>	<u>\$ -</u>	<u>\$ 23,157</u>
<b>LIABILITIES</b>				
Due to others	<u>\$ 23,046</u>	<u>\$ 111</u>	<u>\$ -</u>	<u>\$ 23,157</u>
<hr/> <b>Total - Agency Funds</b> <hr/>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 23,046	\$ 263,650	\$ 263,539	\$ 23,157
Receivables (net of allowance for uncollectibles)	<u>263,539</u>	<u>425,228</u>	<u>263,539</u>	<u>425,228</u>
Total assets	<u>\$ 286,585</u>	<u>\$ 688,878</u>	<u>\$ 527,078</u>	<u>\$ 448,385</u>
<b>LIABILITIES</b>				
Due to general fund	\$ 263,539	\$ 688,767	\$ 527,078	\$ 425,228
Due to others	<u>23,046</u>	<u>111</u>	<u>-</u>	<u>23,157</u>
Due to General Fund	<u>\$ 286,585</u>	<u>\$ 688,878</u>	<u>\$ 527,078</u>	<u>\$ 448,385</u>

See independent auditor's report on the general purpose financial statements.

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CITY OF EMPORIA, KANSAS  
GENERAL FIXED ASSETS ACCOUNT GROUP

CITY OF EMPORIA, KANSAS  
 GENERAL FIXED ASSETS ACCOUNT GROUP  
 COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS  
 BY SOURCE  
 December 31, 2002 and 2001

	<u>2002</u>	Restated <u>2001</u>
<b>General fixed assets</b>		
Land	\$ 1,406,649	\$ 1,406,649
Land improvements	196,146,357	193,544,828
Buildings	7,684,321	6,204,117
Buildings improvements	3,651,423	3,584,620
Machinery - light	2,556,178	1,833,565
Machinery - heavy	1,545,789	1,502,078
Vehicles	2,423,608	2,308,724
Office equipment	<u>584,485</u>	<u>544,402</u>
 Total general fixed assets	 <u>\$ 215,998,810</u>	 <u>\$ 210,928,983</u>
<b>Investment in general fixed assets</b>		
Investment in property acquired prior to December 31, 1982	\$ 5,847,857	\$ 5,847,857
<b>Investment in property acquired after December 31, 1982, from</b>		
Current revenues	12,493,446	9,491,812
Federal funds	3,107,474	3,107,474
General obligation bonds	193,112,228	191,044,035
Installment purchase	314,300	314,300
Lease purchase	3,391	3,391
Contributions	<u>1,120,114</u>	<u>1,120,114</u>
 Total investment in general fixed assets	 <u>\$ 215,998,810</u>	 <u>\$ 210,928,983</u>

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS  
 GENERAL FIXED ASSETS ACCOUNT GROUP  
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS  
 BY FUNCTION AND ACTIVITY  
 For the fiscal year ended December 31, 2002

<u>Function and Activity</u>	General Fixed Assets January 1, 2002	Prior Period Adjustment	Restated General Fixed Assets January 1, 2002	Additions	Deletions	Transfers	General Fixed Assets December 31, 2002
General government	\$ 1,983,183	\$ -	\$ 1,983,183	\$ 43,706	\$ 38,291	\$ -	\$ 1,988,598
Public safety							
Law enforcement	2,671,167	[248,526]	2,422,641	152,446	1,949	-	2,573,138
Fire and ambulance	2,359,482	[21,619]	2,337,863	17,413	-	-	2,355,276
Total public safety	5,030,649	[270,145]	4,760,504	169,859	1,949	-	4,928,414
Highways and streets	1,849,957	188,517,374	190,367,331	45,507	13,380	57,091	190,456,549
Culture and recreation	8,193,476	[648,121]	7,545,355	4,907,009	122,074	-	12,330,290
Building maintenance							
Public works	901,031	-	901,031	-	-	-	901,031
Civic building operations	1,268,116	[111,219]	1,156,897	33,113	-	-	1,190,010
Total building maintenance	2,169,147	[111,219]	2,057,928	33,113	-	-	2,091,041
Planning and development	82,451	-	82,451	-	10,089	-	72,362
Airport operations	4,177,049	[44,818]	4,132,231	-	675	-	4,131,556
Total general fixed assets	\$ 23,485,912	\$ 187,443,071	\$ 210,928,983	\$ 5,199,194	\$ 186,458	\$ 57,091	\$ 215,998,810

See independent auditor's report on the general purpose financial statements.

CITY OF EMPORIA, KANSAS  
 GENERAL FIXED ASSETS ACCOUNT GROUP  
 SCHEDULE OF GENERAL FIXED ASSETS  
 BY FUNCTION AND ACTIVITY  
 December 31, 2002  
 (With comparative totals for December 31, 2001)

<u>Function and Activity</u>	<u>Land</u>	<u>Land Improvements</u>	<u>Buildings</u>	<u>Buildings Improvements</u>	<u>Light Machinery/ Equipment</u>
General government	\$ 278,314	\$ 73,684	\$ 600,000	\$ 595,415	\$ 99,734
Public safety					
Law enforcement	-	178,440	6,021	1,155,271	420,644
Fire and ambulance	<u>1,000</u>	<u>964</u>	<u>611,148</u>	<u>155,963</u>	<u>276,127</u>
Total public safety	<u>1,000</u>	<u>179,404</u>	<u>617,169</u>	<u>1,311,234</u>	<u>696,771</u>
Highways and streets	<u>50,000</u>	<u>188,541,980</u>	<u>20,173</u>	<u>-</u>	<u>848,514</u>
Culture and recreation	<u>783,224</u>	<u>4,412,236</u>	<u>5,474,559</u>	<u>250,368</u>	<u>614,448</u>
Building and maintenance					
Public works	255,000	3,337	268,868	169,961	86,534
Civic building operations	<u>-</u>	<u>-</u>	<u>4,253</u>	<u>1,078,369</u>	<u>93,675</u>
Total building maintenance	<u>255,000</u>	<u>3,337</u>	<u>273,121</u>	<u>1,248,330</u>	<u>180,209</u>
Planning and development	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,306</u>	<u>16,187</u>
Airport operations	<u>39,111</u>	<u>2,935,716</u>	<u>699,299</u>	<u>239,770</u>	<u>100,315</u>
Total general fixed assets	<u>\$ 1,406,649</u>	<u>\$ 196,146,357</u>	<u>\$ 7,684,321</u>	<u>\$ 3,651,423</u>	<u>\$ 2,556,178</u>

Heavy Machinery/ Equipment	Vehicles	Office Equipment	Totals	
			2002	Restated 2001
\$ 55,544	\$ 80,846	\$ 205,061	\$ 1,988,598	\$ 1,983,183
4,934	619,809	188,019	2,573,138	2,422,641
<u>373,693</u>	<u>877,070</u>	<u>59,311</u>	<u>2,355,276</u>	<u>2,337,863</u>
<u>378,627</u>	<u>1,496,879</u>	<u>247,330</u>	<u>4,928,414</u>	<u>4,760,504</u>
<u>454,789</u>	<u>492,008</u>	<u>49,085</u>	<u>190,456,549</u>	<u>190,367,331</u>
<u>597,961</u>	<u>190,409</u>	<u>7,085</u>	<u>12,330,290</u>	<u>7,545,355</u>
-	56,353	60,978	901,031	901,031
<u>-</u>	<u>5,000</u>	<u>8,713</u>	<u>1,190,010</u>	<u>1,156,897</u>
<u>-</u>	<u>61,353</u>	<u>69,691</u>	<u>2,091,041</u>	<u>2,057,928</u>
<u>-</u>	<u>44,955</u>	<u>4,914</u>	<u>72,362</u>	<u>82,451</u>
<u>58,868</u>	<u>57,158</u>	<u>1,319</u>	<u>4,131,556</u>	<u>4,132,231</u>
<u>\$ 1,545,789</u>	<u>\$ 2,423,608</u>	<u>\$ 584,485</u>	<u>\$ 215,998,810</u>	<u>\$ 210,928,983</u>

See independent auditor's report on the general purpose financial statements.

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**STATISTICAL SECTION**

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Table 1

CITY OF EMPORIA, KANSAS  
 GENERAL GOVERNMENTAL EXPENDITURES  
 AND OTHER USES BY FUNCTION - BUDGETARY BASIS [1]  
 Last ten fiscal years  
 (Unaudited)

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General government	\$ 2,985,462	\$ 2,587,804	\$ 2,020,869	\$ 2,220,015
Public safety	6,943,657	6,614,245	6,342,548	6,119,047
Public health	59,010	63,600	63,600	63,729
Public works	798,629	584,127	235,678	453,346
Culture and recreation	1,995,556	1,856,990	2,025,921	1,923,260
Community and industrial planning and development	994,069	299,584	1,095,703	1,175,926
Public transportation	88,711	693,455	97,755	103,899
Street lighting	174,716	168,438	165,357	163,480
Airport operations	327,145	369,234	399,110	342,067
Debt service	2,667,912	1,839,194	2,175,500	1,785,018
Interfund transfers	<u>1,182,874</u>	<u>1,178,302</u>	<u>1,700,118</u>	<u>1,210,951</u>
	<u>\$ 18,217,741</u>	<u>\$ 16,254,973</u>	<u>\$ 16,322,159</u>	<u>\$ 15,560,738</u>

[1] Includes General, Special Revenue and Debt Service Funds.

Table 1

<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
\$ 2,212,598	\$ 3,986,801	\$ 3,509,204	\$ 2,105,266	\$ 2,198,853	\$ 1,835,086
5,980,764	5,487,770	5,238,289	5,010,082	4,704,705	4,491,389
63,600	67,867	66,300	60,300	58,961	54,300
589,435	613,342	550,680	558,414	563,288	502,823
1,782,498	1,651,418	2,171,457	1,577,619	1,814,551	1,789,311
471,000	257,596	254,406	413,111	278,162	345,690
98,303	98,176	104,337	91,683	89,364	82,197
172,323	159,476	162,078	160,762	158,971	154,883
360,471	324,244	337,078	311,677	329,802	310,830
1,013,750	1,325,267	2,873,814	1,140,054	912,922	905,281
<u>[2,131,241]</u>	<u>945,182</u>	<u>159,224</u>	<u>124,449</u>	<u>107,257</u>	<u>170,225</u>
<u>\$ 10,613,501</u>	<u>\$ 14,917,139</u>	<u>\$ 15,426,867</u>	<u>\$ 11,553,417</u>	<u>\$ 11,216,836</u>	<u>\$ 10,642,015</u>

Table 2

CITY OF EMPORIA, KANSAS  
 GENERAL GOVERNMENTAL EXPENDITURES  
 AND OTHER USES BY FUNCTION - MODIFIED ACCRUAL BASIS [1]  
 Last ten fiscal years  
 (Unaudited)

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General government	\$ 3,007,017	\$ 2,331,773	\$ 2,062,363	\$ 2,212,786
Public safety	7,022,651	6,729,779	6,517,168	6,174,744
Public health	59,010	63,600	63,600	146,564
Public works	708,387	584,127	235,678	468,081
Culture and recreation	2,002,345	1,853,974	1,763,485	1,968,810
Community and industrial planning and development	1,254,285	1,288,605	1,367,275	1,432,011
Public transportation	88,711	84,207	97,755	103,899
Street lighting	174,716	168,438	165,357	163,480
Airport operations	327,488	370,985	403,835	337,579
Debt service	2,667,912	1,839,194	2,195,908	1,807,977
Interfund transfers	<u>1,213,950</u>	<u>1,224,861</u>	<u>1,701,943</u>	<u>1,212,802</u>
	<u>\$ 18,526,472</u>	<u>\$ 16,539,543</u>	<u>\$ 16,574,367</u>	<u>\$ 16,028,733</u>

[1] Includes General, Special Revenue and Debt Service Funds.

Table 2

<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
\$ 2,222,278	\$ 2,413,091	\$ 2,581,410	\$ 1,972,628	\$ 2,161,300	\$ 1,834,958
5,940,174	5,485,494	5,235,960	5,009,537	4,695,118	4,476,706
139,527	104,732	111,977	60,300	58,961	54,300
589,435	444,774	550,965	552,519	563,288	502,823
2,331,356	2,314,554	2,117,714	1,551,100	1,868,324	1,795,121
609,081	2,261,564	1,273,380	391,027	278,162	345,690
98,303	104,337	104,337	91,683	89,364	82,197
159,476	162,078	162,078	160,762	158,971	154,883
360,471	324,244	337,078	311,677	329,333	310,830
1,572,925	1,325,267	2,873,814	1,140,054	912,922	905,281
<u>955,561</u>	<u>991,284</u>	<u>1,069,350</u>	<u>66,889</u>	<u>107,257</u>	<u>154,999</u>
<u>\$ 14,978,587</u>	<u>\$ 15,931,419</u>	<u>\$ 16,418,063</u>	<u>\$ 11,308,176</u>	<u>\$ 11,223,000</u>	<u>\$ 10,617,788</u>

Table 3

CITY OF EMPORIA, KANSAS  
 GENERAL GOVERNMENTAL REVENUES  
 AND OTHER FINANCING SOURCES BY SOURCE [1]  
 Last ten fiscal years  
 (Unaudited)

	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Taxes	\$ 10,000,954	\$ 9,622,700	\$ 9,249,638	\$ 8,693,691
Special assessments	343,853	397,346	283,929	178,408
Intergovernmental	2,496,640	1,827,866	2,197,255	2,636,096
Licenses, permits and fees	230,372	252,453	239,039	244,057
Charges for services	1,001,003	944,841	1,041,456	956,462
Fines and fees	904,089	694,922	662,477	575,612
Use of money and property	156,949	240,717	333,827	242,667
Interfund transfers	3,411,687	2,653,468	2,128,096	2,624,526
Other [2]	<u>241,416</u>	<u>111,623</u>	<u>214,560</u>	<u>160,641</u>
	<u>\$ 18,786,963</u>	<u>\$ 16,745,936</u>	<u>\$ 16,350,277</u>	<u>\$ 16,312,160</u>

[1] Includes General, Special Revenue and Debt Service Funds.

[2] Includes contributions, temporary note proceeds, bonds issued and miscellaneous.

Table 3

<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
\$ 8,511,816	\$ 7,886,345	\$ 8,464,993	\$ 8,653,544	\$ 7,042,887	\$ 6,668,317
200,285	214,847	207,454	195,617	182,369	206,738
3,089,123	2,490,794	1,776,541	1,661,426	1,694,803	1,619,762
150,950	150,857	153,124	130,859	146,529	159,384
981,497	861,055	821,329	865,920	863,558	731,801
663,722	661,329	641,358	518,949	428,939	356,538
161,660	134,335	139,399	221,042	70,891	81,571
2,334,730	1,859,648	1,832,044	794,097	787,752	752,464
<u>291,468</u>	<u>311,090</u>	<u>825,227</u>	<u>168,767</u>	<u>297,124</u>	<u>246,751</u>
<u>\$ 16,385,251</u>	<u>\$ 14,570,300</u>	<u>\$ 14,861,469</u>	<u>\$ 13,210,221</u>	<u>\$ 11,514,852</u>	<u>\$ 10,823,326</u>

Table 4

CITY OF EMPORIA, KANSAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last ten fiscal years  
(Unaudited)

<u>Year</u>	<u>Total Tax Levied</u>	<u>Current Tax Collected</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collected</u>	<u>Total Tax Collected</u>	<u>Percent of Total Collections to Levy</u>
1993	\$ 3,548,794	\$ 3,408,741	96.054%	\$ 83,636	\$ 3,492,377	98.410%
1994	3,754,386	3,638,618	96.916%	94,291	3,732,909	99.428%
1995	4,058,795	3,751,997	92.441%	38,817	3,790,814	93.398%
1996	3,383,620	3,058,392	90.388%	40,228	3,098,620	91.577%
1997	3,298,036	3,205,126	97.183%	[16,113] [1]	3,189,013	96.694%
1998	3,549,552	3,431,328	96.669%	55,294	3,486,622	98.227%
1999	3,937,947	3,521,189	89.417%	59,357	3,580,546	90.924%
2000	4,099,136	3,841,308	93.710%	41,556	3,882,864	94.724%
2001	4,417,433	3,956,498	89.566%	42,829	3,999,327	90.535%
2002	4,980,869	4,284,854	86.026%	80,801	4,365,655	87.648%

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

## CITY OF EMPORIA, KANSAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
Last ten fiscal years  
(Unaudited)

<u>Year</u>	<u>Assessed Value Real Estate [1]</u>	<u>Assessed Value Tangible Personal Property [1]</u>	<u>Assessed Value State Appraised Public Service Companies [1]</u>	<u>Total Assessed Value</u>	<u>Total Estimated Appraised Value [2]</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value</u>	<u>Assessed Value of Motor Vehicles [2]</u>
1993	\$ 62,770.9	\$ 10,873.9	\$ 6,343.9	\$ 79,988.7	\$ 497,522.3	16.1%	\$ 16,428.5
1994	62,718.3	10,951.4	6,347.2	80,016.9	536,131.8	14.9%	16,249.7
1995	67,384.6	11,981.9	6,772.4	86,138.9	597,962.3	14.4%	18,819.0
1996	76,393.5	13,517.9	6,614.8	96,526.2	602,876.2	16.0%	19,076.0
1997	80,074.7	12,685.2	7,353.4	100,113.3	581,828.3	17.2%	19,847.5
1998	80,780.9	13,519.5	7,037.0	101,337.4	562,339.0	18.0%	19,806.5
1999	83,478.4	17,181.8	7,935.4	108,595.6	605,629.7	17.9%	19,986.0
2000	89,299.5	15,760.1	7,974.6	113,034.2	590,850.5	19.1%	19,989.3
2001	92,214.7	17,874.9	8,104.4	118,994.0	663,678.0	17.9%	19,517.8
2002	99,437.3	22,854.8	8,962.1	131,254.2	730,047.7	18.0%	20,866.0

(All figures are in thousands of dollars.)

[1] From Abstract of the Valuation of Taxable Property prepared by the Lyon County Clerk.

[2] From Lyon County Appraiser's Office.

Table 6

CITY OF EMPORIA, KANSAS  
 PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS  
 (PER \$100 OF ASSESSED VALUE)  
 Last ten fiscal years  
 (Unaudited)

<u>Year</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total</u>	<u>Unified School District</u>	<u>State and County</u>	<u>Total</u>
1993	3.1564	0.3699	0.7760	4.3023	5.3030	4.7626	14.3679
1994	3.4179	0.3999	0.8303	4.6481	4.5691	5.2667	14.4839
1995	3.2577	0.5282	0.6958	4.4817	4.7441	4.9945	14.2203
1996	2.2302	0.4225	0.7789	3.4316	4.9187	4.9488	13.2991
1997	2.3212	0.4218	0.6807	3.4237	4.8911	4.7161	13.0309
1998	2.3826	0.4218	0.7285	3.5329	4.5199	4.5500	12.6028
1999	2.2138	0.4067	1.0078	3.6283	4.5103	4.9273	13.0659
2000	2.1425	0.4237	1.0462	3.6124	4.7444	4.0481	12.4049
2001	2.1802	0.4046	1.0034	3.5882	6.1109	4.7092	14.4083
2002	2.4333	0.4218	0.9853	3.8404	6.1160	4.5962	14.5526

Source: Tax Levy Rates, Lyon County Treasurer

CITY OF EMPORIA, KANSAS  
 SPECIAL ASSESSMENTS - BILLINGS AND COLLECTIONS  
 Last ten fiscal years  
 (Unaudited)

<u>Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected [1]</u>	<u>Ratio of Collections to Amount Due</u>	<u>Back Tax Collected</u>	<u>Total Tax Collected</u>	<u>Percent of Total Collections to Levy</u>
1993	\$ 223,874	\$ 206,738	92.346%	\$ 15,677	\$ 222,415	99.348%
1994	186,644	182,369	97.710%	11,518	193,887	103.881%
1995	200,000	195,617	97.809%	7,294	202,911	101.456%
1996	179,000	207,454	115.896%	7,102	214,556	119.864%
1997	212,682	214,847	101.018%	[2,639]	212,208	99.777%
1998	166,500	200,285	120.291%	11,109	211,394	126.963%
1999	159,541	178,408	111.826%	12,000	190,408	119.347%
2000	149,700	181,587	121.301%	9,000	190,587	127.313%
2001	159,798	226,289	141.609%	10,619	236,908	148.255%
2002	192,313	234,005	121.679%	22,418	256,423	133.336%

[1] Includes special assessments paid by taxpayers directly to city clerk, some prematurely.

Table 8

## CITY OF EMPORIA, KANSAS

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE  
AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITALast ten fiscal years  
(Unaudited)

<u>Year</u>	<u>Population</u>		<u>Assessed Value (in thousands)</u>	<u>Gross Bonded Debt [1]</u>	<u>Debt Service Monies Available</u>	<u>Debt Payable from Enterprise Revenues</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1993	25,512	[2]	\$ 79,989	\$ 12,350,000	\$ 141,263	\$ 5,685,000	\$ 6,523,737	8.156%	\$ 256
1994	25,512	[2]	80,017	20,385,000	337,078	8,125,000	11,922,922	14.900%	467
1995	25,512	[2]	86,139	20,735,000	206,435	7,795,000	12,733,565	14.783%	499
1996	25,512	[2]	96,528	21,775,000	218,669	7,440,000	14,116,331	14.624%	553
1997	25,512	[2]	100,113	22,135,000	286,362	6,000,000	15,848,638	15.831%	621
1998	25,512	[2]	101,337	24,135,000	238,518	-	23,896,482	23.581%	937
1999	25,512	[2]	108,596	22,700,000	147,400	-	22,552,600	20.767%	884
2000	26,760	[3]	113,034	25,035,000	100,916	-	24,934,084	22.059%	932
2001	26,760	[3]	118,994	29,275,000	247,620	-	29,027,380	24.394%	1,085
2002	26,760	[3]	131,254	29,955,000	24,843	-	29,930,157	22.803%	1,118

[1] Includes all long-term debt.

[2] U.S. Census 1990.

[3] U.S. Census 2000.

## CITY OF EMPORIA, KANSAS

COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
 December 31, 2002  
 (Unaudited)

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Emporia</u>	<u>Amount Applicable to City of Emporia</u>
City of Emporia, Kansas	\$ 29,955,000	100.000%	\$ 29,955,000
Unified School District #253	41,925,000	87.197%	36,557,342
Lyon County, Kansas	17,705,000	63.085%	<u>11,169,199</u>
Total			<u>\$ 77,681,541</u>

Table 10

## CITY OF EMPORIA, KANSAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION  
BONDED DEBT [1] TO TOTAL GENERAL GOVERNMENTAL EXPENDITURESLast ten fiscal years  
(Unaudited)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures [2]</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
1993	\$ 610,000	\$ 315,616	\$ 925,616	\$ 10,617,788	8.718%
1994	610,000	302,922	912,922	11,223,000	8.134%
1995	730,000	409,995	1,139,995	11,308,176	10.081%
1996	2,390,000	483,814	2,873,814	16,418,063	17.504%
1997	812,500	512,725	1,325,225	15,931,419	8.318%
1998	1,013,750	559,112	1,572,862	14,978,587	10.501%
1999	1,152,195	621,682	1,773,877	16,028,733	11.067%
2000	1,187,195	590,167	1,777,362	16,574,367	10.724%
2001	1,277,486	550,567	1,828,053	16,539,543	11.053%
2002	1,519,540	1,123,334	2,642,874	18,526,472	14.265%

[1] Does not include defeased debt.

[2] Includes General, Special Revenue and Debt Service Funds.

## CITY OF EMPORIA, KANSAS

REVENUE BOND COVERAGE  
WATER AND SEWER BONDSLast ten fiscal years  
(Unaudited)

<u>Year</u>	<u>Gross Revenue</u>	<u>Direct Operating Expenses [1]</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1993	\$ 1,612,550	\$ 1,199,147	\$ 413,403	\$ 215,000	\$ 278,943	\$ 493,943	0.8369 [3]
1994	4,956,372	3,110,713	1,845,659	415,000	377,758	792,758	2.3281
1995	5,007,990	3,106,527	1,901,463	530,000	328,741	858,741	2.2142
1996	3,853,167	2,632,447	1,220,720	570,000	327,259	897,259	1.3605
1997	3,337,956	2,109,170	1,228,786	372,500	476,016	848,516	1.4482
1998 [2]	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-

[1] Total expenses exclusive of depreciation and debt service.

[2] No debt service requirements as all revenue bonds were defeased by 1998.

[3] Debt service requirement greater than net revenue available for debt service.

Table 12

CITY OF EMPORIA, KANSAS  
 DEMOGRAPHIC STATISTICS  
 Last ten fiscal years  
 (Unaudited)

<u>Year</u>	<u>Population [1]</u>	<u>Per Capita Income [2]</u>	<u>Employment [3]</u>	<u>School Enrollment [4]</u>	<u>Retail Sales [5] in Hundreds</u>
1993	25,512	\$ 16,409	13,088	4,845	\$ 287,036.4
1994	25,512	17,454	13,280	4,741	296,632.6
1995	25,512	18,069	13,842	4,940	282,029.1
1996	25,512	18,611	13,837	5,005	310,455.5
1997	25,512	19,169	18,633	4,920	319,388.9
1998	25,512	19,728	19,618	4,968	334,166.9
1999	25,512	20,280	19,444	5,035	351,761.4
2000	26,760	20,844	19,316	5,026	368,640.0
2001	26,760	21,403	19,336	5,070	356,917.4
2002	26,760	21,961	19,407	4,813	324,728.3

[1] U.S. Census (1993 - 1999 amounts are from 1990 census and 2000 - 2002 amounts are from 2000 census).

[2] Lyon County per capita income from Bureau of Economic Analysis (1995 and 1996 estimated based on 3% annual inflation).

[3] State of Kansas, Division of Employment.

[4] Annual school census.

[5] City sales tax collections.

CITY OF EMPORIA, KANSAS  
PROPERTY VALUE OF CONSTRUCTION  
Last ten fiscal years  
(Unaudited)

<u>Year</u>	<u>New Single Family Dwellings</u>	<u>Total Value New Single Family Dwellings</u>	<u>Total Permits [1]</u>	<u>Total Construction Valuation [1]</u>	
1993	36	\$ 3,041,369	740	\$ 14,372,318	
1994	18	1,503,383	687	22,774,763	[2]
1995	18	1,735,201	614	13,805,187	
1996	30	2,914,249	829	15,229,107	
1997	18	1,544,859	658	14,839,473	[3]
1998	23	2,016,467	627	23,285,937	[4]
1999	28	2,558,457	788	35,983,712	[5]
2000	21	2,070,293	653	38,565,007	[6]
2001	34	3,665,594	767	42,661,270	[7]
2002	22	2,674,110	643	42,834,756	[8]

Source: City of Emporia Planning and Development Department.

[1] Includes single and multiple family dwellings and commercial, industrial and institutional construction.

[2] Includes new county jail.

[3] Includes new aviation basins for IBP.

[4] Includes Menu Foods

[5] Includes Menu Foods expansion, Flying J Travel Plaza and Caterpillar Plant.

[6] Includes new Courthouse, Wastewater plant renovation, Hopkins expansion & Menu addition.

[7] Includes Norfolk Steel, IBP, Newman Hospital expansion, Aquatic Center, Safeway Pet Food expansion, & Emporia Surgical Center.

[8] Includes new Elementary School & Wastewater plant renovation

Table 14

## CITY OF EMPORIA, KANSAS

## PRINCIPAL TAXPAYERS

December 31, 2002

(Unaudited)

<u>Business Name</u>	<u>Type of Business</u>		2002 Aggregate Tax Liability
Iowa Beef Processors	Livestock processor		\$ 1,092,169
Western Resources, Inc.	Electric utility		569,485
Southwestern Bell Telephone Company	Telephone		402,847
Emporia ROS (Wal-Mart)	Discount/Variety store		328,991
Interstate Brands Corporation	Baked goods production		246,333
Bung Corporation	Grain processor		224,140
Flint Hills Mall LLC	Mall Ownership		191,746
Kansas Gas Service	Gas utility		175,418
Emporia Wholesale Coffee Co	Food distributor		170,434
Emporia Partners L.C.	Real estate developers		<u>168,506</u>
			3,570,069
Total City and County levy		\$ 26,016,322	
City total levy		4,099,136	<u>15.756%</u>
Estimated city tax revenues from top 10 taxpayers			562,501
Total taxes levied by city for 2002*			4,099,136
Portion of 2002 city tax revenues paid by top 10 taxpayers			13.722%

\* includes property tax liability from all sources.

Source: Lyon County Treasurer.

## CITY OF EMPORIA, KANSAS

## MISCELLANEOUS STATISTICS

December 31, 2002

(Unaudited)

Date of incorporation		1857
Form of government		Commission - Manager
Area		11.59 square miles
Miles of paved streets		127
Fire protection:	Number of stations	2
	Number of firefighters	49
Police protection:	Number of stations	1
	Number of commissioned officers	49
Education:	Attendance centers (elementary)	11
	Number of students	2683
	Attendance centers (middle)	1
	Number of students	684
	Attendance centers (secondary)	1
	Number of students	1446
	Vocational / technical	1
	Number of students	422
	Colleges and universities	1
	Number of students	6005
Municipal water department:	Number of consumers	8901
	Average daily consumption	8.6 million gallons
	Miles of water mains	163
Building permits issued		643
Recreation and culture:	Number of parks	20 with 357.279 acres
	Number of libraries	1
	Number of volumes	96,041
Employees:	Classified service	290 full and part-time

Table 16

CITY OF EMPORIA, KANSAS  
 PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS  
 Last ten fiscal years  
 (Unaudited)

<u>Year</u>	<u>Property Value [1]</u>	<u>Total Construction Valuation</u>	<u>Bank Deposits [1]</u>
1993	\$ 497,522.3	\$ 14,372,318	\$ 218,337 [2]
1994	536,132.0	22,774,763	212,333 [2]
1995	597,962.0	13,805,187	340,306 [2]
1996	602,876.2	15,229,107	337,296 [2]
1997	581,628.3	14,839,473	363,007 [2]
1998	562,339.0	23,285,937	346,737 [3]
1999	605,629.7	35,983,712	350,669 [3]
2000	590,850.5	38,565,007	364,400 [3]
2001	663,678.0	42,661,270	366,372 [3]
2002	730,047.7	42,834,756	372,546 [3]

[1] in thousands of dollars.

[2] Omits largest institution, Bank of America, now branch of Intra-state bank. Separate figures not available.

[3] Omits 2 institutions, Bank of America and Intrust Bank, now branches of Intra-state banks. Separate figures not available.

CITY OF EMPORIA, KANSAS  
 COMPUTATION OF LEGAL DEBT MARGIN  
 December 31, 2002  
 (Unaudited)

Assessed valuation at August 25, 2002		<u>\$ 131,254,200</u>
Debt limit - 30% of assessed valuation (KSA 10-308)		\$ 39,376,260
Bonded indebtedness	\$ 29,955,000	
Less: exempt revenue bonds per KSA 10-311	<u>None</u>	<u>29,955,000</u>
Legal debt margin		<u>\$ 9,421,260</u>

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**GOVERNMENTAL AUDIT SECTION**

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**LOWENTHAL SINGLETON WEBB & WILSON**  
P R O F E S S I O N A L   A S S O C I A T I O N

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

Mayor and City Commissioners  
City of Emporia, Kansas

We have audited the general purpose financial statements of City of Emporia, Kansas, as of and for the year ended December 31, 2002, and have issued our report thereon dated February 26, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance that is required to be reported under "Government Auditing Standards." The loan agreement No. 1467-01 between the City and the State of Kansas to finance Sewer Utility Fund improvements requires that the City "impose and collect such rates, fees and charges for the use and services furnished by or through the system...which are sufficient to (a) pay the cost of the operation of the system, (b) pay the principal of and interest on the loan as and when the same become due and (c) pay all other amounts due under the loan agreement." The City is not in compliance with this requirement as the Sewer Utility Fund continues to operate at a loss. The possible effect of this noncompliance is the inability of the City to pay required future principal and interest payments on loan agreement No. 1467-01. This could result in the imposition by the State of Kansas of certain measures to collect these payments from other revenue sources of the City controlled by the State of Kansas and the disqualification of the City from future participation in the state revolving loan programs. The City's response, to the compliance issue, is that it recognizes that its Sewer Fund balance is in a negative status and that such status is unacceptable. The City will review its Sewer rate structure and its Sewer Fund expenditures and will take whatever action is necessary to bring the Sewer Fund balance into a positive status. The City will continue to insure that all obligations of the Sewer Fund are discharged in a timely manner.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain other matters involving the internal control over financial reporting and its operation that we have reported to the management in a separate letter dated February 26, 2003.

This report is intended for the information of the Mayor and City Commission, management and awarding agencies and should not be used by anyone other than these specified parties.

*Lowenthal, Singleton, Webb & Wilson*

Professional Association

February 26, 2003

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**LOWENTHAL SINGLETON WEBB & WILSON**  
P R O F E S S I O N A L   A S S O C I A T I O N

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS**  
**APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL**  
**OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Mayor and City Commissioners  
City of Emporia, Kansas

Compliance

We have audited the compliance of the City of Emporia, Kansas, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2002. The City's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in "Government Auditing Standards", issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Emporia, Kansas, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2002.

Internal Control over Compliance

The management of the City of Emporia, Kansas is responsible for establishing and maintaining effective internal control over compliance with requirements of law, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Mayor and City Commission, management and awarding agencies and should not be used by anyone other than these specified parties.

*Lowenthal, Singleton, Webb & Wilson*

Professional Association

February 26, 2003

CITY OF EMPORIA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended December 31, 2002

<u>Federal Grantor / Pass Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b>US DEPT OF HOUSING AND URBAN DEVELOPMENT</b>		
<b><u>Passed through Kansas Department of Commerce and Housing</u></b>		
Small Cities CDBG (Home)	14.228	\$ 121,711
Small Cities CDBG (Caterpillar)	14.228	500,000
Small Cities (Block Grant)	14.228	150,000
Emergency Shelter Grant	14.231	<u>4,999</u>
<b>Total US Dept of Housing and Urban Development</b>		<u>776,710</u>
 <b>US DEPT OF JUSTICE</b>		
<b><u>Passed through State of Kansas</u></b>		
Crime Victims	16	<u>677</u>
<b>Total US Dept of Justice</b>		<u>677</u>
 <b>US DEPT OF TRANSPORTATION</b>		
<b><u>Passed through Kansas Department of Transportation</u></b>		
Department of Transportation	20	<u>17,790</u>
<b>Total US Dept of Transportation</b>		<u>17,790</u>
 <b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>		
<b><u>Passed through Kansas Adjutant General</u></b>		
Emergency Management Training	83.554	<u>514</u>
	<b>TOTAL</b>	<b>\$ <u>795,691</u></b>

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all federal financial assistance programs of the City of Emporia, Kansas. All expenditures of federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies is included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with generally accepted accounting principles.

CITY OF EMPORIA, KANSAS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year ended December 31, 2002

Section I - Summary of Auditor's Results

- |  |                      |
|--|----------------------|
| 1. Type of report issued on financial statements:  | <u>Unqualified</u>   |
| 2. Reportable conditions in internal control over the financial statements:                      | <u>No</u>            |
| 3. Were any reportable conditions noted in 2 above reported as a material weakness;              | <u>None reported</u> |
| 4. Material noncompliance disclosed:   | <u>No</u>            |
| 5. Reportable conditions in internal controls over major programs:                               | <u>No</u>            |
| 6. Were any reportable conditions noted in 5 above reported as a material weakness:              | <u>None reported</u> |
| 7. Type of report on major program compliance:   | <u>Unqualified</u>   |
| 8. Audit disclosed audit findings required to be reported under Circular A-133 paragraph 510(a): | <u>No</u>            |
| 9. Major Programs:   |                      |

	<u>Programs</u>	<u>CFDA</u>	<u>Expenditures</u>
	Small Cities CDBG	14.228	\$771,711
10. Threshold used to distinguish between Type A and Type B programs:			<u>\$300,000</u>
11. Auditee qualified as a low-risk auditee:			<u>No</u>

Section II - Financial Statement Findings

None Noted

Section III - Federal Award Findings and Questioned Costs

None Noted